TURKCELL

ANNUAL REPORT 2015


TURKCELL
(İŞ)TCELL
İŞTCELL'İN GÜCÜ, İŞLETMENİZİN
GÜCÜ, İŞLETMENİZİN GÜCÜ

CONTENTS

TURKCELL GROUP

ACTIVITIES IN 2015

CORPORATE GOVERNANCE

SECTORAL AND FINANCIAL INFORMATION

All financial results in this annual report are prepared in accordance with International Financial Reporting Standards (IFRS) and expressed in Turkish Lira (TRY or TL) unless otherwise stated. The only exception is the use of figures in the Message from the Chairman and the Message from the CEO sections, in which the figures are given exactly as they are in our annual report in Turkish.

We serve in 9 countries to 68.9 million subscribers

TURKEY - TURKCELL[1]
Mobile Subscribers (mn) **34.0**
Fixed Subscribers (mn) **1.5**
IPTV Subscribers (tho) **224**
Revenue (TRY million) **11,481**

UKRAINE – lifecell[2]
Mobile Subscribers (mn) **13.5**
Revenue (TRY million) **564**

BELARUS - life :)
Mobile Subscribers (mn) **1.5**
Revenue (TRY million) **142**

TRNC - KKTCell
Mobile Subscribers[5] (mn) **0.5**
Revenue (TRY million) **131**

KAZAKHSTAN – Kcell[3]
Mobile Subscribers (mn) **10.4**
Revenue (USD million) **758**

AZERBAIJAN – Azercell[3]
Mobile Subscribers (mn) **4.1**
Revenue (USD million) **408**

GEORGIA – Geocell[3]
Mobile Subscribers (mn) **1.9**
Revenue (USD million) **95**

MOLDOVA – Moldcell[3]
Mobile Subscribers (mn) **0.9**
Revenue (USD million) **64**

GERMANY - TURKCELL Europe[4]
Mobile Subscribers (mn) **0.3**

1 The Group has aggregated its operations under two main reportable segments within the year of 2015 in accordance with its converged communication and technology services strategy as Turkcell Turkey and Turkcell International, which represent economic integrity. Turkcell Turkey's reportable segment includes the operations of Turkcell İletişim Hizmetleri A.Ş., Superonline İletişim Hizmetleri A.Ş., Turkcell Satış ve Dağıtım Hizmetleri A.Ş., the group call center operations of Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş., Turktell Bilişim Servisleri A.Ş., Turkcell Teknoloji Araştırma ve Geliştirme A.Ş., Turkcell Interaktif Dijital Platform ve İçerik Hizmetleri A.Ş., Kule Hizmet ve İşletmecilik A.Ş., Rehberlik Hizmetleri Servisi A.Ş., Turkcell Ödeme Hizmetleri A.Ş., and Turkcell Gayrimenkul Hizmetleri A.Ş.. The information in this report concerns Turkcell Turkey under this definition. Stand-alone information on Turkcell İletişim Hizmetleri A.Ş. is indicated.

2 "life:)" brand has been changed to "lifecell" on January 15, 2016 and the legal entity name has been changed to lifecell LLC on February 2, 2016.

3 Owned indirectly through our subsidiary Fintur, in which we hold a 41.45% stake.

4 The business model between our company's subsidiary Turkcell Europe GmbH operating in Germany and Deutsche Telekom had been modified. Accordingly, as per the new model, the transfer of Turkcell Europe subscribers and operations to Deutsche Telekom's subsidiary was completed on January 15, 2015.

5 Updated from our previously released Q415 results. Accordingly, total number of subscribers increased to 68.9 million from previously announced 68.8 million.

TURKCELL GROUP

9 *countries*

12.8
TRY billion Revenues

68.9
million total subscribers

4.1
TRY billion EBITDA*

1.5 *million fixed subscribers*

2.1
TRY billion Net Income

600 *thousand TV subscribers***

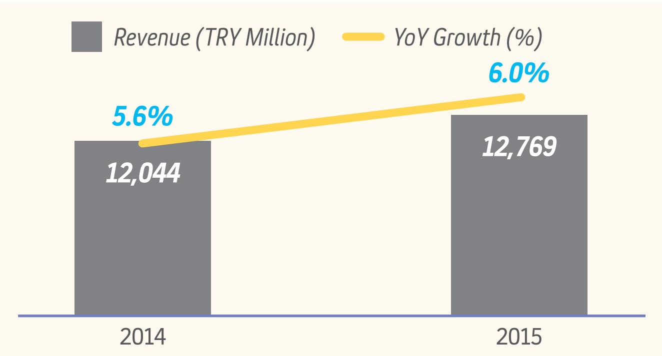
26.2
TRY billion Total Assets

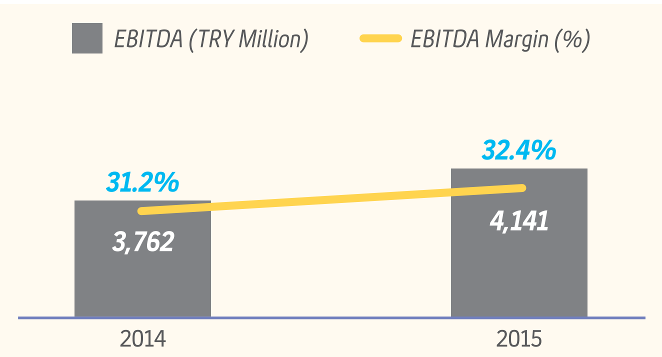
* EBITDA is a non-GAAP financial measure.
** Includes mobile TV, web TV and IPTV users as at February 18, 2016.

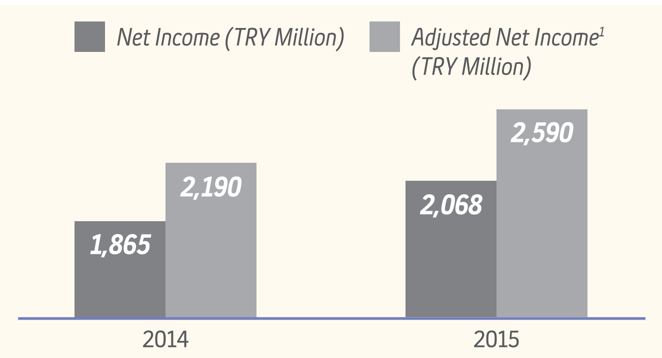
FINANCIAL INDICATORS

We concluded the year of 2015 having accomplished all of our targets with an improving performance every quarter. We recorded historic high revenue and EBITDA, as both Turkcell Turkey and Turkcell Group.

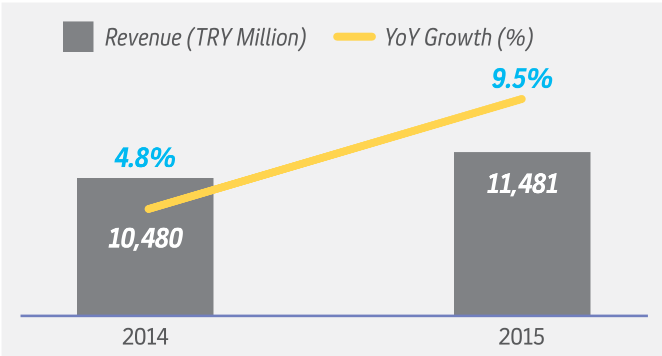
TURKCELL GROUP

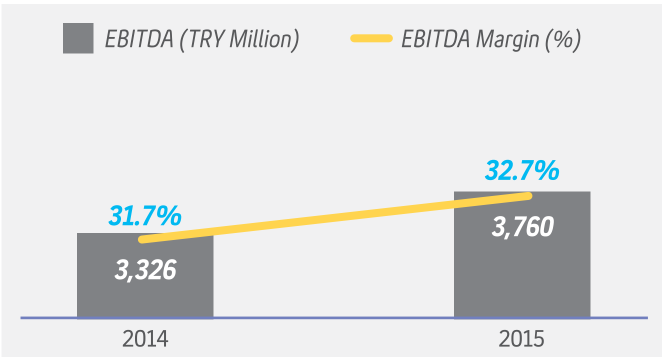


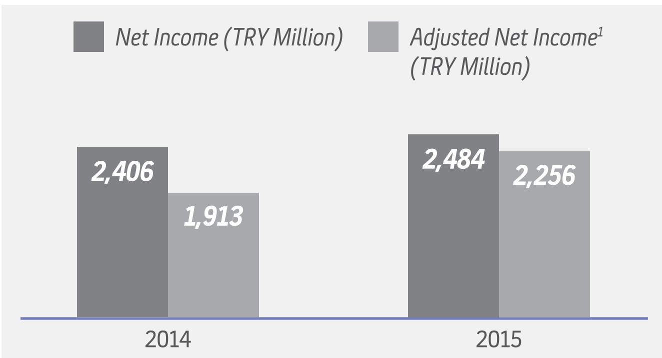




TURKCELL TURKEY







1 We use "adjusted net income" as a means of presenting our income excluding net foreign currency gain / (loss) (including tax and minority impact), monetary gain (inflation impact), interest Income on time deposits of Turkcell İletişim Hizmetleri and items which we believe to be "one-off" or items that took place for the first time in the relevant year. The reconciliation of adjusted net income to income is included on page 129 of this report. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at "adjusted net income."

MESSAGE FROM THE CHAIRMAN

Turkcell Group has concluded an important year of change, in which it registered successful results. With the great effort and determination of our employees, we trust that the actions implemented by Turkcell management on the basis of our Board of Directors' decisions have created value for both our shareholders and our country.

AHMET AKÇA
Chairman of the Board of Directors

2015 was quite a dynamic year for the region, our country and Turkcell itself. Ongoing civil wars to the south of our border, calamitous developments in global markets and two general elections in our country have resulted in a predominantly political agenda. We view the strong political stability on the back of the last general election as a promising progress for our country, and believe wholeheartedly that the planned fundamental changes and structural reforms will further carry Turkey forward from its current solid position.

2015 was a year of change, progress and growth for Turkcell where the Company has revisited its vision for the next three years. While doing this, we have taken Turkey's 2023 vision as a cornerstone for us. Having set off with the target of contributing our share to Turkey's aim of ranking among the top ten economies in the world, we leave behind this year of change with our focus of further progress and sustainable growth.

The record results we registered almost every quarter in 2015 have indicated that we, as Turkcell Group, can set stronger goals while planning our future. Turkcell Group grew by 6.0% on an annual basis, reaching TRY 12,769 million in revenues. The EBITDA margin increased to 32.4%, rising by 1.2 percentage points. Turkcell Turkey, the flagship of the Group, generated TRY 11,481 million revenue, while our international business recorded TRY 856 million revenue. Group net income rose to TRY 2,070 million with a 10.9% yearly increase. We continued to invest in our business in the amount of TRY 2,594 million (excluding license fees) in 2015 only, which has helped us take our service quality further forward.

This strong performance, which has encouraged us for the upcoming period, was the result of actions following the key decisions taken by the Board of Directors, the outstanding execution performance of the Turkcell management team, our new organizational structure providing efficiency and simplicity in our business processes and, above all, the support of our customers, who have continued to prefer Turkcell quality.

This was a year in which Turkcell's vision, values and strategic priorities were reconsidered and renewed in accordance with current needs. We have set the vision of positioning Turkcell, which now became an integrated telecommunications services provider, as the market leader in revenue terms within three years. I truly believe that we have on board a determined and decisive management team and valuable employees necessary to achieve this goal, and trust that Turkcell, the leader in the mobile market, will also become the leader of the total telecommunication market by 2018. In this regard, we will continue to invest in both Turkcell and Turkey, and work towards providing the latest technologies for our people. In doing so, we also aim to register a double-digit top-line growth along with increasing profitability.

With the spectrum tender we participated and received authorization in 2015, not only did we secure being the fastest in 4.5G, but also the opportunity to pioneer in 5G. With these investments in Turkey's future, Turkcell will, once again, be one of the biggest contributors to the economy.

We secured the largest number of frequencies (172.4MHz in total) at the most affordable price on a per subscriber basis, which will enable us taking the speed of mobile internet to the next level in Turkey. Following the tender held by the Information and Communication Technologies Authority on August 26, 2015, Turkcell will be the strongest contributor to our national economy in 4.5G with a total payment of EUR 1.9 billion including VAT to the Turkish Treasury.

Strategic collaborations; innovative actions

The next step toward our objectives, having succeeded at the spectrum tender, was strategic collaboration in the development of 5G technology.

Accordingly, we have signed a memorandum of understanding with Chinese technology giant Huawei for collaborative work, and research and development of 5G technology.

We also took a concrete step towards strengthening Turkey's software and hardware research and development capacity by signing a framework document with Aselsan. As two national brands with the aim of making Turkey a producer country in 5G technology, we began to work on the 5G roadmap. Becoming a country that produces, rather than consumes technology remains our greatest motivation.

Strong management; swift execution

2015 was a year in which we strengthened our corporate governance structure, took important steps toward this objective, and shifted towards a more efficient process. A dividend distribution decision was taken at the General Shareholders' meeting held in March. Accordingly, we distributed a total of TRY 3.9 billion in dividends, with which we hope to have pleased our shareholders, who had been waiting for this for five years.

We observe the positive outcome of the harmonious work between the strong management team and the Board of Directors, with its independent members. We believe that our actions towards improving our corporate governance practices have increased the trust in Turkcell in the financial markets. This was proven in the "investment grade" Turkcell received from the world's three leading credit rating agencies. Our ability to raise USD 2.9 billion in funds, USD 500 million of which in Eurobonds, within an extraordinarily short period of time for infrastructure investments and potential new investments, clearly confirms our outstanding performance and the trust of the financial markets in Turkcell.

Strategic actions executed have proven that we are advancing towards becoming a regional power.

We have also taken important decisions concerning our subsidiaries with the aim of carrying Turkcell Group forward and creating greater value for our shareholders. Accordingly, we have established a consumer financing company to continue supporting the financing of our customers' technology needs.

We restructured the outstanding debt of both lifecell, our subsidiary in Ukraine and BeST, our subsidiary in Belarus. Having eliminated the currency risk from the financial debt of these companies, we also enabled them to work more efficiently. Providing 3G services since June, lifecell is set to improve its market position going forward.

In accordance with Turkcell's strategy of expanding in the region, we closely monitor M&A opportunities. We will continue with our disciplined and consistent decision making approach in this regard.

Apart from technology and the economy, 2015 was an important year with regards to our social responsibility investments in Turkey's future.

We will continue our social responsibility investments for a better future

As Turkey's Turkcell, we have been fulfilling our responsibilities to the community with projects in numerous areas including education, the arts and sports since the Company was established. 2015 was another important year with regards to our social responsibility investments in Turkey's future.

Our aim is for Turkey to become a country without boundaries; one where our disadvantaged citizens enjoy equal opportunities with others in society; and where children have the opportunity and support required to achieve their dreams. With the new project under the auspices of the Ministry of Education, we are proud and pleased to have already realized a part of our objective. Our aim is to reach 10 thousand students at 80 schools within 2 years with the "Education Without Borders Program". Over the coming years, we will continue to work with great enthusiasm and determination to remove obstacles from the lives of community.

Turkey's international source of pride

2015 witnessed a historically important day for Turkcell. We celebrated the 15th anniversary of our listing at the traditional closing bell ceremony of the New York Stock Exchange on September 1, Tuesday. While the flags of Turkey and Turkcell were proudly raised at the NYSE building, we also wished to one day see the flags of other Turkish companies raised there.

Change, development and growth on our horizon

The year 2015, in which we achieved significant milestones, concluded on the back of harmonious work between the Board of Directors, the management team and Turkcell employees. We continue to take confident steps towards a future full of promising opportunities. By transforming these into value, we shall strive to grow our company and to contribute to the national economy, while increasing value for our shareholders. An even greater objective of ours is to prepare Turkey's Turkcell for future decades along with our customers, the efforts of the entire Turkcell family, and the support of our shareholders. I sincerely thank all members of the Turkcell family, who are dedicated to making this objective a reality.

Yours sincerely

AHMET AKÇA
Chairman of the Board of Directors


15 years
ON NYSE
TURKCELL
TKC
LISTED
NYSE
TURKCELL
TKC
LISTED
NYSE

AFTER 2015, THE YEAR OF RECORDS, OUR AIM IS 2016 AT 4.5G SPEED

In 2015, the year of records for Turkcell, we have defined our medium term objectives and taken bold steps towards achieving them. The coming term will be one in which we continue to grow with increasing profits and advance through confident steps towards our aim of becoming the telecommunication sector leader.

We concluded the year of 2015 having accomplished all of our targets with an improving performance every quarter. We recorded historic high revenue and EBITDA, as both Turkcell Turkey and Turkcell Group. Turkcell Turkey, generating 90% of Group revenues, grew 9.5% with an EBITDA margin of 32.7%. Turkcell Group revenues rose 6.0% yearly to TRY 12.8 billion with EBITDA reaching TRY 4.1 billion with a 10.1% increase, while the EBITDA margin reached 32.4% on a rise of 1.2 percentage points. Our adjusted Group net income[1] increased 18.2% to TRY 2.6 billion whereas net income according to TFRS was TRY 2.1 billion. This year, the ratio of operational capex to sales was recorded at 20%.

Key growth drivers were our data and services businesses. Our data revenues increased 38.1% in 2015, reaching TRY 3.5 billion on the back of Turkcell's superior network experience, while our service revenues grew 38.5% to TRY 659 million.

In 2015, the total number of subscribers in the five countries where we have direct operations reached 51.5 million. In Turkey, this was 35.8 million[2] with strong performance in postpaid, fiber and TV.

An important development in 2015 was the General Assembly, which took place after a number of years. Accordingly, we distributed a total dividend of TRY 3,925 million, corresponding to TRY 1.78 per share.

We offer globally relevant products

Notable among Turkcell's innovative services which play a significant role in our ambition of providing globally relevant product and services, our new generation communication platform, BiP has been downloaded 6.2 million[3] times. Launched in Germany, Ukraine, Belarus and the Turkish Republic of Northern Cyprus after Turkey, BiP has since been downloaded in 189 countries.

Turkcell TV+, which plays an important role in our convergence strategy, reached 558,000 customers in 2015. The active users of Turkcell Smart Storage, which is the most widely used personal cloud service in Turkey have exceeded 1.7 million[3] and Turkcell Music downloads have reached 5.4 million[3].

We took bold steps towards being an effective player in our region

We acquired the remaining 44.96% stake in lifecell, our subsidiary in Ukraine for USD 100 million where we have recently announced its rebranding as part of Turkcell's brand integrity strategy. Within a short period after launch on Jun 4, two million of lifecell's 13.5 million customers have already switched to 3G+ services.

We took significant steps to improve the group balance structure and to create value for our shareholders. Furthermore, we established a consumer financing company to continue providing financial flexibility for our customers' technology needs. Meanwhile, we structured the financial debts of our international subsidiaries lifecell and BeST, and eliminated the exchange rate risk generated from those debts.

1 Please refer to page 129 for an explanation on adjusted net income
2 The total number of mobile, fixed and IPTV subscribers
3 As of 18 February 2016

We confirmed, once again, the trust invested in Turkey and Turkcell in international markets

Our new vision and strategic steps that we have taken in this context were well received in the international markets. We also became the only Turkish company to receive "investment grade" rating from the world's three leading credit rating agencies. We raised close to USD 2.9 billion in funds, of which USD 500 million in Eurobonds, within the short period of 2 months for infrastructure investments, restructuring of existing debt, and the financing of possible new investment opportunities.

We are investing in the speed of the future

Undoubtedly, the most important topic in the sector in 2015 was the 4.5G tender. At the tender, we purchased 47% of the total frequency for EUR 1.9 billion (including VAT). With this investment in the future of Turkey, Turkcell is once again set to provide the greatest value to both its customers and the economy. With Carrier Aggregation Technology in 4.5G, Turkcell will yet again be the first and only company to provide speeds of above 1000 Mbps in mobile devices in the coming term. In a sense, this means providing 'wireless fiber' speed! Going forward, these frequencies will make us the leader in 5G.

A time of change and growth for Turkcell

Our strategic priorities to create more value for our shareholders in the coming term shall be to position Turkcell as a converged company, strengthen our position in Turkey, focus on international expansion and take value creating actions to strengthen our balance and cash generation ability.

Our aim is to expand the extent of the innovative products and services we provide through our integrated mobile and fixed network platform as a regional player in converged communication and technology services. In this context, we aim to present the full range of our services in an integrated and coordinated manner by integrating our marketing and sales force, and our infrastructure. We believe that this change will carry our competitive structure and results one step further.

Special thanks to the Turkcell Family

In 2015, we accomplished results that would enhance our sector, our country and the surrounding region besides Turkcell. We took great steps towards new achievements. We are glad to have also recorded achievements in our corporate social responsibility projects. I have the pleasure to say that the most important factor enabling this success, achieved under tough macroeconomic conditions, is the harmonious teamwork among our Board of Directors, senior management and employees. I would therefore like to express my special thanks to the entire Turkcell Family. I also would like to voice our gratitude towards our customers, who have always been with us in our success story.

KAAN TERZİOĞLU
Turkcell CEO

BOARD OF DIRECTORS

AHMET AKÇA

*Chairman of the Board and Independent Board Member**

Ahmet Akça was appointed to the Board of Directors by Capital Markets Board decision. From 1980 to 1988, Mr. Akça served as a Foreign Trade Manager in the glass and food industry. In 1988 he became CEO of an International Trading Company, a position he held until 1992. He later started his own business, which he still runs. Mr. Akça is the founder and Chairman of the Board of Directors of logistics company Akça Lojistik Hizmetleri ve Ticaret A.Ş. He was a member of the Committee of Trustees in January 2010, at the time of the Bezmialem Vakıf University establishment, and has been serving as the Chairman of the Committee of Trustees since November 2011. After studying mathematics at Middle East Technical University and sociology at Istanbul University for a certain period, Mr. Akça graduated from the Bursa Economics and Commercial Sciences Academy's Department of Economics.

ATİLLA KOÇ

*Independent Board Member**

Atilla Koç was appointed to the Board of Directors by Capital Markets Board decision. Having working as an Undersecretary at the Ministry of Interior and as the Chief of Police in Konya, he served as the District Governor of the Ulubey, Nusaybin and Bayındır districts, and as the Governor of Siirt and Giresun provinces. He has also been the Prime Minister's Undersecretary, the General Secretary of Ankara Metropolitan Municipality, and the Central Governor. Then, Mr. Koç served as AKP Aydın Deputy in 22nd and 23rd period of Grand National Assembly of Turkey and the Minister of Culture and Tourism in the 59th Government. He graduated from Ankara University's Faculty of Political Science.

MEHMET HİLMİ GÜLER

*Independent Board Member**

Mehmet Hilmi Güler was appointed to the Board of Directors by Capital Markets Board decision. He formerly worked as a Project Engineer and Group Chairman at TUSAŞ Aerospace Industries. Mr. Güler also served as Vice President and Board Member of the Scientific and Technological Research Council of Turkey (TÜBİTAK), as Chairman and General Manager of the Machines and Chemical Industries Board (MKEK), as the General Manager and Chairman of Etibank, as the Chief Undersecretary to the Prime Minister, and as Board Member and Executive Director at ERDEMİR and İGDAŞ. Mr. Güler also served as Minister of Energy and Natural Resources in the 58th, 59th and 60th Governments. Mr. Güler graduated from Middle East Technical University's Department of Metallurgical and Materials Engineering where he obtained his Master's and Doctorate degrees.

** Appointed by the Capital Markets Board as "independent board member" pursuant to Article 17, paragraph two, of Capital Markets Law No. 6362 on March 11, 2013.*

MEHMET BOSTAN

*Board Member***

Mehmet Bostan was appointed to the Board of Directors by Capital Markets Board decision. He serves as the Chairman of the Board of Directors of Turkcell Global Bilgi since 2014 and Turkcell Global Ödeme Sistemleri since 2015. Mr. Bostan formerly worked as Senior Relationship Manager at BNP Ak Dresdner Bank A.Ş, Manager at TSKB, Chief Turkey Representative of Dresdner Bank AG and Deputy General Manager at Güneş Sigorta. He has served as the General Manager and Board Member of Vakıf Emeklilik since 2010. He is a Board Member of the Pension Monitoring Center and Turkish Tennis Federation. Mr. Bostan graduated from International Relations, from the Faculty of Economics, at İstanbul University. He holds an MBA from Bilgi University.

BEKİR PAKDEMİRLİ

*Board Member***

Bekir Pakdemirli was appointed to the Board of Directors by Capital Markets Board decision. Over the past 10 years, he has worked as Regional Manager for the Middle East of a multinational company, General Manager of a ceramic company in İzmir and General Manager of a publicly-listed food company. Currently, he is Business Development Manager of the company McCain and provides consultancy services on management, finance, efficiency and restructuring to corporations. Mr. Pakdemirli is a Board Member of Tarkem, historical Kemeraltı Inc., a member of Board of Trustees of the Anatolia Foundation for Autism and a member of the Capital Markets Investors Association. Mr. Pakdemirli presents a weekly economic program on Ege TV. He is an amateur captain, amateur pilot and amateur radio operator. After graduating from Bilkent University, Faculty of Business Administration, he completed his Master's degree in Management at Başkent University. Currently, Mr. Pakdemirli is working towards his PhD degree in Economics at Celal Bayar University.

JAN ERIK RUDBERG

*Board Member****

Jan Erik Rudberg was appointed to the Board of Directors by Capital Markets Board decision. He is currently Chairman of the Board of Directors of Kcell JSC (Independent Director) and the Chairman of the Board of Directors of Hogia AB. Since 2010, Mr. Rudberg is also a member of the Board of Directors of OJSC MegaFon (Independent Director). Between 1994 and 2003 he held various executive positions at Telia AB, after having served as the Chief Executive Officer of Tele2 AB, Executive Vice President of Nordbanken AB, Chief Executive Officer of Enator AB, as well the Chief Executive Officer of Ericsson Information Systems Sweden AB and holding several managerial positions at IBM. Mr. Rudberg has a degree in Economics and Business Administration from the Gothenburg School of Economics.

ERIK BELFRAGE

*Board Member****

Erik Belfrage was appointed to the Board of Directors by Capital Markets Board decision. In the 70´s and 80´s, Mr. Belfrage worked as a Swedish diplomat in Geneva, Washington, Bucharest, Beirut, and in Paris. Since 1987 he has served as Senior Vice President at SEB, and as an advisor to Dr. Peter Wallenberg, an advisor to the Chairman at the companies Investor AB Jacob Wallenberg and SEB Marcus Wallenberg. In 2012 Mr. Belfrage set up a consultancy, Consilio International AB, where he also is the Chairman. The firm advises large Nordic corporates. Currently, Mr. Belfrage is chairman of several boards. He holds an MBA from the Stockholm School of Economics.

** *The board members who satisfy independency criteria were appointed by the Capital Markets Board pursuant to sub-paragraph (k) of the first paragraph of Article 128 of Capital Markets Law No. 6362 on August 15, 2013.*

*** *The board members who satisfy independency criteria were appointed by the Capital Markets Board pursuant to sub-paragraph (k) of the first paragraph of Article 128 of Capital Markets Law No. 6362 on September 13, 2013.*

EXECUTIVE OFFICERS

1. Kaan Terzioğlu
2. İlter Terzioğlu
3. Murat Doğan Erden
4. İlker Kuruöz

5 Doğuş Kuran
6 Seyfettin Sağlam
7 Murat Erkan
8 Serhat Demir
9 Burak Sevilengül*

* Resigned from his role as of Feb 29, 2016.

EXECUTIVE OFFICERS

KAAN TERZİOĞLU
Chief Executive Officer

Kaan Terzioğlu was appointed Turkcell's Chief Executive Officer on April 1, 2015. He began his professional life in 1990 as an Independent Auditor and CPA at Arthur Andersen Turkey. In 1992, Mr. Terzioğlu joined Arthur Andersen USA as the IT Strategies and Security Specialist, and in 1994, began working at Arthur Andersen Belgium as the Leader of Information Management and Digital Strategy Services. In 1998, he was appointed Vice President of Consultancy Services Turkey Operations. Between 1999 and 2012, he served as the Team Leader of E-Commerce Strategies for the EMEA region, Sales Director of Advanced Technologies for the EMEA region, Managing Director of Technology Marketing Organization for the EMEA region, and Vice President of Central and Eastern Europe at the Cisco Systems Brussels branch, respectively. Between April 3, 2012 and April 1, 2015, Mr. Terzioğlu was a Member of the Board of Directors at Akbank, Aksigorta A.Ş., Teknosa İç ve Dış Ticaret A.Ş. and Carrefoursa A.Ş. Kaan Terzioğlu graduated from the Department of Business Administration at Boğaziçi University.

SERHAT DEMİR
Executive Vice President - Legal and Regulation

Serhat Demir joined Turkcell as the Executive Vice President of Legal and Regulation Function in May 2015. Mr. Demir started his career in 1997 at Dun&Bradstreet's Turkey office. He worked in Legal Advisory at Yıldız Holding between 2003 and 2007 and became Legal Advisor of Çalık Holding in 2007. Between 2009 and 2015, he served as Director of Legal Affairs at Çalık Holding, and at the same time, as a board of directors member at various group companies operating in the holding, telecom and finance sectors. Serhat Demir graduated from the Faculty of Law at Istanbul University.

MURAT DOĞAN ERDEN
Executive Vice President - Finance

Murat Doğan Erden started his career at the Treasury and Capital Markets Department of Bankers Trust Turkey. He joined Turkcell as the Director of Treasury and Risk Management in 2001. Since 2006, Mr. Erden has served as a Member of the Board of Directors of Turkcell Group companies and continues his Board of Directors activities. Mr. Erden is a graduate of Istanbul High School and the Department of Economics at Boğaziçi University and received his MBA degree from San Diego State University in 1995. He completed the Wharton Executive Development Program and holds certificates in Mergers and Acquisitions and Strategic Finance and Derivatives from similar international institutions. Fluent in English and German, Murat Doğan Erden is married with two children.

MURAT ERKAN
Executive Vice President - Sales

Murat Erkan joined Turkcell Group in June 2008 as the General Manager of Turkcell Superonline and as of December 1, 2015, he was appointed Executive Vice President of Sales. Prior to this position, he had served as the Senior Vice President of Retail and Active Sales and Senior Vice President of Home and Consumer Business, respectively. Mr. Erkan, who started his professional life at Toshiba, became an Application Engineer at Biltam Mühendislik and then became the first "System Engineer" of Turkey at Cisco Turkey. He served as Chief Officer at Cisco Systems in charge of technology, sales, business development and channel management for ten years. Prior to his position at Turkcell Superonline, Mr. Erkan had been the Business Unit Manager at Aneltech working on solutions related to Telecommunication, Mobile, ICT, the defense industry and industrial products sectors since 2006. Murat Erkan graduated from the Yıldız Technical University Electronics and Telecommunication Engineering Department in 1992. He completed the Strategic Marketing Program at Harvard Business School in 2010.

DOĞUŞ KURAN

Senior Vice President - Customer Services

Doğuş Kuran joined Turkcell as Senior Vice President of Customer Services Function as of October 1, 2015. He had begun his career at Alcatel-Teletaş. After holding executive positions in sales, business development and internet solutions consultancy within Cisco Systems and Microsoft Turkey organizations, he served as Chief Sales and Operations Officer at Ericsson Turkey. Prior to his position in Turkcell, he worked as a partner at the Accenture Turkey Office responsible for the telecommunication, media and technology sectors. Mr. Kuran graduated from the Istanbul Technical University, Electrical and Electronics Engineering department in 1995. He received his Master's degree in Management Engineering from Portland State University in 1997.

İLKER KURUÖZ

Executive Vice President - Technology

İlker Kuruöz joined Turkcell as Services and Product Development Division Head in 2006. He has been serving as the Executive Vice President of Technology since December 2013. Previously, he was the Chief Information and Communication Technologies Officer of Turkcell. İlker Kuruöz started his professional life in 1994 at ABT. He then worked at NCR as System Consultant, at Garanti Teknoloji as Division Manager, and in Accenture as Senior Manager. İlker Kuruöz graduated from Bilkent University in Computer Engineering and Information Sciences and received a Master's degree from the same university.

SEYFETTİN SAĞLAM

Executive Vice President - Business Support

Seyfettin Sağlam joined Turkcell as Chief Group Human Resources Officer in July 2014. He was appointed Executive Vice President of Business Support Officer in April 2015. He began his career in MSC Consulting Inc. in 1998. He worked as a HR professional at Tekstilbank and as the Human Resources Group Manager at Yıldız Holding, responsible for the Packaging, IT, Finance and Retail Groups. He served as the Assistant General Manager of T.C. Ziraat Bankası. Subsequently, he was appointed Vice Chairman and Member of the Executive Committee at Rixos Hotels and Sembol Construction Inc. Mr. Sağlam served as an Executive Vice President of Borsa İstanbul. He graduated from the Department of Sociology at Middle East Technical University. He received a Master's degree from the Marmara University Business Administration Department in International Quality Management. He completed the HR Management & Leadership Programs at INSEAD.

İLTER TERZİOĞLU

Executive Vice President - Strategy

İlter Terzioğlu had worked for Ericsson Turkey as the Assistant General Manager responsible for Turkcell between 1994 and 2002 and joined Turkcell as Business Strategies, Regulation and Risk Consolidation Division Head in 2003. In October 2015, he was appointed as the Executive Vice President of Strategy. Previously, he served as Senior Vice President of International Business under the Strategy Function. He has also undertaken the roles of acting Chief of International Business, Chief Strategic Projects Officer and Chief Network Operations Officer at Turkcell. Prior to joining Turkcell, he had worked as Assistant General Manager at Turkcell Group companies, including Show TV and Superonline. He graduated from the Department of Econometrics at Istanbul University.

2015

AT A GLANCE

- Acquired the most advantageous lot, Lot 1 at the 3G tender in Ukraine
- Distributed dividends of TRY 3.9 billion
- Completed convergence of organizational structure
- Increased ownership in lifecell to 100%
- Restructured financial debt of lifecell
- Acquired largest spectrum at the 4.5G auction

Established a consumer finance company

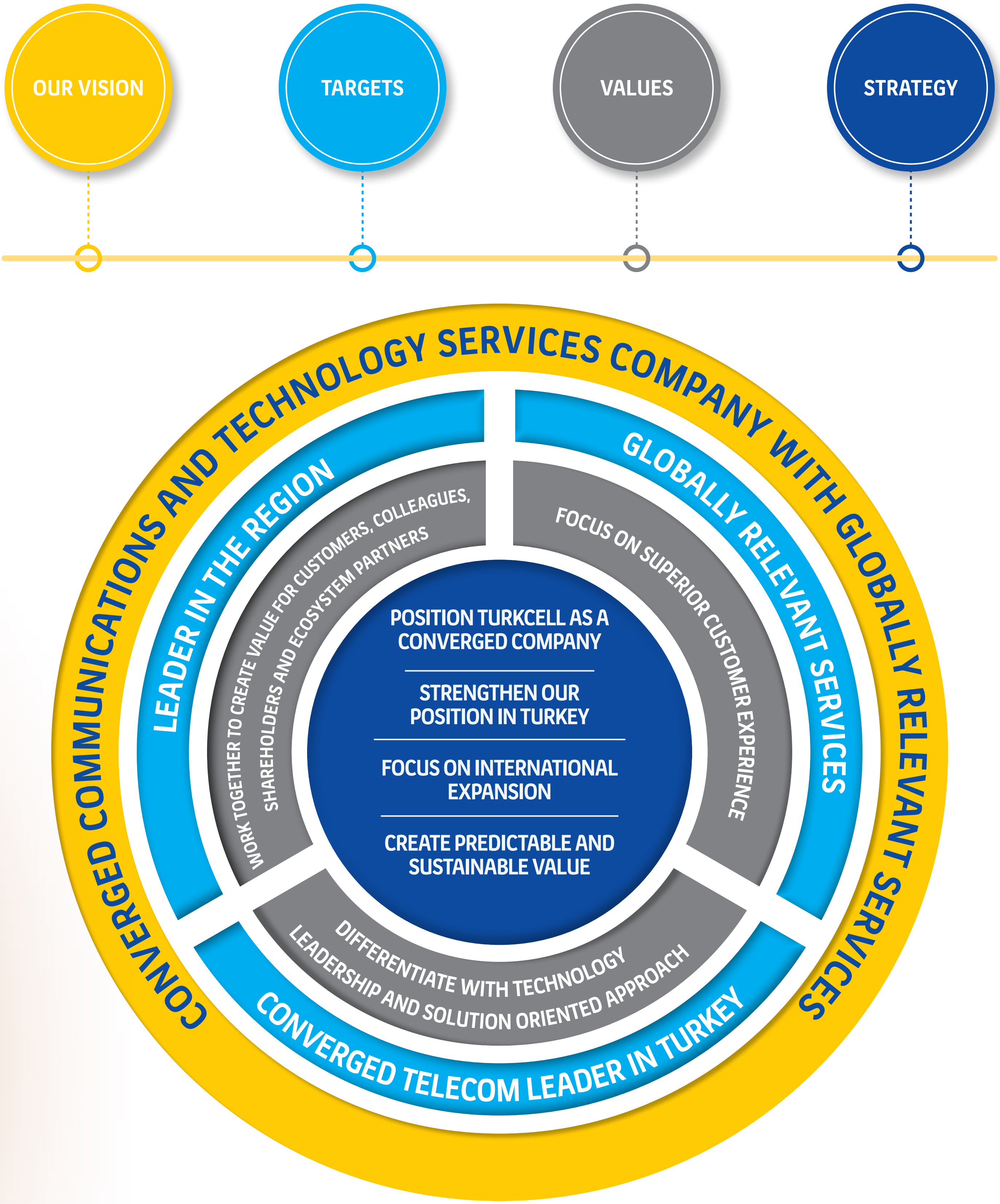
Marked Turkcell's 15th year of listing on BIST and NYSE

Restructured financial debt of BeST

Received "investment grade" from 3 rating agencies

Raised USD 2.9 billion in funds for Turkcell

OUR VISION, VALUES AND STRATEGY


OUR VISION
TARGETS
VALUES
STRATEGY
CONVERGED COMMUNICATIONS AND TECHNOLOGY SERVICES COMPANY WITH GLOBALLY RELEVANT SERVICES
LEADER IN THE REGION
GLOBALLY RELEVANT SERVICES
CONVERGED TELECOM LEADER IN TURKEY
WORK TOGETHER TO CREATE VALUE FOR CUSTOMERS, COLLEAGUES, SHAREHOLDERS AND ECOSYSTEM PARTNERS
FOCUS ON SUPERIOR CUSTOMER EXPERIENCE
DIFFERENTIATE WITH TECHNOLOGY LEADERSHIP AND SOLUTION ORIENTED APPROACH
POSITION TURKCELL AS A CONVERGED COMPANY
STRENGTHEN OUR POSITION IN TURKEY
FOCUS ON INTERNATIONAL EXPANSION
CREATE PREDICTABLE AND SUSTAINABLE VALUE

ACTIVITIES IN 2015

ALWAYS FORWARD WITH OUR SUPERIOR TECHNOLOGY

We are ready for the future with our converged network!

With the investments and efforts made within 2015, we have brought our mobile and fixed networks even closer with the power of our widespread fiber infrastructure. While maintaining our technological leadership in competition with our convergence vision in both our core network and access infrastructures, we have advanced our quality of service and service levels offered to our customers. With our converged network, we can offer innovative services to our customers with attractive business models. The delivery of all necessary telecom solutions for digital transformation of our corporate customers from a single-point has become possible. We have made our operations more efficient through significant optimizations in investment and operational costs with collaborative network management.

THE FASTEST OF 4.5G: TURKCELL!

We secured the largest spectrum at the tender held on August 26, 2015, obtaining a total bandwidth of 172.4 MHz. With this tender, Turkcell owns 43% of the total available spectrum, reaching a total spectrum of 234.4 MHz. The new spectrum acquired is technology neutral and may be employed in 2G, 3G, 4.5G and future 5G networks.

Having gained 13 years of authorization with the spectrum tender, Turkcell will begin to provide 4.5G service to its customers on April 1, 2016. At the launch, we will be the only operator providing up to a 375 Mbps speed experience to our customers with our spectrum, and will remain the fastest operator in comparison to our competitors by providing speeds of 1 Gbps and above in the upcoming periods as technology develops. With 2x10 MHz, which we acquired at 800 MHz, we will rapidly enable coverage across wide areas and within buildings.

At the tender, we purchased the C1 package, the largest package at 1800 MHz, gaining 29.8 MHz. 1800 MHz, the most commonly used spectrum in the world for 4.5G, is the most efficient spectrum both in terms of coverage and capacity, and is also the spectrum with the most widespread terminal support. By means of purchasing an additional 2x10 MHz at 2100 MHz, we have secured the highest bandwidth within this spectrum, which we may use both in 3G and 4.5G. We will notably be able to employ our 2600 MHz FDD and TDD spectrum in additional capacity requirements, and also in hotspots and within buildings for a high speed experience.

We have expedited our infrastructure investments for the best 4.5G service.

In 2015, we had worked intensively to prepare our network to provide the best 4.5G service to our customers. We have prepared the infrastructure of our fields for the set-up of 4.5G base stations, and the set-up has already begun.

We continue with 4.5G preparations in our mobile subcarrier network. We are increasing our mobile subcarrier network capacity to 10G using the power and superiority of our fiber infrastructure. Thus, we will provide infrastructure to support an escalation of speeds up to 1000+ Mbps with 5-carrier aggregation using our frequency superiority in 4.5G. We are establishing the infrastructure necessary to enable value-added services in 4.5G, and that will meet our future requirements.

We have made our core network infrastructure compatible with 4.5G. We have determined the most suitable technologies and products with our 4.5G trial networks.

Next Generation HLR/HSS structure is in service & 4.5G HSS readiness is completed.

Next Generation HLR/ HSS structure has been renewed from legacy HLR structure which stores each customer profiles and authorizes service requests from customers. NG HLR is a central database for all the 2G, 3G and also 4.5G customer profiles. Thus, network efficiency, operational flexibility and high service availability are obtained. Turkcell is the first operator to complete this critical transformation in our country. Common database will allow us to easily reach our customers with enriched and integrated services in 4.5G technology.

Turkcell subscribers experience LTE/LTE-A abroad.

Having made the necessary preparations, we have made it possible for Turkcell customers who travel abroad to communicate at 4G speed.

As of 2015, Turkcell customers are able to use LTE/LTE-Advanced technology in 52 countries with 70 operators.

OUR TESTS SET A RECORD WITH A SPEED OF 1200 MBPS.

In tests conducted using the 5-carrier aggregation technique in December, we set a record by reaching a speed of 1200 Mbps. Turkcell subscribers will experience this speed, attained in the test conducted with the bandwidths that will be the most preferred for the highest speed and largest capacity in 4.5G, once the terminals supporting this technology are in place. They will then enjoy a 19 times faster mobile internet speed compared to 3G speed of 63.3 Mbps.

Another First from Turkcell

Turkcell became the first to test the "Enriched VoLTE" service in Turkey.

In 2015, we were the first operator in Turkey to test "Enriched VoLTE" technology, which provides a brand new call experience via 4.5G. In tests conducted together with Ericsson, besides crystal sound quality and the ability to make calls instantly with VoLTE, we successfully displayed enriched services such as the ability to draw on the display image simultaneously with the call, to start a call by adding a message, photograph and location and to make an HD video conference call.

Once again, Turkcell became one of the first operators in the world to test LAA, which is part of 4.5G technology.

We are also now among the first operators in the world to test LAA (License Assisted Access) technology, which simultaneously uses licensed and unlicensed bands with the Carrier Aggregation technology in 4.5G. LAA, the standardization of which will be completed with 3GPP Release 13, is expected to initially be used in small cells on 4.5G networks as the device and network support become ready over the coming years.

TURKCELL IS THE LEADER IN 5G AS WELL!

Through the 5G agreements with Huawei, Aselsan and Ericsson, we have also proven our leadership in 5G. In Turkey, we play an active role in supporting 5G Research and Development activities, whereas in the international arena, we take part in the 5G activities of NGMN and GSMA.

We have signed a mutual memorandum of understanding with Huawei for cooperation in collaborative work and research and development on 5G technology. While taking our strategic partnership to the next level within the scope of the signed memorandum, we have also taken an important step in determining the opportunities to increase future cooperation for research and development, especially of 5G technologies.

With Aselsan, we aim to render Turkey a 5G technology producer country. Accordingly, we will work on the course of 5G technology, ensure participation in international standardization processes and make a joint effort toward commercial success in local and international markets with products to be developed.

With our cooperation with Ericsson, we aim to develop mutual understanding regarding the use, requirements and implementation scenarios of 5G. We believe that this cooperation will make it easier for us to focus on the requirements and expectations of consumers and corporate customers from different sectors.

OUR INFRASTRUCTURE INVESTMENTS

We are among the leading telecommunication players in the world with our transmission infrastructure.

Being one of the few operators in the world to integrate "Full Outdoor" products with our radio link infrastructure, we have shown our leadership in using technology, while also reducing our energy consumption. We enabled the first commercial WSON (wavelength switched optical network) application in the world, independent of direction and wavelength, which was brought to life in 2011 on the Istanbul subway network, to our entire network in 2015.

We are successfully testing Terabit capacity DWDM (Dense Wavelength Division Multiplexing) systems, allowing an increase in the capacity of our current fixed network fiber infrastructure by 2.5 times, and we continue necessary investments in building and expanding the infrastructure compatible with this technology. We use state-of-the-art systems in our fixed network and are ready to implement future technologies.

2G Population Coverage **99.85%**

3G Population Coverage **95.03%**

Fiber to **2.4 mn** Households

35,269 km Fiber Infrastructure

63.3 Mbps speed in Mobile

1000 Mbps speed in Fiber

We have increased customer satisfaction with improvements to our infrastructure.

Spreading our Transparent Internet Caching (TIC) infrastructure such that it encompasses mobile internet traffic, we have increased customer satisfaction by moving 18% of our traffic to this closer infrastructure, while cutting annual operational costs.

We have begun infrastructure renewal operations to increase our 3G Network coverage.

The frequency tender held on 26 August gave Turkcell the opportunity to increase its 3G network capacity. With two additional carriers acquired at 2100 MHz, our bandwidth in 3G has increased from 2x20 MHz to 2x30 MHz. We will be able to use these frequencies for other technologies as they evolve going forward.

To increase our 3G network coverage further, we have begun renewal operations at our network infrastructure in order to provide UMTS 900 service.

Our fiber infrastructure has exceeded 35 thousand kilometers.

At the end of 2015, we reached 2.4 million households in 15 cities with our fiber infrastructure. Our fiber infrastructure reached 35,269 kilometers.

This year, the city of Eskişehir was also introduced to Turkcell fiber internet. As Turkcell, we offer 10 times faster than average internet speed in Turkey to our customers in Eskişehir. When complete, we aim to offer fiber broadband to more than 110 thousand households in this city.

Moreover, we continue to connect our base stations to our fiber infrastructure. Thus, we guarantee our continued provision of the fastest and top-quality broadband experience to our customers, and at the same time, ensure that our network is ready for 4.5G.

We have increased our transmission capacity to over 13.5 Tbps.

We have increased the amount of traffic carried on our transmission backbone by 58% year-on-year to 13.5 Tbps. With the expansion and optimization projects in our main backbone to meet the increasing data traffic demand in our mobile and fixed services, and to provide high performance access service to our customers, we have expanded our 10G based transmission infrastructure to 100G based infrastructures and transmitted from Edirne to Şırnak.

With investments in our Carrier Grade NAT (CGN) infrastructure, we have increased our volume of fixed network customers receiving service via CGN by 36%, and have reduced the in-use Public IP ratio from 70% to 57%. Thus, we now use our limited number of IPv4 sources more efficiently.

We have taken important steps toward becoming the leading player both in Turkey and the surrounding region by strengthening our internet infrastructure.

With our total international capacity bandwidth, which we have raised to 2 Tbps by increasing it approximately 500-fold over the past five years, we have undertaken an important role in meeting the increasing demand for internet, particularly in the Middle East, and have supported the entry of new global operators and investors into the Turkish market. At the same time, with our strategic partnerships, we enable operators in the Middle East and Caucasus, and our customers, to quickly reach the largest operators in the world, while maintaining high quality.

Additionally, we create a variety of routes through our business partnerships with Europe's most important infrastructure and capacity provider operators and contribute to Turkey and countries in the region experiencing "continuous internet".

On one hand, this continuous increase in the total international bandwidth capacity is of great importance in terms of the contribution it makes to our vision of rendering Turkey a regional internet base and Istanbul an internet capital. And on the other, it encourages content to remain within the country by providing the internet output of major national players and content owners through this high capacity.

With our high traffic, we encourage new global operators and investors to enter the Turkish market and grow the market with the economy that this traffic has created.

We give particular importance to operational sustainability.

With the Terminal Server project, we have made it possible to access devices, access to which is lost via our own network in the event of a disaster. To avoid POPs remaining isolated and to maintain operational sustainability in cases such as multi-fiber or equipment failure, we kicked-off the Terminal Server project as part of Turkcell NDC, Main and Midi POP points to access relative equipment through console interface or current NMS systems through alternative channels (ADSL, 3G) that do not use Turkcell network sources.

NEW PRODUCTS; NEW SOLUTIONS

Full support to the availability of local products!

Turkcell continues to give extensive support to the projects involving local products. We cooperate with local companies regarding base stations, antennas, transport and infrastructure solutions. Since the agreement signed between SSM and Turkcell in March 2014, we have supported the ULAK Project, which is on developing local base stations, with our most experienced Turkcell engineers. In 2015, we contributed to the product development by transferring mobile operations experience and providing a test environment. Turkcell's goal in this project, which we have stated before, is to contribute to the positioning of 4.5G base station manufactured locally as a competitive product not only in Turkey but also in the region and beyond.

We offer switchboard services to our customers through "Smart Switch".

In respect of our fixed voice infrastructure being an IMS (IP Multimedia Subsystem), we are able to provide fast communications services in parallel to global trends. At the head of these services is our "Smart Switch" service, launched this year. With this service, we are able to provide switchboard services to our corporate customers through our network without them having to incur investment costs.

We provide the Smart Switch service, which is among our Unified Communications services, to our clients with a mobility feature by enriching it with the soft client service provided on PC & mobile devices.

In the upcoming period, we will continue to rapidly bring new generation services to life with services such as video-conference and WebRTC.

We have developed creative solutions with small cell.

We have prepared product and network infrastructures to provide location based services to our customers with Femto solutions positioned as Small Access Points. Thus, we can inform a 3G subscriber once they enter a Femto service area.

We have completed the installation of agricultural meteorological observation stations.

We handle the TARBİL (Agricultural Tracking and Information System) project together with Istanbul Technical University. This project which aims to increase agricultural productivity and to support farmers' income, is owned by the Turkish Ministry of Food, Agriculture and Livestock. Our subsidiary Global Tower carries out the installation and maintenance of agricultural meteorological observation stations in agricultural areas as part of the project.

We have built the wireless infrastructure of the Gendarmerie Integrated Communications and Information System.

We are carrying out Aselsan's "Gendarmerie Integrated Communications and Information System (JEMUS)" project providing possibilities such as voice communication of high quality, the exchange of electronic mail, file sharing, intranet access, safe and fast data transfer, crime and criminal investigations, and so forth, for the Gendarmerie General Command. Moreover, Global Tower conducts wireless infrastructure system installation operations in the Black Sea and Eastern Anatolian regions as part of the project.

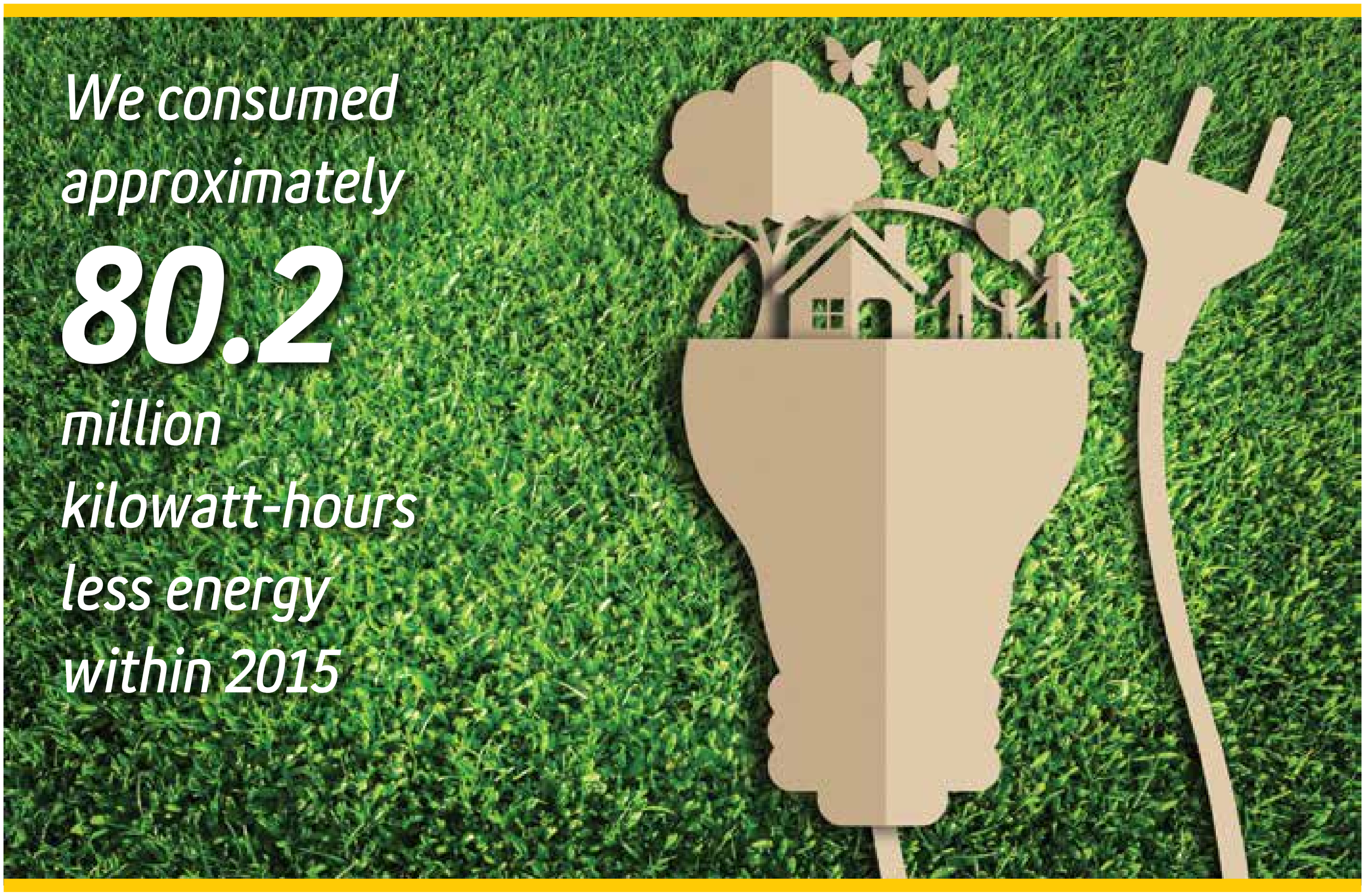
Our customers can use "Corporate Wi-Fi" services without incurring equipment investment costs.

We have introduced our "Corporate Wi-Fi" service for wireless internet services that our corporate customers are willing to offer to their own customers. We provide a turn-key service, where their services are managed 24/7 and the regulatory responsibilities are carried out without our corporate customers investing in equipment.

OUR ENVIRONMENTALLY-CONSCIOUS APPROACH

As Turkcell, we became the first telecommunications operator in Turkey to receive the ISO 14064 – Accounting and Verification of Corporate Greenhouse Gas Emissions document.

In 2015, we were awarded ISO 14064 Certification, which is the management standard of voluntary and independent greenhouse gas emissions projects. As Turkcell, we have fulfilled all our responsibilities regarding greenhouse gas emissions standards, and we became the first telecommunications operator in Turkey to receive the ISO 14064 – Accounting and Verification of Corporate Greenhouse Gas Emissions



Certification. We are conducting studies into the risks caused by climate change and the new opportunities to be created, and are making these studies part of our strategic plans.

We are reducing our carbon footprint with energy efficiency initiatives.

With the new generation energy efficient equipment and energy saving implementation in our network, we are continuing to invest in reducing our carbon footprint. Key actions taken in this regard and the amount of energy saved were as follows:

- 43,700,000 kilowatt-hours per year from inverter type air conditioners at 18,222 sites with high energy efficiency preferences in product selection,
- 13,150,000 kilowatt-hours from high efficiency power supplies in 10,311 sites,
- 7,313,000 kilowatt-hours per year from passive cooling systems in 11,348 sites,
- 400,000 kilowatt-hours per year from locally manufactured outdoor cabinets in 700 sites,
- 3,000,000 kilowatt-hours per year through optimizing the number of power source modules,
- 6,000,000 kilowatt-hours per year from equipment modernizations in 1,707 sites in 2015 alone,
- 355,000 kilowatt-hours per year through the use of renewable energy systems,
- 1,300,000 kilowatt-hours per year with improvement works made in the energy infrastructures of buildings,
- 5,000,000 kilowatt-hours per year with the revision works of buildings' lighting and mechanical systems.

Thus, we have saved as much energy as the annual energy consumption of 29,700 households by consuming approximately 80,218,000 kilowatt-hours less within a year.

SUSTAINABLE GROWTH THROUGH OUR CONVERGED STRUCTURE

We aim to offer our communication and technology services in an integrated manner from our sales points to our call centers.

TURKCELL AS A CONVERGED COMPANY

In 2015, we have restructured our operations end to end to be able to provide all our mobile, fixed and broadband services in an integrated and coordinated manner to meet the expectations of our consumer and corporate customers.

Our aim is to increase customer loyalty, competitiveness and operational efficiency which in turn enables sustainable growth by providing our converged communications and technology services and our customers' experience at Turkcell end to end from our stores to our call centers, and from integrated offers to our post-sales services. While our leader position in the mobile market allows us to penetrate our converged new services to our clients much faster, being a challenger in the fixed market and a new player in the TV market supports our potential for growth in these markets.

In the upcoming terms, we trust that we will strengthen our position providing converged communications and technology services in Turkey and the surrounding region with the support of our strong 4.5G and fiber network.

As a company providing converged communications and technology services:

- We will provide converged offers, in which our customers will be able to receive mobile broadband , fixed broadband, TV and other media services together.
- Our customers will be able to purchase these products from all our sales points.
- Our call centers and post-sales services will become one.
- We will be able to provide a single bill to our customers preferring this option.

OUR STRONGER POSITION IN TURKEY

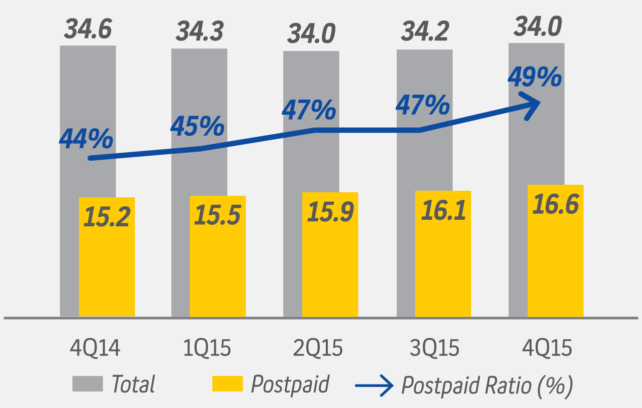
We meet the communication needs of our customers with our mobile, fixed broadband and TV products in the best way possible.

In Turkey, we provide services to our consumer and corporate customers with our mobile, fixed broadband and TV products.

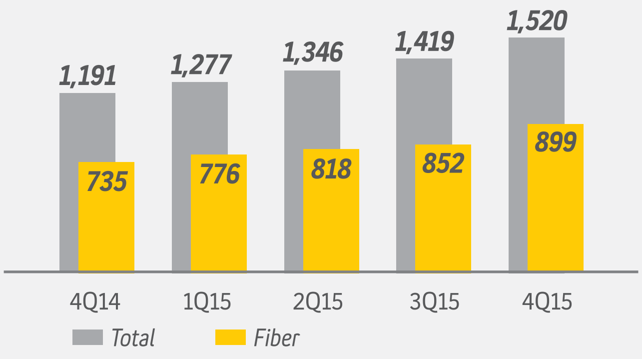
In 2015, we maintained our position as the leader in the mobile industry with 34 million customers. We continued to rapidly grow, reaching 1.5 million customers on fixed broadband. The number of customers using our Turkcell TV+ product, which we introduced almost a year ago, has reached 558 thousand.

NUMBER OF SUBSCRIBERS

MOBILE SUBSCRIBERS (million)



FIXED SUBSCRIBERS (thousand)



Our post-paid mobile customer base continued to grow on the back of our superior network quality and innovative products and services. Our post-paid customers, which reached 16.6 million on a yearly increase of 1.4 million, constitute 49% of our total mobile customer base.

In 2015, we diversified our packages of high quota to meet our clients' increasing mobile data requirement. We have enabled our customers to enjoy data by offering our "Large Data" packages to our post-paid customers and "Generous Data" packages to our prepaid customers. We have increased the number of mobile internet users through new introductory campaigns. Additionally, we have improved customer satisfaction with our limit notifications and our Turkcell Solution for Exceeding the Limit.

We have continued our investments at full steam in order to continue providing the best service to our customers. Owing to the frequencies for which we have gained the right to use within the 4.5G authorization tender, we will be the only mobile operator to provide 375 Mbps mobile internet speed with Carrier Aggregation Technology, as of April 1, 2016.

We have responded to our customers' ever-increasing data requirements with our fixed broadband products by means of our integrated communications infrastructure and technological services. With our fiber, VDSL and ADSL campaigns, we have continued to offer our customers the experience of internet at the speed of light.

899 *thousand fiber subscribers*

While our number of fixed broadband customers consisting of fiber and ADSL customers reached 1.5 million with a 329 thousand increase, 899 thousand have preferred fiber speed internet. We have continued to gain customers with triple play offers that include our Turkcell TV+ product. The ratio of customers who use our Turkcell TV+ service in addition to fixed broadband and fixed voice services within our broadband customer base was 23% as at the end of 2015.

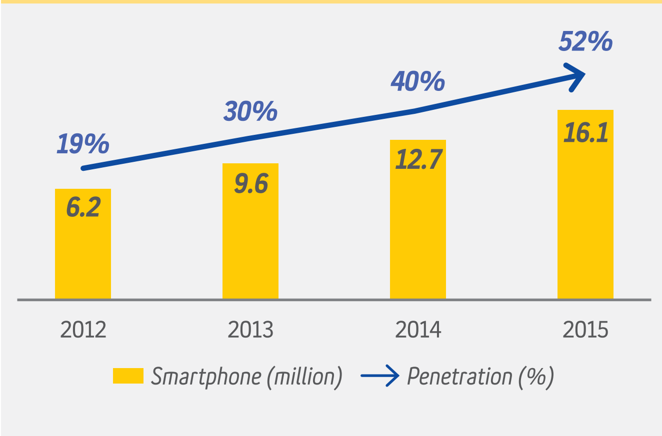
23% *triple play ratio*

We meet the needs of our consumer and corporate customers in different fields through our numerous services and applications by combining our high technology with an ease of use experience. With our notable services such as BiP, Smart Storage and Turkcell Music, we enrich the lives of our customers.

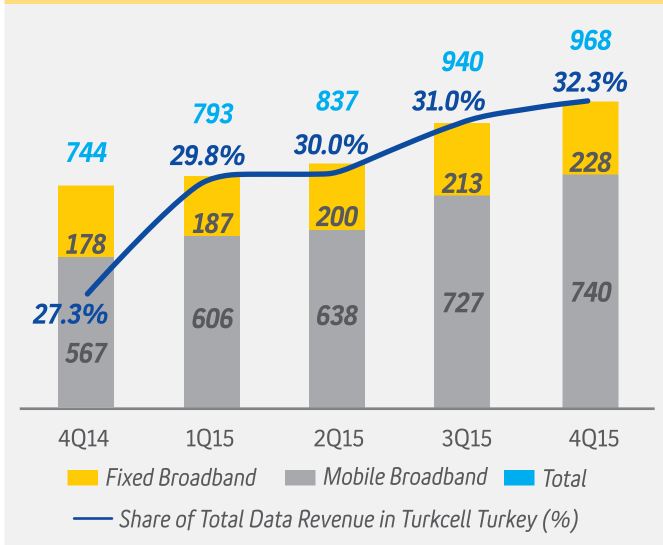
We have achieved our 52% smartphone penetration target through an increase in the number of smartphones on our network by 3.4 million this year. This increase was on the back of extensive device portfolio, which also included T50 and T60 branded smartphones, in the distribution network, and various offers and campaigns.

Smartphone users on our network have continued to increase.

SMARTPHONE PENETRATION



DATA REVENUES (TRY Million)



TURKCELL T60: TURKCELL'S SMARTEST PHONE TO DATE

T-series smartphones have reached more than 2 million users to date.

The T60 smartphone is differentiated from similar devices at the same price level by its new features such as heat and pressure sensors and smart signals. With its easy mode of operation, it has gained appreciation from our elderly customers less confident in the use of smartphones. It became the third best-selling smartphone in Turkey in August and September 2015.

OUR UNDERSTANDING OF NEW AGE MARKETING

Our new marketing approach, through which we provide efficient, value-driven and real-time offers for our customers' needs analyzed through the use of technology, rests on three main pillars:

Real-time

With our analytical marketing approach, we fulfill our customers' communications needs in real-time and by presenting the right offers. We intensively use our analytical abilities and advanced modeling techniques to address our customers' requirements in the best manner possible, and to approach them with the right offers at the right time.

Digital Turkcell

With digitalization, we enable our customers to fulfill a higher number of their requirements rapidly and conveniently in a digital environment with an end-to-end experience.

Need based approach

On top of our communications and technology solutions, we increase the loyalty of our customers by offering additional advantages that add value to their lives and that are in accordance with their lifestyles with a segment-based approach

EFFECTIVE SEGMENT MANAGEMENT

We manage our consumer business under 8 different segments defined by customer behavior. With our segments, which we name "premium and platinum", "youth", "professionals", "housewives", "disabled", "farmers", "civil servants" and "golden ages", we work to better understand and address our customers' needs in the best possible way. Our aim is to increase the satisfaction and loyalty of our customers through targeted offers as per their needs.

THE YOUTH

In 2015, we launched campaigns for the usage requirements of young people. We offered the "Never-ending Internet" campaign, in which the internet quota tops up when the data quota is halved, and "Transfer Me To Gnctrkcll" which featured generous data to meet all GSM requirements. On the launch day of the "Everyone Wins" campaign, 4 million people were sent a message saying "We need to talk". The viral campaign video was watched 3 million times in total and 2.2 million times on YouTube only within the first week of launch. Furthermore, the Gnctrkcll Mobile Application was downloaded over 1 million times. Gnctrkcll app users can monitor their current usage and package information, reach customer services exclusive to young people ("Gencaver"), and access their current campaign password with a single button.

PROFESSIONALS

In 2015, we launched high quota internet packages to meet the increasing internet requirements of our White Collar customers. In addition to finding a solution to the communication needs of our customers, we have added value to their social lives through the collaboration we have made with different brands to address their needs, ranging from holidays to shopping and from sports to healthy living.

PREMIUM AND PLATINUM

Marking a first for Turkey, we launched 10 GB packages for our customers with the largest communication needs. And by further digitalizing our Platinum world in 2015, we allowed our customers to benefit from, and be informed of our products and services more easily.
The Turkcell Platinum application, the single platform where all privileges can be accessed, has been downloaded over 600 thousand times.

THE GOLDEN AGES

We have offered our customers aged 60 and above an effortless smartphone experience and enabled them to become more acquainted with technology with T60 Easy Use, and made their lives easier with "Easy Use". In 2015, we strengthened our bonds with our elders who give great importance to religious and national holidays by celebrating their holidays with live calls.

CIVIL SERVANTS

In another first for Turkey, and having fulfilled the requirements of the Turkish Presidency of General Staff, Turkcell launched Askercell for soldiers, and at no charge. Turkcell customers using Askercell can talk and text as much as they want with their loved ones at military barracks. Turkcell is still the only operator offering this service.

THE DISABLED

In 2015, we pioneered in accessibility by giving life to the audio description feature, i.e. My Dream Companion application which enables the visually impaired to watch a movie at a cinema. Having listened to our disabled customers, we have expanded our world of offers for both postpaid and prepaid, and offered large data packages for internet requirements. We have strengthened our slogan "Together. Forward. Every Day." with the education and services that bring added benefits to the lives of the disabled in the areas of technology, personal development and career.

HOUSEWIVES

While the internet usage of housewives who enjoy internet has increased by 60%, their smartphone penetration has also reached 40%. Considering the home, upkeep and mothering circumstances of over 2.5 million members of the Smart Women's Club, we made it possible for them to save approximately TRY 7 million by working with numerous female oriented brands in these fields.

FARMERS

For the first time in Turkey, our farmers were able to instantly access critical information allowing them to maximize the efficiency of their work, such as weather forecasts specific to villages, regional purchase and sales prices and early warning messages against diseases. With our "Secure Transformer" service, we have secured the transformers of our farmers, who frequently suffer transformer theft, and have eliminated their losses in the process.

TURKCELL

GROWS THROUGH GLOBALLY RELEVANT SERVICES

189 COUNTRIES

6.2 MILLION DOWNLOADS

*Figures are as of February 18, 2016.

OUR INNOVATIVE SERVICES

Our products and services facilitate our customers' greater daily use of technology with a view to making their lives easier.

Turkcell TV+: The TV Platform of the Future

Thanks to Turkcell TV+, which we began to offer a year ago, our customers have been experiencing new generation TV in their homes, and on their mobile phones, tablets and computers.

Having changed user habits from the first day and transformed any screen into a television with features such as pausing, rewinding and recording of live broadcasts with the advantages of cloud technology, Turkcell TV+ has reached 600,000 customers (including mobile TV, web TV and IPTV users) in a year.

Going forward, Turkcell TV+ is positioned as one of the drivers behind Turkcell's growth.

600 *thousand customers*

9.6 hours *average daily viewing time from home*

Coming up next

Dynamic and interactive content with an extensive application store

High resolution, detailed and clear image with 4K UHD

Note: The figures are as at February 18, 2016 which is the 2015 full year results disclosure date.

BiP: The New Generation Communication Platform

We have added a new feature to existing features such as disappearing messages and creating CAPS to differentiate our new generation IP based communication platform BiP from its competitors. BiP users are able to make voice or video calls by pressing the call button without having to leave the messaging screen.

Having been downloaded approximately 6.2 million times as at February 18, 2016, BiP is developed in Turkey with local knowledge and resources. We provide a high speed and high quality service to our customers with BiP, which leverages Turkcell's powerful infrastructure.

BiP, with its rapidly growing user base, has so far been downloaded in 189 countries. After Turkey, the countries with the most downloads were Azerbaijan and Germany. 36% of users in Turkey comprise the customers of other operators.

6.2 *million downloads*

36% *non-Turkcell users*

Turkcell Music: The Leading Music Service

With its renewed mobile application in 2014 and hundreds of new lists added and its user-friendly interface developed in 2015, Turkcell Music has become the first choice among our customers as a music application. Turkcell Music, providing our customers the opportunity to listen to music without reducing their internet quota, has become the largest music platform in Turkey by tripling its number of users and its revenues in 2015 year-on-year.

5.4 *million downloads*

over **500** *playlists*

Note: The figures are as at February 18, 2016 which is the 2015 full year results disclosure date.

Smart Storage: Cloud Technology For Everyone

Providing the opportunity to safely store and share photographs, videos, music and files, Smart Storage, with its easy use, renewed interface and improved automatic backing up feature, has reached 1.7 million users. Smart Storage, for which we increased the capacities offered within packages ten-fold in July, has gained a leading position in the Turkish market.

Smart Storage is the only personal cloud application in the world with the features of previewing saved photographs on printed paper, choosing and sending pictures to print, and shipping printed pictures with ordered format and in requested number of copies to users' addresses.

1.7 million users

270 million recorded data

Goals on Mobile: An Exclusive Service for Football Supporters

With our Goals on Mobile application, prepared exclusively for the fans of the four largest teams (Goals on Mobile 1903, Goals on Mobile 1905, Goals on Mobile 1907, Goals on Mobile 1967), we provide services such as live goals, the latest news and exclusive videos, live scores from around the world, score histories, league tables and live commentaries during games. Our application, enabling fans to discuss and chat about the game with others at the stadium, was downloaded 1.8 million times, as at February 18, 2016.

1.8 million downloads

2 million videos viewed

Note: The figures are as at February 18, 2016 which is the 2015 full year results disclosure date.

Turkcell My Account: Our Aim Is To Make Our Customers' Lives Easier

Our customers have made over 1 billion transactions in a year via our digital channels. We aim to provide a unique, user-friendly, easy and simple experience to these customers with our best infrastructure at global standards and our technological capabilities.

Within this framework, we introduced the "Turkcell My Account" application in 2014 with the aim of making the lives of our customers easier and allowing them to access any information about Turkcell from anywhere. Having reached 2.1 million users as of the end of 2015, this application enables our customers to get information, make transactions, purchase services and access customer services. At The Loyalty Awards in 2015, we were awarded the first prize in the "Best User Experience" category for our website, turkcell.com.tr and My Account application.

2.1 million users

5.4 million downloads

My Official Transactions: Easier Tracking of Official Transactions

Our customers are able to follow up on their children's exam results and cases opened against them, learn their tax debts and traffic fines, if any, and query information such as retirement age and total number of years of service with our Turkcell My Official Transactions application.

We offer this application through a combination of the assets of public institutions with our mobile infrastructure. In 2015, 22 million messages were sent with the application, which enables them to be sent without the need to constantly query requested information.

Proactive

22 million SMS traffic

My Dream Companion: Rich Content with "Pioneering Work"

With our Turkcell My Dream Companion application enabling our visually impaired customers to access information faster and easier, and to become more active and independent in their social lives, we provide these customers the opportunity to follow current news and articles, listen to thousands of audio books and magazines, and benefit from hundreds of courses.

In 2015, we have developed our application further with new features. My Dream Companion users are now able to find stores and directions by receiving audio guidance with the navigation system developed with Beacon technology. Since September, we have been providing the opportunity for the visually impaired to listen to movies at the cinema through the application with the Audio Description feature without requiring any extra equipment. This feature is a first for the world.

My Dream Companion Audio Description was recognized for "Best Use of Mobile for Accessibility and Social Inclusion" by the GSMA at the Global Mobile Awards in Mobile World Congress 2016.

Audio Description Feature

My Route Companion Feature

Mobile Payment: The Leader in Mobile Payment in Turkey

In March 2015, we established Turkcell Ödeme Hizmetleri A.Ş. (TÖHAŞ) within the framework of Payment Services legislation no. 6493 to create the best payment solutions for the needs of our customers, and to provide a faster and easier shopping experience. By expanding the network of over 2 thousand member merchants where the Turkcell Mobile Payment service is accepted, we have provided faster and easier payment methods in numerous new fields such as application stores, restaurant chains, car parks, insurance premium payments and fast track services at airports.

2.3 *million users*

over **2** *thousand member merchants*

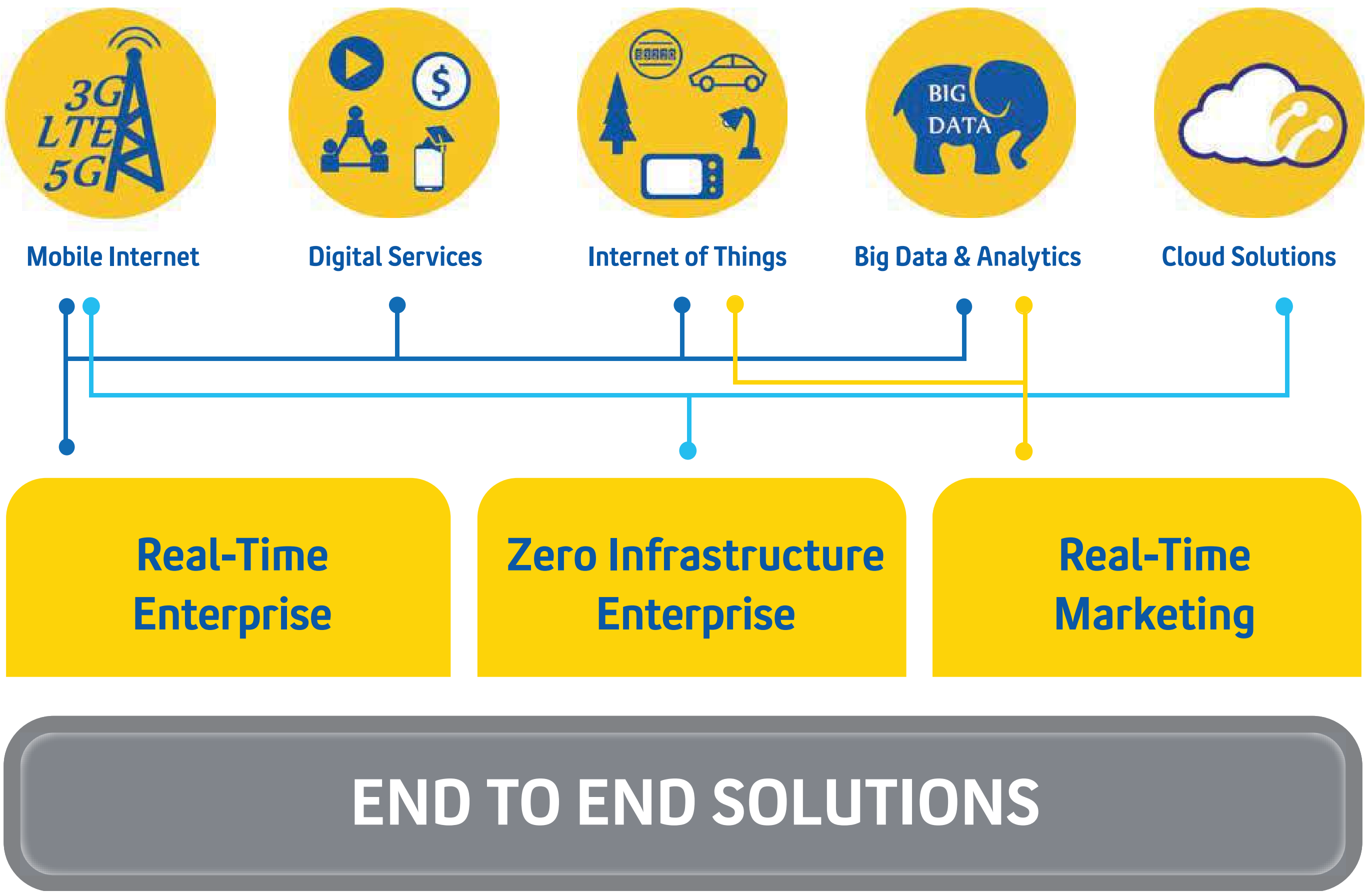
OUR CORPORATE BUSINESS

Nine out of ten companies in the Fortune 500 Turkey list prefer Turkcell.

We support our corporate customers in making a difference in their businesses, becoming prominent in a competitive environment, and in growing their businesses with solutions and approaches in communications and technology, apart from our superior network platform. We provide service to every 9 out of 10 companies on the Fortune 500 list of the largest companies in Turkey.

Our Real-Time Enterprise Vision

By simplifying the Real-Time Business vision, which we created for our corporate customers to enable them to provide the best service to their own customers, we renewed it as Real-Time Enterprise, which all companies can make use of. With this approach, we support companies in their transformation of being able to manage and monitor their systems and processes anytime anywhere.



We provide the following services within our Real-Time Enterprise solution at different levels:

- **Real-Time Enterprise:** Companies, assigning the management of their employees' communications needs Turkcell, are provided with devices and mobile internet connection from the Turkcell Smart Device portfolio. This service allows them to take company courses anywhere any time with Turkcell Corporate Academy, and hold meetings anytime and anywhere with Turkcell Video Conference. Within this service, Turkcell Smart Fax manages their faxes from smart devices, and Turkcell TeamMobile+ tracks assigned work and provides information to the company from any location. With Mobile Field Solutions, they also manage field operations from outside the office and exchange information in real-time.
- **Zero Infrastructure Enterprise:** The intra-office communication requirements of companies entrusting Turkcell with their infrastructure management are met with Turkcell's Smart Switch service. This service manages files with Turkcell Cloud Solutions from anywhere and any device, hires servers, reduces physical server costs from Turkcell, and increases and reduces the capacity of servers with remote administration in real-time.
- **Real-Time Marketing:** With Turkcell Mobile Marketing Solutions, in which data is instantly processed to manage customers more efficiently, it is possible to reach current and potential customers when they sign-in at determined times and locations. This service also allows users to reach customers of whom they do not have contact information, with Turkcell Smart Talents, to view the location of their target audience and to organize the marketing and opening of new branch operations on the basis of large volumes of data with Turkcell Smart Map.

Internet of Things

With our Machine to Machine communication (M2M) solutions, Turkcell Smart Device enables route optimization of fleets and fuel efficiency through remote tracking, and Smart Energy Tracking enables real-time tracking and intervention in the energy efficiency of all branches and offices. With Turkcell Smart Industry solutions, it is possible to remotely track all machines, equipment, assets and processes in operation in real-time, and to instantly intervene in extraordinary cases.

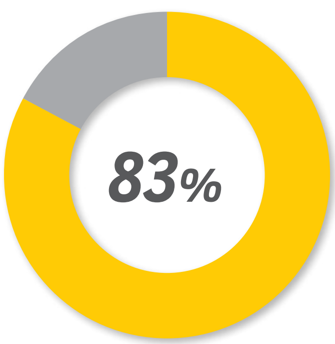
We continued to contribute to the Turkish economy with our machine to machine communication application.

We achieved the following in Turkey with our M2M infrastructure:

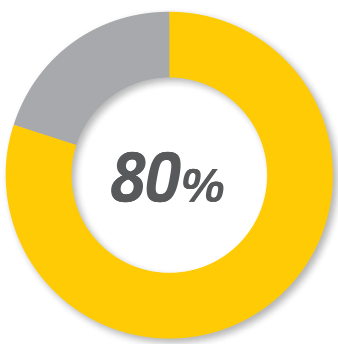
- By transforming over 650,000 devices into Smart Vehicle, we saved approximately TRY 1.5 billion in fuel.
- With our Smart Energy service, we increased the number of meters we read remotely to over 182,000 at 21 electricity distribution companies.
- We increased our number of new generation cash register users to over 100,000.
- Our number of customers within TeamMobile exceeded 100,000. We expanded TeamMobile from mobile phones to business management and launched TeamMobile+.
- We aim to deliver Smart City technologies to every region in Turkey. With this objective, we held our first launch in Gaziantep.

BENEFITS OF BECOMING A REAL-TIME ENTERPRISE

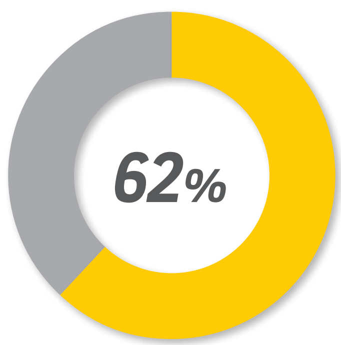
SPEEDS UP OUR BUSINESS



INCREASES EFFICIENCY OF OUR BUSINESS



DECREASES OUR COSTS



Source: The results of the web survey conducted by Turkcell with 683 companies in February 2015

Data Center and Cloud Services

We provide Turkey's largest data center and cloud services infrastructure.

With our data center, server hosting, cloud and security and accessibility services, we thoroughly support the infrastructure of our corporate customers end to end and facilitate their resource management.

We aim to increase the capacity of our Turkcell Data Centers currently having a total area of 7,500 m^2 at 7 points to 30,000 m^2 in three years. Our new data center in Gebze, Istanbul, the construction of which is on-going, will become the largest and most efficient data center in a single location in Turkey. At the same time, it will be the first service provider data center to have the Tier-3 design and operation certificate in Turkey. Additionally, protected carrier path for Turkcell fiber optic infrastructure will be provided with alternative carrier option.

7 *data centers*

7,500 *m^2 area (2015)*

30,000 *m^2 area (2018)*

TURKCELL SALES CHANNELS

We are focused on offering the best services at every point where we meet our customers.

Our Channel Structure

We continue to provide services and solutions through our Turkcell Consumer Sales Channel, Alternative Sales Channels, Turkcell Superonline Fiber and DSL Solution Centers and Corporate Sales Channel.

Within the framework of our converged structure, we have begun to provide our fixed and mobile integrated Turkcell solutions from Turkcell Communications Centers (TİM) in the city of Kocaeli. Going forward, we aim to deliver all our fixed and mobile integrated services to our customers from all TİMs across Turkey.

In the **Exclusive Channel**, we serve our customers with a team of 9,000 service personnel and 157 specially trained Technology Experts at 1,080 TİMs. We offer consultancy services with our experts in communications technologies to around 20 million visitors each month concerning new technologies to make their lives easier. We enable our customers to experience new products with our Technology Experts, who also train store employees on the use of technology.

In the **Non-exclusive Channel**, we supply and provide information about our products and services to 2,232 Authorized Sales Points and 9,078 Turkcell Sales Points (TSN) through 34 Turkcell Distribution Centers (TDM). We introduce our new technologies, services and offers to our customers with our Field Activity Team of 230 people, the extension of TDM in the field, and 70 TSN Support Experts.

Turkcell Flagship Stores provide service at 6 popular locations in three major cities (Istanbul, Ankara, and Antalya). These stores reflect Turkcell's leadership in the telecommunications industry to the retail sector as an "experience transfer platform" for Turkcell's wide retail channel. The Communications Consultants employed at our Flagship stores, which serve as pioneers in design and provide unique customer satisfaction in service and sales models, are positioned as role models with their sales methods and retail practices. We continuously train them in becoming experts through courses in technology solutions and sales.

In terms of **Non-telecommunications Sales Channels**, we make sales at over 15,000 national and local supermarkets and post offices (PTT), and continuously expand our network for the convenience of our customers in reaching Turkcell products and services swiftly and conveniently regardless of location.

Our Alternative Sales Channels

We have transformed incoming calls from inbound sales, on which we focus in the **Telemarketing Channel**, into sales at a ratio of approximately 15%. On the strength of this ratio, which was previously at around 6%, we received a Silver Stevie award in the "Sales Growth Achievement" category. Our ability to make more profitable sales with lower costs and at higher volumes has positively impacted company profitability.

Our **Online Sales Channel** enables our customers to easily access our products and services at any time and from any location. In 2015, we launched the "With A Single Click" project and have facilitated the port-in from other mobile operators with the convenience and ease of a single click. We have begun to provide a new and easy experience that diversifies delivery alternatives for our customers through the pilot study of the "purchase online, collect from the store" project. This has been initiated in parallel to our multiple channel management vision. With the vision of transforming every smartphone into a store, we have enabled contracted and upfront payment sales through mobile devices.

1,080
Turkcell Communication Centers

20
million visitors (per month)

over **11** *thousand sales points*

We have integrated the services that we already provide in 81 cities to our individual consumers with a new sales channel exclusive to our corporate customers. We provide quality services to our customers 24/7 with the continuously updated and improved interface, accelerating delivery periods, and constantly expanding our technological product portfolio.

In our **Self-Service Channels**, we constantly maintain a wide network of ATMs, call centers and Internet branches of banks whereby our customers can quickly and easily access Turkcell services from any possible location.

Corporate Sales

In corporate sales, we continue to provide service with Turkey's largest and most widespread sales force, customer management, retail and digital channels. We provide mobile, fixed and DC/Cloud services on an end-to-end basis.

A team of 1,300 employees at our **Corporate Solutions Centers** makes active sales to small scale companies. Additionally, we provide services from our Global Bilgi Call Center for all company requests. We also provide portfolio management services by conducting regular calls with 400 portfolio managers.

CUSTOMER EXPERIENCE SOLUTIONS CENTER

Turkcell Global Bilgi develops innovative solutions for next generation customer management by closely monitoring technological innovations; this in addition to our 16 years of experience in the industry. With this approach, Turkcell Global Bilgi has been serving Turkcell customers, enabling them to reach desired solutions via their preferred channel.

Turkcell Global Bilgi has been a pioneer in facilitating the expansion of call centers across Turkey. Accordingly, we have contributed to the national economy by introducing a new initiative. And by providing job opportunities, particularly for women and disabled individuals, we have contributed to national employment.

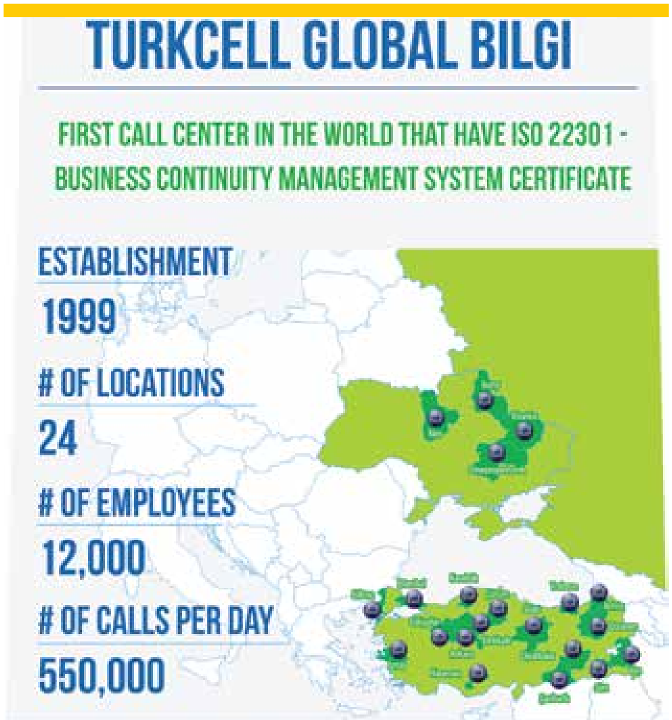
Our Erzurum Call Center, established 10 years ago, has contributed TRY 1.1 billion to the city's economy.

Turkcell Global Bilgi's first call center in Eastern Turkey in the city of Erzurum was established 10 years ago with a view to creating job opportunities for unemployed youth. Its contribution to the city's economy has reached TRY 1.1 billion. The call centers in Anatolia today, which we pioneered with the Erzurum facility, provide jobs to over 38,000 people in around 50 cities.

As at the end of 2015, Turkcell Global Bilgi operates in 24 locations (20 in Turkey and 4 in Ukraine), 15 of which are owned. In total, Turkcell Global Bilgi employs 12,000 people, approximately 10,000 of whom are on its payroll. Answering approximately 550,000 calls a day, Turkcell Global Bilgi provides services to over 70 million people in Turkey and over 10 million people in Ukraine and Russia.

Another award for Turkcell Global Bilgi.

A pioneer in the sector since the day it was established, Turkcell Global Bilgi has also achieved significant success in the international arena with its technology and business models. At the "2015 Top Ranking Performers" awards organized by "ContactCenterWorld.com", one of the most important events in the call center sector, Turkcell Global Bilgi, was awarded first place in the world in the "Best Self Service" category with "Audio Response System Recognizing Wide-Ranging Expressions," developed in-house, and also in the "Best Home Agent Management" category with the working- from-home model.



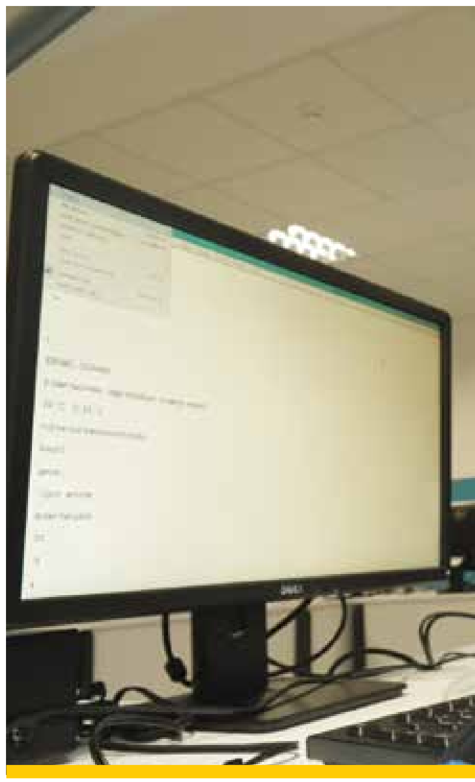
HAND IN HAND TO IMPROVE LIVES

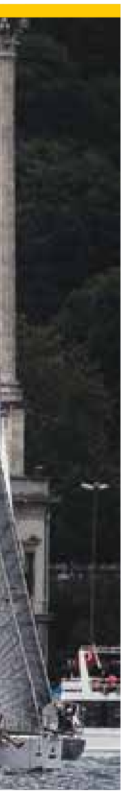
We move forward toward our dreams as Turkey's Turkcell.

Since the day we were established, as Turkey's Turkcell, we have fulfilled our responsibilities to society with projects realized in various fields such as education, culture, the arts, and sports, among others.

We strive with all our strength to accomplish the best for our country and to improve lives with our technology. It is a pleasure for us when we serve as a bridge for a child on the path to their dreams. Our days are brighter when we shine light on worlds with boundaries. We only breathe easily when we are able to offer individuals equality in education and give them hope for their future. We take joy in lending a hand to our athletes, bright minds of the future and skillful women. It gives us great pride to be of use to our country when we see the results of our support for the arts, science and entrepreneurs.

We are Turkey's Turkcell. Thus, we will continue to carry out our responsibility to society in different fields with sincerity and our best efforts as long as we exist.






SPAR
KAYA
4

PEOPLE WITHOUT BOUNDARIES

As the Turkcell family, we attach great importance to equal opportunities among all segments of our society for the economic and social development of our country, and are taking concrete steps in this regard. In accordance with this vision, we provide solutions in a diversity of fields under the "People Without Boundaries" roof to make the lives of our disabled citizens easier and to better integrate them into life.

We employ 500 disabled citizens at Turkcell Group.

We employ 500 disabled citizens at our Turkcell Group Companies and Turkcell Call Centers. 50% of our employees at Turkcell Global Bilgi Van-Erciş Call Centers are disabled personnel.

We support the development of disabled children with our Education Without Boundaries Program.

We have carried out a new project with the Turkish Ministry of Education for disabled children with special education requirements to enable them to participate in daily social life. We support the development of disabled students towards education and employment with the "Education Without Boundaries Program" under the auspices of the Ministry of Education to increase the competencies of disabled children with special education requirements, and to enable them to become part of social life. As part of this program, we plan to create professional workshops and technology classes in 80 schools where disabled students receive special education. In 2015, we have constructed 10 schools, reaching our target. Now, our aim is to reach 10 thousand students within 2 years.

Within this program, we will establish "Technology" and "Information Technologies" classes at 15 schools for the visually impaired and 20 schools for the hearing impaired to contribute to the students' development and to generate opportunities through the use of technology. Additionally, we will prepare visually impaired students for business life with the carrier workshops to be designed at 45 Special Education - Carrier Education Schools. We will set up information technologies classes to support the employment of hearing impaired youth in graphic design, computer technologies and similar fields. In these technology classes, we will enable them to access information more easily, and enable their personal and professional development with the advantages of technology, utilizing devices specially developed for the visually impaired.

We also offer "Turkcell – YGA Visually Impaired Individuals' Leadership Program" to visually impaired students. At the initial phase of the program, where disabled leaders with the potential to be role models are trained, 50 visually impaired students of secondary school age participate in a 10-week education program. Twenty five visually impaired students who successfully complete the program participate in a 5-day Leadership Camp. At this camp, through an intensive training program, students learn to 'succeed together' by better experiencing projects they participate in, and are inspired by the speeches of role model leaders. The stars selected from among the candidates, and who are trained for 10 weeks at workshops, receive one-on-one coaching from a role model leader.

We continue to carry out initiatives in different fields for our disabled citizens to integrate them to everyday life.

We continue to carry out our activities in different fields for our disabled citizens to integrate them to everyday life through our cooperation with the Blind Sports Federation in the sporting arena. Having started our cooperation with the Turkish Football Federation and Turkish Blind Sports Federation in 2013, we remain the main sponsor of the National Blind Football Team and the name sponsor of the Turkcell Those Who See the Sound League, which is a football league for the visually impaired.

Turkcell has supported the "Dialogue in the Dark" exhibition in Turkey which has had over 8 million visitors in 135 cities of 32 countries. With Turkcell's support, the exhibition, where participants experience the everyday lives of the visually impaired, have enriched its content and also provides employment to the visually impaired guides. The new sections included at the exhibition with Turkcell's partnership have paved the way for new perspectives regarding visual impairment.

With the "Turkcell My Dream Companion" service, disabled citizens can listen to the following free of charge: recent news from Turkey and around the world, columns, thousands of books including world classics, personal development guides and fairy tales; information services such as astrology, exchange rates, weather forecasts and Goals on Mobile; and also numerous courses, which are indispensable for their integration into society.

The "Audio Description" service, which we have included in the Turkcell My Dream Companion service, is now available through a mobile application for the first time anywhere in the world. With "Audio Description", in which the scenes in films without dialogue are described in detail, the visually impaired can watch movies with the same joy as any moviegoer.

Courses ranging from technology to personal development, business to leadership and innovation to entrepreneurship can also be found for the hearing impaired with sign language and subtitles through "Academy Without Borders" within Turkcell Academy. Turkcell Academy continues to provide "Turkish Sign Language" courses in cooperation with the Federation of the Deaf. Furthermore, visually impaired individuals can learn to use smartphones with iOS-Android courses developed for them.

DEVELOPERS OF THE FUTURE

We have now completed the second year of our Developers of the Future Project, which we built on our desire to contribute to increasing Turkey's share of the software economy, and our need to ascertain how to create value for the ecosystem.

In two years, we have facilitated educational, developmental and employment opportunities in informatics for nearly 60 thousand young people.

We have determined the objective of the project as providing software proficiency to young people, supporting entrepreneurship and transforming innovative ideas into profit for Turkey. In light of this philosophy, we continue to reach hundreds of thousands of people with our project by creating more education, development and jobs, thereby uniting the potential in the informatics sector on the back of our strength in integrated technology and communications services provision.

In two years, individuals have signed up for Turkey's first and most extensive application development platform from various countries, naturally including Turkey, but also Kyrgyzstan, Poland, Romania, China, Afghanistan, and Ghana. Besides, nearly 60 thousand people have benefited from the "gelecegiyazanlar.turkcell.com.tr" platform of the Developers of the Future Project. Young people trained on this platform are able to develop software for mobile operating systems such as Android, iOS, Windows Phone, etc. as well as web programs. This project that run in three stages continues to produce useful output for society, while improving the lives of youth and children by not only offering education, but also by helping them to better stand on their own feet.

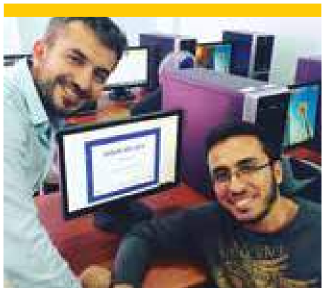
Besides online courses to keep the youth up-to-date on developments in the software sector, we held face-to-face meetings with over 6,500 students at 101 universities in 81 cities in Turkey.

Within the project, we have also taken action enabling children to develop technology instead of merely consuming it. Accordingly, we have supported them in developing their own applications with face-to-face and online courses.

We have established bridges between our mentors and project beneficiaries during the production phase. We have encouraged the participants to develop applications in various fields such as health, education and finance.

We have brought each participant, who has improved their knowledge and skills, together with the leading institutions and non-governmental organizations in the sector, positioning the developers of the future as today's employment ambassadors. 11,000 developers were issued certificates of achievement, confirming their readiness to contribute to Turkey's growing potential.

We believe in a better future made possible by the software that the youth itself will develop. And so, we continue to work hard to build the future by harnessing technology's power to develop and improve.



WOMEN EMPOWERMENT IN THE ECONOMY

"Women Empowerment in the Economy Project" was initiated in collaboration with the Turkish Foundation for Waste Reduction (TISVA) to enable women to better contribute to the economy by reducing the gap between equality of payments and opportunities. Having completed its third year of operation in 2015, we have provided microcredit support across 69 provinces to 70,000 women entrepreneurs, who are keen to become independent contributors to the economy. With more than TRY 1 million in loans extended over three years, we have positively impacted the lives of 300,000 people, including the families of our women entrepreneurs.

Our female entrepreneurs' products are available for purchase at the Turkcell Handcrafts online store, established through our collaboration with the highly-visited e-commerce website, n11.com.

SNOWDROPS

We have provided over 100 thousand scholarships to 30 thousand girls over 15 years.

On the 15th anniversary of the Snowdrops Project, through which we have provided over 100 thousand scholarships to 30 thousand girls, we have continued to support the education of girls. Following the completion of their high school and university education, thousands of our Snowdrops have embarked upon their careers. The project was recognized globally by the United Nations in March 2010 as an exemplary scheme.

We continue to support girls, including those with disabilities, to succeed in high-school and university education as part of the project.

SPONSORSHIPS

We support the development of Turkish sports.

We have always been supportive, playing a pioneering role in the development of Turkish sports and enhancing the good reputation that Turkish athletes and our National Teams enjoy, domestically and internationally. In 2015, we continued to provide support to the team sports of basketball and football, and to the individual sports of athletics and swimming.

Football and Basketball

We had launched our support of the National Football Team by becoming its Official Communication Sponsor back in 2002, thereafter becoming its "Main Sponsor" in 2005. Having successfully qualified for Euro 2016, the National Team will represent our country at the European Championship in France in 2016. We will continue to support the National Team for the next three years.

As the biggest supporter of football in Turkey, we have also added "Official Communications Sponsorship of Spor Toto Super League" to our football sponsorships and "PFD Football Awards Sponsorship" held by the Turkish Professional Footballers Association in August this year. Our support for football will increasingly continue in 2016.

We are the sponsor of the National Basketball Team, which represented our country at the 2015 European Basketball Championship, since 2002.

Football's Great!

National Blind Sports Team and League Sponsorships

In the sports arena we continue our activities in different fields to enable our disabled citizens to be a part of everyday life through cooperation with the Blind Sports Federation. Through our partnership with the Turkish Football Federation and Turkish Blind Sports Federation beginning in 2013, we continue to be the "Main Sponsor" of The National Blind Football Team and the Name Sponsor of the "Turkcell Those Who See The Sound League," which is a football league for the visually impaired.

Our National Blind Football Team became the European Champions, defeating its rivals in the 2015 European Championship held in England. Furthermore, with this championship the team has qualified to take part in the 2016 Rio Olympics.

Swimming and Athletics

Turkcell provides the greatest support for amateur sports.

We have planned to invest TRY 28 million until 2020 in the Swimming and Athletics Performance projects, initiated in 2013, under the auspices of the Turkish Ministry of Youth and Sports. We provide the greatest support for amateur sports seen to date through these projects.

We are active at every stage of the project that aims to train 200 thousand qualified athletes and to attain international success for Turkish sports. We collaborate with Athletics and Swimming Federations on various elements of the project, including management, athlete selection, training techniques and institutional development consultancy. Our focus remains on the training of promising national athletes for the 2016 and 2020 Summer Olympics. Moreover, our aim is to create federations with strong corporate structures and sustainable success, and to extend these sports to wider group of people. We do our very best to bring success to Turkish sports by supporting more individuals every year.

THE TURKCELL GALLIPOLI MARATHON

The Turkcell Gallipoli Marathon held on the 100th anniversary of the Gallipoli War took place on October 4 on the historic Gallipoli peninsula with the participation of over 2,000 professional and amateur athletes from 13 countries under the sponsorship of Turkcell. Our support for the marathon, the first of which was held this year, will increasingly continue next year.

Culture and Arts

As Turkcell, we consider culture and arts to be among Turkey's greatest attributes. In order to support and further elevate these values, we have been the Communications and Technology Sponsor of Istanbul Modern, Turkey's first contemporary art gallery, since 2012. In this regard, we have developed solutions and applications unique to Istanbul Modern: we initiated its use of QR codes, and installed talking tags featuring NFC technology to enhance art enthusiasts' experience during their visits. We have pioneered in Turkey the first museum application to be compatible with Beacon.

We have become the Communications and Technology sponsor of the Sakıp Sabancı Museum in 2014. With our "My Ticket on Mobile" service, we make purchasing tickets easier and provide visitors convenience at museum entrances. For the first time in Turkey, we have designed education programs for families with children of 0-36 months to participate at the museum.

We will continue to support arts and culture by integrating our technology into museums in order to improve peoples' lives.

SUSTAINABILITY INITIATIVES

A major award for Turkcell from the Carbon Disclosure Project.

As a company which has long since adopted climate change awareness, we have been working on the risks caused by climate change and the new opportunities it creates, and have made these initiatives a part of our strategic plans. We completed the CDP Turkey (Carbon Disclosure Project) survey for the first time in 2013, and publicly disclosed a more extensive report for 2014.

With our efficiency initiatives, we have reduced Scope 2 emissions by approximately 5% with the energy savings we have accomplished since 2013. We have improved the efficiency of base stations by reducing electricity consumption, particularly with improvements and innovative implementations made regarding the energy management used at base stations within the context of emission reduction projects. By developing Turkcell power saving algorithms for base stations having energy requirements varying at different times of the day, we have established an energy management system. Thus, we have reduced 3,837 tons of greenhouse gas emissions at the base stations.

In 2014, we had also reduced 7,287 tons of CO_2 with our energy efficiency projects. This value is considered to be equivalent to preventing approximately 3.5 million kg of coal burning, amounting to the electricity usage of approximately 1,000 households in a year. (source:http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results)

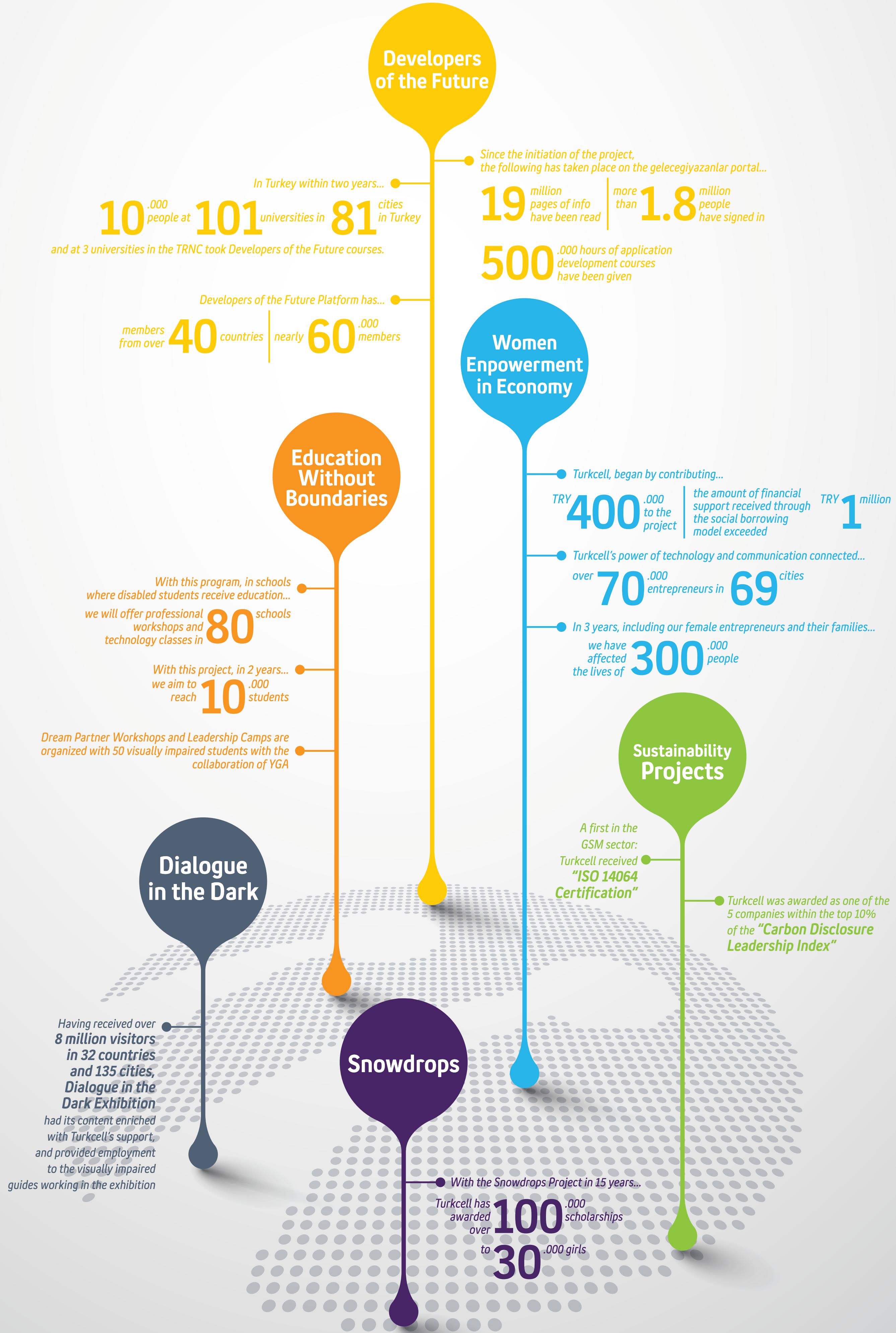
Receiving the highest scores among companies that disclose climate change strategies using the CDP platform, we ranked among the 5 companies within the top 10% of the "Carbon Disclosure Leadership Index" in 2015. Subsequently, we were awarded the "CDP 2015 Turkey Climate Disclosure Leadership" award.

A first for the GSM sector: "ISO 14064 Certification".

We have proven to be an environmentally friendly company with human and benefit-oriented initiatives related to international standards in social, economical and environmental areas of influence. We have fulfilled all our responsibilities regarding greenhouse gas emissions standards, and we became the first telecom operator to receive the "ISO 14064 – Accounting and Verification of Corporate Greenhouse Gas Emissions" certificate in Turkey. Our initiatives, such as exhibiting consistency and transparency in the determining, tracking, reporting and reduction of greenhouse gas emissions, developing and implementing greenhouse gas management strategies at the company, and creating plans for the future have been confirmed by independent supervisory authorities. Subsequently, we were awarded ISO 14064 certification.

BIST Sustainability Index

With the sense of responsibility that comes with our position in the industry, we adopt sustainability as a principle in environmental, social and corporate governments. The BIST Sustainability Index provides a performance evaluation means to make improvements in companies and to establish new objectives. The index also provides the opportunity for companies to develop their risk management skills regarding corporate transparency and sustainability with accountability. As Turkcell, we have been on the 2014 and 2015 BIST Sustainability Index on the back of our achievements in relation to the selection criteria.


Developers of the Future
In Turkey within two years...
10.000 people at 101 universities in 81 cities in Turkey
and at 3 universities in the TRNC took Developers of the Future courses.
Since the initiation of the project, the following has taken place on the gelecegiyazanlar portal...
19 million pages of info have been read
more than 1.8 million people have signed in
500.000 hours of application development courses have been given
Developers of the Future Platform has...
members from over 40 countries
nearly 60.000 members
Women Empowerment in Economy
Turkcell, began by contributing...
TRY 400.000 to the project
the amount of financial support received through the social borrowing model exceeded TRY 1 million
Turkcell's power of technology and communication connected...
over 70.000 entrepreneurs in 69 cities
In 3 years, including our female entrepreneurs and their families...
we have affected the lives of 300.000 people
Education Without Boundaries
With this program, in schools where disabled students receive education...
we will offer professional workshops and technology classes in 80 schools
With this project, in 2 years...
we aim to reach 10.000 students
Dream Partner Workshops and Leadership Camps are organized with 50 visually impaired students with the collaboration of YGA
Sustainability Projects
A first in the GSM sector: Turkcell received "ISO 14064 Certification"
Turkcell was awarded as one of the 5 companies within the top 10% of the "Carbon Disclosure Leadership Index"
Dialogue in the Dark
Having received over 8 million visitors in 32 countries and 135 cities, Dialogue in the Dark Exhibition had its content enriched with Turkcell's support, and provided employment to the visually impaired guides working in the exhibition
Snowdrops
With the Snowdrops Project in 15 years...
Turkcell has awarded over 100.000 scholarships to 30.000 girls

HUMAN RESOURCES

A more agile organization

We have made organizational changes to Turkcell, Turkcell Superonline and Global Tower companies in parallel with our corporate strategies in 2015. With these changes, we have facilitated a more efficient management of company resources and have reshaped processes and structures in line with our strategic objectives and trends in the sector. With the new structure, we have created a flexible Turkcell organization, where group companies work in an integrated manner, the customer experience is managed end-to-end, the sales channels attain a more effective function, and customer requirements are responded to faster. The new Turkcell Group organization has become simpler and more agile.

Our most valuable asset: Our employees.

We have determined strategic HR initiatives to support Turkcell Group's objectives and strategies for the next three years. In light of these initiatives, we have established our work environment on systems and standards that instill a tangible sense of success among our employees.

Accordingly, we show our appreciation of our employees at every opportunity and show them our gratitude with different reward schemes. The total amount of awards we distributed to 1,250 of our Turkcell Group employees in this regard was TRY 4.6 million under various projects including "Now This Deserves An Award" projects that honor those who make a difference; TİP awards for innovative ideas through the Turkcell Innovation Platform; CEO and CXO awards, where the Chief Executive Officer and Deputy Executive Officers show their appreciation of employees creating a difference; patent awards, which we present to our Research and Development Engineers; and seniority awards given to employees, who have worked for five years or multiples thereof at Turkcell Group.

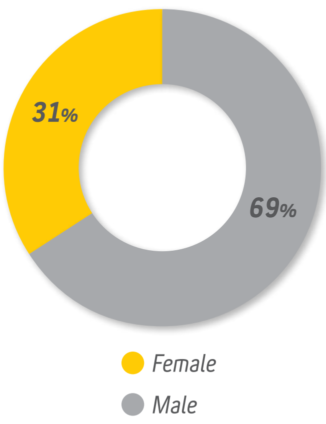
We attach importance to and support the career development of our employees at Turkcell Group. And plan our "Talent and Succession" processes accordingly. We prefer to assign our talented employees to appropriate and available management positions. We filled 82% of our management positions with our own talent within the company.

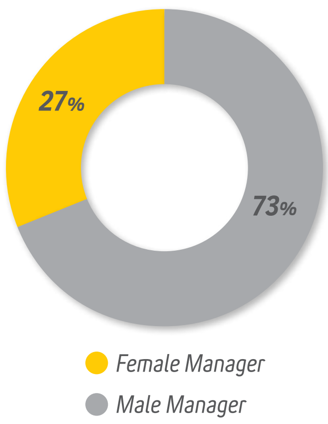
A new perspective to HR: HR Analytics.

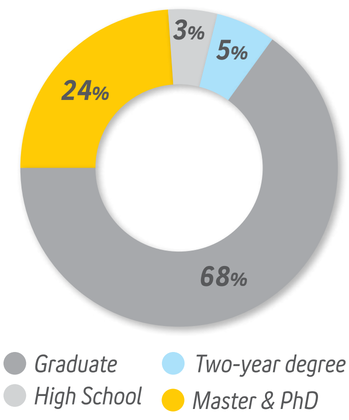
HR Analytics became one of our most significant focal areas in creating an organization making decisions based on data and to provide insight into the design of our corporate projects. We gathered all our human resources data in an original platform by bringing to life systems that enable us to access the correct data at the right time. Text mining and segmentation, which we carry out with envisaged and descriptive statistical analyses, enabled us to better manage the career path of our employees, the corporate culture which has an effect on our corporate objectives, and our leadership model operations. As our operations in HR Analytics enable a data-based work culture to be created at

TURKCELL İLETİŞİM EMPLOYEE DATA

Turkcell İletişim had 3,851 employees as of December 31st, 2015; whereas Turkcell Group was 16,649 in total.







Turkcell HR, these operations also place us in an HR position. With these, we are positioned as a "producer of new point of view", rather than "executer" having entered world literature in the field of HR Analytics as an exemplary operation at conferences in London, Amsterdam and Barcelona.

All our efforts are for our employees: Our new Headquarters at Küçükyalı Plaza.

In 2015, we gathered all 2,500 employees, who were previously at different locations, under the same roof at Turkcell Küçükyalı Plaza. The move to our 36,000 m^2 office building in Küçükyalı, Istanbul marked an important step in creating synergy and productivity. Employees enjoy a gross area of 14 m^2 per person at our new smart building. With our new office which has a view of the Prince Islands, we have provided a modern and social office environment with numerous facilities including a 273-person conference room, a 336 m^2 gym, 71 meeting rooms, 3 restaurants, 2 café-shops, a supermarket, dry cleaning, hairdressers for men and women, a prayer room, an infirmary equipped for response to emergencies, dietician services, a professional green box studio, a music room, and a hobby area, among others.

TURKCELL VOLUNTEERS

Turkcell Volunteers have completed 10 years of impacting the lives 50 thousand children.

Having been formed voluntarily by Turkcell Group employees, Turkcell Volunteers have now dedicated 10 years and reached out to over 50 thousand children in various projects across Turkey. With the regular donation and active work of over 21 thousand Turkcell employees to date, the volunteers have carried out over 30 projects focused on children and social responsibility including "Mobile Kindergarten", "Toy Museum", "Children To The Street", "Water Bowls for Birds" and "Sweet Serenity". Turkcell Volunteers share the happiness of thousands of children who were given science laboratories and play areas, as well as curiosity rooms, their first holidays, and water in villages that had previously lacked a supply.

We launched the "Choose Your Sibling" project with 1,094 children in 2015.

We began 2015 with our "Choose Your Sibling" project creating a special bond between Turkcell Volunteers and 1,094 children, receiving their education in 11 village schools in 7 cities. We also had the chance to purchase specific presents for each student with lists we prepared with information based on their favorite color and what they want to be when they grow up. We added special written notes to the presents. At the same time, we met the basic needs of the children such as coats, boots, books and notebooks. Our volunteers also handed out presents to villages in Samsun, Van, Sinop, Tokat, Diyarbakır, Çanakkale and Ordu.

We initiated our "Greetings from Hopa" project for Sugören Village, which suffered great damage from floods.

In September 2015, we initiated our "Greetings from Hopa" project for Hopa's Sugören Village, which suffered considerable flooding damage. Our volunteers also repaired the kindergarten of Sugören Primary School. We renovated the inside of the kindergarten from curtains to tables, and purchased necessary educational equipment. We transformed an unusable room into a Curiosity Library. We hand-delivered new coats, boots, rain boots, stationery equipment and toys to 200 students. With the children, we also painted the school walls with graffiti. We then attended plays at the theatre with children who had never before seen a play.

Evaluating the requests received from schools throughout the year, we provided coats and boots to children in need at Şanlıurfa Çanakçı Primary School. We also set up "Curiosity Libraries" at Sinop Taşmanlı Dizdaroğlu Şehit Erol Keçeci Primary School, Tokat Karakaya Yunus Emre Primary School and Kahramanmaraş Çatova Secondary School.

TURKCELL ACADEMY

We create equal opportunity of access to information and education with our "again and afresh" vision.

As Turkcell Academy, established in 2006 and based on Turkcell's value of "investing in people" to support the development of Turkcell employees, as well as their business ecosystem, we provide information incorporated with Turkcell technology to wide audiences. With the courses we have prepared in light of global developments, we support Turkcell and Group employees on voluntary teaching. This in turn helps us economize through the use of internally provided educational resources.

Turkcell Academy, providing online classes, web-video, e-learning and mobile learning technologies in its education and development solutions, is focused on "equal opportunities in education." Moreover, the Academy was made available nationwide through digitalization in 2014. As Turkcell Academy, we continue to take significant steps in improving Turkey with our mission of learning "again and afresh", which is one of the most important integral parts of our vision.

Turkcell Academy improves its ecosystem with value created through collaboration with universities.

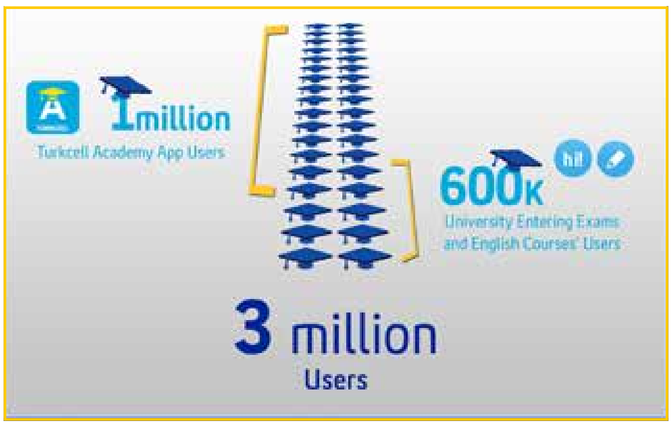
While we focus on the development, and ensure the continuity of our employees' and managers' performance through our development solutions, we also support and improve our promising youth with talent in technology as well as our business partners. In parallel with this object, 1.9 million hours of training were given to 925 thousand people in the Turkcell Group ecosystem in 2015 at Turkcell Academy: The average number of hours of education per person was 38.

In 2015, we continued to support and improve our new employees at customer contact points and sales teams with "Video Training", "Beginners Coaching" solutions and "Beginning Work Programs" containing in-class case applications aimed at preparing them for providing service in Turkcell quality standards.

The MBA Certificate Program organized with Bahçeşehir University's contributions was one of the ongoing projects in 2015 geared at increasing Turkcell corporate customer managers' dominance in business dynamics. Additionally, we initiated the "Real-Time Business Solutions" development program for our Corporate Sales teams to transform Turkcell's corporate customers into "Real-Time Businesses" and facilitate their lives by digitalizing their business processes.

In 2015, we prepared the "Retail Management Certificate Program" with Koç University to increase the expertise of teams doing retail management of exclusive and non-exclusive channels.

Another development program initiated in 2015 with Okan University was the "TİM Coordinator Development Program" for developing the management skills and retail visions of coordinators working at Turkcell Communications Centers with responsibility of more than one store. In 2015, we also reached 18,000 people with profile-based courses to enhance the expertise of our field personnel.



2014 and 2015 Turkcell Digital Academy figures.

Regional academy educators support our employees.

We have increased the knowledge and skills of our employees working at Corporate Solutions Centers, Fiber Solutions Centers and TİMs with our Regional Academy Educators, and contributed to finding solutions for local needs.

We initiated the "TİM Transformation Development Program" for the employees of 60 renovated stores to enable a customer experience that fosters the mindset of "Good job I bought it from Turkcell" and "Turkcell will find me a solution". In the program, including our employees and store managers, we took part in simulation workshops increasing knowledge with digital and in-class education in the areas of retail, smart devices, customer processes and systems, service and sales skills from a single point, unique customer experience and store management.

We increase expertise with our technology development program.

As part of the Technology Development Program, we delivered 700 courses to increase expertise among technical teams. We also offered development solutions for 297 analysts in the Analyst Development Program and 57 project managers in the Project Management Development Program. Furthermore, we contributed to the development of 2,200 people working with Regional Solutions Partners for the continuity of Turkcell's superior network quality with 110 in-class and distance courses.

We are educating leaders to carry Turkcell into the future.

With the leadership and skill development solutions that we offer as Turkcell Academy, we aim to transform development investment and carry Turkcell Group into the future, from a new manager right through to executive officer level, into a measurable value for the company. In 2015, we continued to improve Turkcell Group leaders with programs aimed at approximately 950 managers in Turkcell Group with the Turkcell Academy Leadership and Skill Development Team.

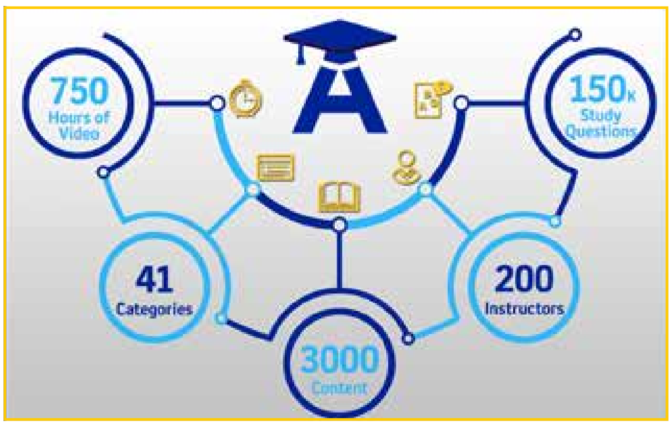
We reach all of our employees with the live "Programs About Life" broadcast.

Once again, in 2015, we carried out "Programs About Life" courses to support personal development. This year, we added experimental courses to our program which has reached 28 thousand people in five years; and aimed at increasing awareness of Turkcell Group employees by providing different experiences such as sailing, the dialogue in the dark project, and piloting.

We support young people on their journeys to improvement with our collaborations.

As Turkcell Academy, we support the developmental journey of young people through university-industry cooperation realized to provide the sector with a skilled workforce. Throughout October 2014 - December 2015, we provided a skilled workforce to the informatics sector by reaching out to 2,000 students at 14 universities with nine certificate programs prepared with the corporate knowledge and experience of Turkcell Academy.

Bringing 16,000 students from 32 universities together with Turkcell Group managers at 65 events, we lead the way in transferring Turkcell's vision in terms of "Transformation in Society with 4.5G", "Mobile Innovation", career, leadership, new technologies and entrepreneurship.



2014 and 2015 Turkcell Digital Academy figures.

TURKCELL DIGITAL ACADEMY

"Turkcell Academy - Corporate" education platform adds value to development of corporates and ecosystems.

In 2014, we initiated Turkcell Academy, one of our solutions that brings added value to the business world and society alike, by "creating equal opportunities in accessing information". With over 3,000 courses, more than nine million views and providing the opportunity to learn English and prepare for exams to over 600 thousand people, Digital Academy, with its rich content, swiftly became a key resource for individuals and institutions in 2015.

We embraced all of Turkey with "Turkcell Academy - Corporate" initiated in 2015 by developing our area of activity primarily to spread online education, which is rapidly spreading across the world, across Turkey. We aim to provide an end-to-end service to our corporate customers with online courses enabling a more efficient developmental journey for their employees through Turkcell Academy - Corporate.

Turkcell Academy, operating in Turkey and worldwide, and improving employees through new generation learning methods and educational consulting services, contributes to a more efficient development of corporate ecosystems. Employees are able to take courses anywhere and anytime, be evaluated through tests and have access to the most updated and reliable information through the Turkcell Academy educational infrastructure.

We support career development with Turkcell Academy's certificate programs!

By establishing a strategic collaboration with Massachusetts Institute of Technology (MIT) in accordance with its belief in equal opportunities in education, we offered the first online Innovator's MBA Program in the world at EdX and Turkcell Digital Academy platform, free of charge. With the program, prepared in Turkish and English and followed by 120 thousand people, we have provided access to courses equivalent to a semester at MIT in the areas of "The Basics of Entrepreneurship" and "Entrepreneurship From the User".

In order to support the entrepreneurial ecosystem in Turkey, as Turkcell Academy, we guided the participation of a Turkish entrepreneur, who completed the Turkcell- MIT Innovator's MBA program ranking first in class, to the MIT Entrepreneur Bootcamp organized worldwide, to which only a limited number of entrepreneurs qualify to attend.

In terms of collaborations with universities, we have played an important role in providing the sector with an equipped workforce by initiating the "Sales and Retail Development Program" and "SPL License Level 1 - Program for Exam Preparation" with Bilgi University and "Call Center Certification Program" with Ege University in 2015. We also provided the opportunity for individuals wishing to improve themselves in marketing to reach experts on digital courses in the "Turkcell Academy Marketing Certification Program", one of the most searched programs by young people.

Developmental categories offered on the Turkcell Digital Academy platform in 2015 were English, Exam Preparation, Certification Programs, Personal Development, Entrepreneurship, Innovation, Technology, Education without Borders, and Khan Academy Turkish.

We have raised awareness in society with our initiatives that enable the disabled to be employed and educated, and that eliminate daily obstacles, and through our "Education without Borders" initiative. With foundational courses offered within Turkcell Digital Academy, we have supported the development of the disabled and their families.

Turkcell Academy awarded "best corporate university in the world".

Having received over thirty prestigious international awards since its establishment, Turkcell Academy received "The BEST" award in 2015 by being selected "The Best Corporate University" by the American Association for Talent Development (ATD). In the evaluations made by the ATD jury, the value Turkcell Academy added to Turkcell's ecosystem, sector and society came to prominence.

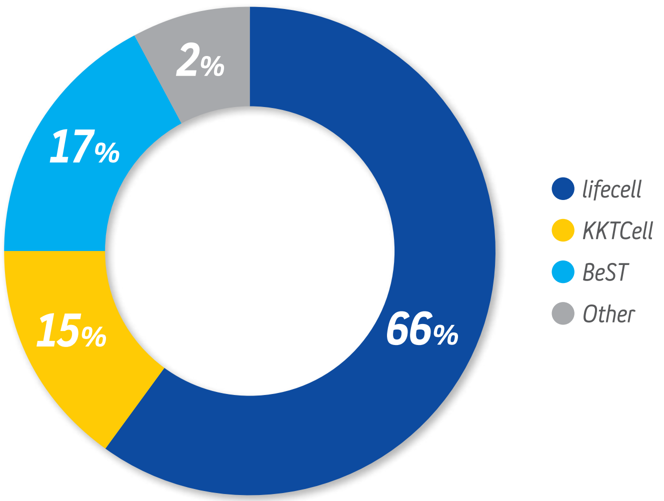
Another award given to Turkcell Academy came from Brandon Hall, that has a 21-year deep-rooted past. The "Ground Breaking Customer Experience" implementation designed to increase customer satisfaction and benefit-oriented solutions sales was deemed worthy of a silver prize in the "Best Program for Sales Training and Performance" category.

Furthermore, in 2015, the European Business Awards awarded Turkcell first prize in the "Customer Focus" category, marking a first, having evaluated the value offered to its customers through Turkcell Digital Academy.

ALWAYS FORWARD IN THE INTERNATIONAL ARENA

As Turkcell Group, we continue our operations in Ukraine, Belarus and the Turkish Republic of Northern Cyprus through our subsidiaries and in Kazakhstan, Azerbaijan, Georgia and Moldova through our stake in Fintur. We also operate in Germany under a marketing partnership agreement.

TURKCELL INTERNATIONAL* REVENUE BREAKDOWN - 2015



* In 1Q15, Turkcell has divided its main operations into two groups: "Turkcell Turkey" and "Turkcell International" within the framework of the strategy of providing converged communications and technology service, and so as to enable economic integrity. The operations of Turkcell International contain the operations of the following companies: Cyprus Telekom, Eastasia, Euroasia, lifecell, Beltur, Beltel, Belarusian Telecom, UkrTower, Global Ukraine, Turkcell Europe, Lifetech and Fintur.

Welcome to Turkcell quality.

lifecell life:) TURKCELL KUZEY KIBRIS TURKCELL EUROPE

TOP MANAGEMENT OF SUBSIDIARIES

BURAK ERSOY

General Manager of lifecell

Burak Ersoy began working at Turkcell in December 2006. Since October 2015, Ersoy has been the General Manager of lifecell Ukraine. Prior to being appointed to this position, he had served as the Turkish Retail Sales Manager, Small Scale Business Channel Director and Executive Vice President of Consumer Sales, respectively. Beginning his professional career in 1993 as an investment advisor at Bayındır Menkul Kıymetler, Ersoy worked as the Ankara Regional Manager at Marsh until 1999 and as Trade Marketing Manager, Sales Development Manager and Turkey Sales Manager at MarSA Kraft until 2006. Following his graduation from the Middle East Technical University Mining Engineering Department and from Gazi University Marketing with a post-graduate degree, Ersoy completed the Strategic Development programme at the University of Chicago Booth School of Business.

DINA TSYBULSKAYA

General Manager of BeST

In March 2016, Dina Tsybulskaya was appointed as the General Manager of BeST. Prior to being appointed to this position, Tsybulskaya had worked as the Chief Marketing Officer from July 2012. Tsybulskaya began her career in 2004 at the Belarus office of Publicis, one of the largest advertising agencies in the world. Transferring to the telecommunication sector in 2007, Tsybulskaya worked as the Marketing Director at the mobile operator velcom until joining Turkcell Group. Dina Tsybulskaya received her bachelor degree of Foreign Languages and International Politics from the Minsk University (Linguistics) in 2000 and then received her post-graduate degree in International Politics at the European Humanitarian University. Tsybulskaya also received professional certificates and diplomas of General Management and Economics from the Ontario Business School in 1999, of Marketing from the Charted Institute of Marketing London in 2007 and of Business Development for Top Management from the TAG Business School and INSEAD Business School in 2012.

İSMET YAZICI

General Manager of Turkcell Northern Cyprus

İsmet Yazıcı joined Turkcell in 2009. Since December 2015, Yazıcı has been working as the General Manager of Turkcell Northern Cyprus. Before being appointed to this position, Yazıcı worked as the Deputy General Manager of Sales and Business Development at Global Tower between 2009-2010 and then as the General Manager between 2010-2011. Between 2011-2015, he served as the General Manager at BeST, Turkcell's subsidiary in Belarus. Beginning his professional career in 1993, Yazıcı served as the Research & Development Engineer, International Sales Engineer, Romanian Country Manager, Product Marketing Manager, EMEA Region CDMA Business Development Director, and Enterprise Leader respectively at the Turkey and USA offices of Nortel until 2009. İsmet Yazıcı received his bachelor degree in Electric-Electronics Engineering at Hacettepe University in 1992, and post-graduate degrees in Political Science at Marmara University in 1998 and in International Marketing and Management at the University of Texas in 2001. Yazıcı also received his second bachelor degree in 2011 from Istanbul University Law School.

AHMET SEZER

General Manager of Inteltek

Ahmet Sezer joined İnteltek in 2004 as the General Manager. Sezer began his career at Aselsan. Afterwards, he served as the System Engineer, Senior Deputy General Manager, Deputy General Manager and General Manager at IBM Turk, Intertech and Vestel Group and Vestel Consulting respectively, and General Manager at Probil. Ahmet Sezer graduated from Istanbul Technical University in 1982, having studied at the Electronics and Communication Engineering Department.

EREN EYGİ

General Manager of Azerinteltek

In July 2015, Eren Eygi was appointed as the General Manager of Azerinteltek. Beginning his professional career at Saben in 1993, Eygi then worked at Gama Construction Russia as a Resident Engineer between 1994-1995, Uniroyal Chemical Company as the Regional Manager for Central Asian Countries between 1996-1997, Colgate-Palmolive as the Country Manager of Uzbekistan, Turkmenistan, Tajikistan, and the General Manager in Kazakhstan between 1997-2008, Kcell as the Marketing Director in 2008, and Danone CIS as the Country Manager of Belarus and Danone Russia as the Regional Commercial Director and Regional Administrative Director between 2008-2015. Eren Eygi graduated from the Department of Mechanical Engineering at Boğaziçi University in 1993.

ÇAĞATAY AYNUR

General Manager of Turkcell Global Bilgi

Çağatay Aynur joined Turkcell Group in 2000 as an Account Manager. In July 2015, he was appointed as the General Manager of Turkcell Global Bilgi. Prior to being appointed to this position, he served as the Regional Manager in Charge of Strategic Customers and Public Affairs, Sales Manager in Charge of Large Scale Businesses, Corporate Sales Director in Charge of Large Scale Businesses and Corporate Sales Director in Charge of Mid Scale Businesses. Beginning his professional career at Erkunt Döküm Sanayi, Çağatay Aynur served as the Sales Manager as Martı Ltd. Çağatay Aynur graduated from the Department of Metallurgical Engineering at Middle Eastern Technical University in 1993.

UFUK M. BEYAZIT

General Manager of Turkcell Finansman A.Ş.

Ufuk M. Beyazıt joined Turkcell Group in 2013 as the Director of Treasury, Tax and Risk Management and appointed as the General Manager of Turkcell Finansman A.Ş. (consumer finance company) as of 2015. Beyazıt began his professional career in 1994 as an Analyst at Bankers Trust, then served respectively as Head of Trading at Garanti Bank International N.V. Amsterdam, Global Financial Market Director at American Express Bank and Standard Chartered Bank in London, COO and Board Member at Bank of America Merrill Lynch Istanbul. Ufuk M. Beyazıt received his bachelor degree from the Department of Economy at Boğaziçi University in 1995 and then received his post-graduate degree on Money and Banking at Istanbul University.

UKRAINE: lifecell

We became the sole owner of lifecell having acquired the 44.96% stake of SCM Holdings Limited on June 26, 2015 for USD 100 million. Thus, we aim to manage lifecell more efficiently so as to strengthen its position in the market, and to increase its contribution to Turkcell Group.

Established in February 2005 to provide mobile service in Ukraine, lifecell covers 99% of Ukraine's population and 95% of its land area. As of the end of 2015, the number of registered customers of lifecell was 13.5 million, while its 3-month active customers had reached 10.6 million.

Burak Ersoy who served as Senior Vice President of Retail and Distribution at Turkcell was appointed the lifecell CEO as of October 1, 2015.

lifecell acquired the most advantageous frequency to provide outstanding customer experience in 3G services.

lifecell was awarded the 3G Lot 1 package by placing the highest bid (UAH 3.36 billion) at the national tender organized by the Ukrainian Regulatory Government Committee in February 2015. lifecell's 15-year 3G spectrum license for the Lot 1 package is the most advantageous and investment promising lot providing the rights to use the 1920-1935 and 2110-2125 MHz band frequency.

lifecell, the first operator in the market to provide 3G services in June 2015, uses the most advanced three carrier aggregation technology enabling speeds of up to 63.3 Mbps. Providing 3G service in 7 city centers

and over 180 residential areas as at the end of 2015, lifecell plans to provide 3G service in all regional centers in Ukraine within 18 months, and in residential areas having over 10 thousand inhabitants within 6 years.

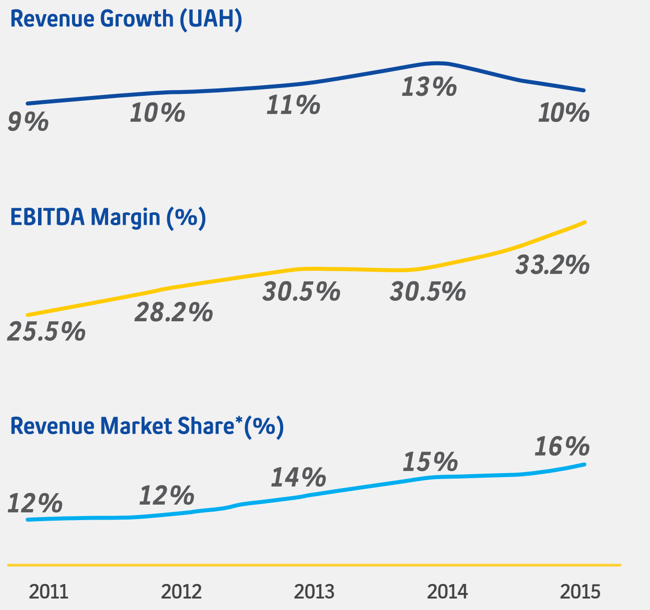
As at the end of 2015, lifecell had 2 million 3G data users active for 3 months and a 46% smartphone penetration.

We have restructured lifecell's financial debt and strengthened the company's balance sheet.

In the third quarter of 2015, a significant part of lifecell's debt was converted into subordinated loans and the remaining debt was restructured to prevent the risk of foreign currency fluctuation and eliminate its potential impact on consolidated financials. Accordingly, lifecell's capital was increased by USD 686 million and lifecell had assumed loans of UAH 2.5 million and a subordinated loan of USD 66 million. Outstanding lifecell loans from financial institutions amounted to TRY 442 million, all denominated in local currency, as of December 31, 2015.

With annual revenue growth of 10% in local currency terms, Astelit's EBITDA also increased by 20% to UAH 1.5 billion with effective cost management. Increasing year over year by 2.7 percentage points, the EBITDA margin rose to 33.2%. In Turkish Lira terms, Astelit's revenue and EBITDA in 2015 declined by 26% and 19% to TRY 564 million and TRY 188 million, respectively, given the significant local currency devaluation.

LIFECELL: CONTINUES TO GROW



** 2015 data has been calculated according to Q315 results.*

WE INTRODUCED THE LIFECELL BRAND TO OUR CUSTOMERS

The Company announced in January 2016 that it would be serving its customers under the new "lifecell" brand within the scope of the new era of 3G+ and Turkcell's brand integration strategy. The emergence of the new brand name and identity marks the merger of brand image as a dynamic, young and innovative operator with Turkcell's technology leadership and experience. Under the brand change, 184 stores in 91 Ukrainian cities will be redecorated with the lifecell logo and Turkcell's brand colors: yellow and blue. In addition, 144 sales points will serve customers under the lifecell brand.

BELARUS: BeST

In July 2008, Turkcell acquired an 80% stake in Belarusian Telecommunications Network (BeST). The first carrier in Belarus to launch 3G services, in November 2009, BeST had increased its population coverage to 99.8% (94.1% geographical coverage) within five years. BeST's subscriber market share reached 12.4% by the end of September 2015. The company is the third-ranked mobile operator in the market with 1.5 million subscribers.

In the third quarter of 2015, the outstanding debt of BeST was restructured. Within this framework, BeST's total existing intra-group loans have been converted into a subordinated loan, directly from Turkcell. As at the end of 2015, BeST had an outstanding loan of TRY 6 million to financial institutions.

NORTHERN CYPRUS: KKTCELL

Kuzey Kıbrıs Turkcell (KKTCELL) was established in 1999 as a 100% Turkcell-owned affiliate. Having operated until 2007 as part of a revenue-sharing agreement with the Northern Cyprus Telecommunication Department, the company signed an 18-year GSM license contract in the same year. Offering 3G products and services in October 2008, Kuzey Kıbrıs Turkcell conducted its 4G technology tests, which were initially undertaken in 2009, publicly in 2014.

Having acquired international outflow in 2010, Kuzey Kıbrıs Turkcell obtained authorization for internet service provision, infrastructure installation and operation in 2012 under the Turkish Republic of Northern Cyprus' (the KKTC's) Electronic Communications Law.

The company is the market leader in the KKTC with an infrastructure covering 100% of the population and a market share of 71% according to data from the Information and Communication Technologies Authority as of the third quarter of 2015.

FİNTUR

Turkcell participates in mobile operations in Azerbaijan, Kazakhstan, Moldova and Georgia through Fintur Holdings B.V. (Fintur), in which it holds a 41.45% stake.

Fintur's subscriber numbers decreased by 4.9% in 2015 on a yearly basis, to 17.3 million. Its consolidated revenues were USD 1,325 million on a yearly decrease of 26%. As accounted for by the equity method, Fintur's contribution to Turkcell's 2015 net profit was USD 136 million.

On September 17, 2015, TeliaSonera, one of the major Turkcell shareholders and 58.55% majority shareholder in Fintur, announced its intention to exit its Eurasia operations, including Fintur.

On November 25, 2015, the Turkcell Board of Directors disclosed its decision to offer a non-binding indicative offer for the acquisition of the remaining shares in Fintur.

Kazakhstan: Kcell

Owned 51% by Fintur, Kcell was founded in 1998. Kazakhstan's mobile communication market leader Kcell's total subscriber number had decreased by 0.8 million over the previous year to 10.4 million by the end of 2015 due to market competition.

Azerbaijan: Azercell

Fintur holds approximately a 51.3% stake in Azercell, a company established in 1996 as the first GSM carrier in Azerbaijan and positioned as the market leader. Azercell is also the majority shareholder of Azeronline, an Internet service provider. By the end of 2015, Azercell had 4.1 million subscribers.

Georgia: Geocell

Owned 100% by Fintur, Geocell was founded in 1996 as Georgia's first GSM carrier. By the end of 2015, Geocell's subscriber base was 1.9 million.

Moldova: Moldcell

Moldcell, 100%-owned by Fintur, was founded in 1999. By the end of 2015, Moldcell had 0.9 million subscribers.

Note: The definition of pre-paid mobile subscriber has changed at Fintur companies in Q115. A user is defined as a subscriber if any transaction has been done within the past 3 months. Previous periods have been recalculated according to this definition.

GERMANY: TURKCELL EUROPE

Turkcell Europe, which was established in Germany as a Virtual Mobile Network Operator in 2010, continues to operate through a "Marketing Partnership" agreement with Telekom Deutschland Multibrand (TDM) signed on August 27, 2014. As per the new business model, the customers and operations of Turkcell Europe were transferred to TDM on January 15, 2015. The Turkcell Europe brand continues to provide services to its subscribers in Germany with the advantages arising from the TDM partnership.

DOMESTIC SUBSIDIARIES

GLOBAL TOWER

Founded in 2006 as a 100% Turkcell affiliate with the vision of "making communication possible everywhere," Global Tower is Turkey's first and only technology infrastructure operator.

Having entered the market as a tower services provider, Global Tower meets every technological infrastructure need of its industry customers, including GSM and landline carriers, TV and radio broadcasters, government institutions and network and telemetry service providers.

Offering fast and high-quality services to customers through cooperation with its partners, Global Tower conducts leasing, maintenance and new installation operations together with its ecosystem comprising regional solution partners.

Global Tower helps its customers expand their networks and increase their operational quality through end-to-end telecommunications and broadcasting infrastructure solutions, turnkey installation services, and professional operational and maintenance services. The company also increases the operational efficiency levels of its customers by combining networks of similar infrastructure through passive infrastructure sharing, differentiating itself with its patents and useful business models.

With Ukrtower, its investment in Ukraine, Global Tower has taken a step toward becoming a regional player.

İNTELTEK

İnteltek (owned 55% by Turktell, 20% by Intralot SA, and 25% by Intralot Iberia Holding SA) conducts Head Agency, Central Betting Administration and Risk Management operations as part of Turkey's sports games betting administration through an exclusive contract with Spor Toto.

Under the "iddaa" brand, and operating a game under the same name, İnteltek is one of the world's largest operators of state-controlled betting games. In 2015, "iddaa" created over TRY 3 billion in added value for the Turkish economy in the form of taxes and public shares.

Inteltek has operations in the same field in Azerbaijan through its 51% stake in "Azerinteltek", which successfully operates its "Topaz" brand.

TURKCELL FİNANSMAN

On August 25, 2015, the Turkcell Board of Directors decided upon taking the necessary actions and obtaining the necessary approvals for the establishment of a consumer finance company, the equity ceiling of which will be up to TRY 500 million. In this regard, Turkcell Finansman A.Ş. has commenced operations on February 2, 2016.

The company extends the Turkcell quality to the financial sector by offering flexible payment solutions through financing loans for our customers' device needs.

TURKCELL GLOBAL BİLGİ

As Turkey's leading customer experience center, Turkcell Global Bilgi serves over 60 companies within six sectors across a total of 24 locations: 20 in Turkey and 4 in Ukraine. The company has a desk capacity of 8,000.

Ranked among the 500 largest companies in Turkey, Turkcell Global Bilgi generates the highest revenue in the call center sector based on 2014 revenues according to "Bilişim 500" (Informatics 500) research.

Turkcell Global Bilgi, making the first technology investment in Eastern Turkey with Erzurum call center, is the first, and still the only Turkish call center providing service abroad with its investments in Ukraine.

In revenue terms Turkcell Global Bilgi is the leader in the Ukrainian outsourced-call center market. Furthermore, it ranks among the top ten companies in terms of size in the Russian outsourced-call center market.

TURKCELL TEKNOLOJİ

Turkcell Teknoloji conducts its R&D and innovation operations at Turkey's largest R&D Center in a single location, Küçükyalı Teknoloji Plaza, where 691 R&D personnel are employed.

Enabling the end-to-end administration of product and service development processes under a single roof, this center provides services to Turkcell Group, as well as to 15 countries in each of its specialty departments: Big Data Processing, Business Intelligence Applications, Customer Relations Management Solutions, Network Management Solutions, Location-Based Technologies, Next-Generation Value-Added Services, SIM Technologies, Mobile Financial Systems, Music and Entertainment Services, IPTV Services, Revenue Management Competencies, Cloud Computing, Terminal Applications, Mobile Marketing Solutions, Machine to Machine (M2M) Communication Technologies, and Campaign Management Systems.

Specific R&D fields, including Cloud Computing, Big Data, Micro Location, Social Network Analyses, M2M, Customized Plan & Package Offers and Campaign & Billing & Charging Systems will determine the future orientation of developments, solution management and project efforts at Turkcell Teknoloji.

Turkcell Teknoloji continues its successful operations abroad.

Turkcell Teknoloji successfully maintains its technology and software export activities in the Commonwealth of Independent States, the Middle East, Africa and Europe. Sales and maintenance after sales operations are carried out with 24 products abroad. Both designed and developed by Turkcell Technology, RoamSelect is used in 10 countries, SimSelect in 7 counties and Campaign Management System (CMS) in 6 countries.

Turkcell Technology is the market leader in Turkish telecommunications market with 514 national, 56 international patent applications and 145 registered certificates to its name since 2008. Turkcell Technology, aims to sustain its market leader position going forward with 145 patent applications in 2015.

AWARDS

Webrazzi Awards
As Turkcell, we were selected as the "Brand Using Social Media the Best"

Stars of Technology
Our Turkcell My Dream Companion service, which makes it easier for the visually impaired to access information, won the "Grand Jury Prize" at the "Stars of Technology" award ceremony held for the first time this year by Yıldız Teknik University Teknopark.

Brandon Hall Awards
Our HR implementations in management, sales, learning and technology were awarded Excellence Awards by Brandon Hall, one of the most prestigious consultancy companies in the world.

Capital Magazine Awards
Once again, we came first in Capital Magazine's "Turkey's Favorite Companies" survey. According to the results of the 15th survey published this year, Turkcell maintained its place at the top of the list for the 7th time in the past 8 years.

Stevie Awards
Our telemarketing team was awarded the silver prize for "Sales Growth Achievement" at The Stevie Awards, one of the world's most significant awards in the sales arena. We received this award, which recognizes success in telemarketing growth, by significantly increasing our rate of transforming calls into sales.

Contact Center World Awards
On ContactCenterWorld.com, we came first in the EMEA region in the "Best Self Service" and "Best Home Agent Management" categories.

TMME Award
As Turkcell, we were awarded the most prestigious award, the Black Statue, for maintaining our first place in customer satisfaction for 10 years in "Turkey's Customer Satisfaction Index" organized by KalDer. At the same time, we also won the Golden Statue with the "Sustainable Success Award" and the Silver Statue with the "2014 First Place In The Sector" award.

Mixx Awards
With our gnctrkcll operations, we won 4 awards at the Mixx Awards. We received gold in the "Mobile Applications" category with gncapp, gold in "Creativity Inspired By Data" once again with gncapp, gold in "Outdoor Digital" with gncfest, and bronze in "Online Advertisement Film" with 14 Kubat.

4th Turkish Patent Awards
Our CEO Kaan Terzioğlu accepted the third place award of the Turkish Patent League from President Recep Tayyip Erdoğan at the ceremony held in Ankara.

Interactive Media Awards
With Passolig Social Media Management, we won the "Best In Class" award in the "Social Networking" category at the Interactive Media Awards.

MIGFED Turkey's Success Oscars 2014
For the way in which Turkcell reflects all work processes onto shareholder expectations, it was awarded for creating social responsibility and sponsorship projects in accordance with these expectations.

600 Minutes CFO Award
At the "600 minutes CFO" organization held by Management Events, our "Online Limit Project," which we had brought to life last year, was named project of the year.

Global Telecom Business Innovation Awards
At the "Global Telecom Business Innovation Awards" where the most innovative applications around the world in the telecommunications sector are selected, Turkcell was considered worthy of awards in three categories, in which it had made it to the finals. Accordingly, Turkcell Group received the first prize in the "Business Services" category for Smart Energy Tracking, in the "Wholesale Services" category for the 4G Roaming project, and in the "Customer Services" category for the SMS Ticket project brought to life by Belarus Life:).

gtb GLOBAL TELECOMS BUSINESS
innovationawards
WINNER IN 2015

SHV Energy Award

For the first time, a competition was organized in the "Sales and Marketing" category at the Sales and Marketing Conference by the world's leading LPG company, SHV Energy, and held in Milan between April 22 – 24, 2015. The campaign, taking women's budgets into account, and which Turkcell Smart Women's Club carried out with İpragaz, was the winner of the "Sales and Marketing Award".

Effie Awards

Gnctrkcll was presented with the Silver Effie for the "Love Bug Package" in the Information Technologies category; Gnctrkcll was also awarded the Bronze Effie for gncfest in the Tourism-Entertainment-Sports category; and Turkcell Superonline was presented with the Bronze Effie for "Celebrities Getting Angry At Buffering Internet" in the Information Technologies category.

The Loyalty Awards

While the www.turkcell.com.tr website and "My Account" application, gathering all the digital services and products presented by Turkcell in a single platform, came first in "Best User Experience", the Turkcell Platinum application was widely praised.

IAC Awards

Turkcell and Turkcell Superonline projects were awarded in 11 different categories at Internet Advertising Competition IAC Awards.

Summit International Awards

We returned home with four awards from the Summit International Awards, which have been held since 1994, and which rank among the most prestigious awards for marketing communications. While the Turkcell TV+ advertisement received the gold prize, we were also deemed worthy of bronze prizes for our "Kerem Bursin Buffering" work in the "Online Display Advertising" category and our "Y Not" work in the "Consumer Magazine" category. With the Money Bingo application, which Global Bilgi had carried out at the New Year for the Money Club Card, we also received a silver prize in the "Social Media" category.

2015 Top Ranking Performers Awards

Turkcell Global Bilgi came first in the world in the "Best Self Service" category for the audio response system and in the "Best Home Agent Management" category for the work from home model at the 2015 Top Ranking Performers awards organized by Contact Center World, the world's largest organization in the call center sector.

MIT Technology Review

My Dream Companion Project, which Turkcell brought to life for the visually impaired through the Young Guru Academy (YGA) partnership, was presented with an award in a competition organized by the MIT Technology Review magazine of the Massachusetts Institute of Technology (MIT), one of the world's most prestigious educational institutions. Visually impaired Duygu Kayaman, one of the creators of My Dream Companion service, was listed among "the innovators of the year around the world" as determined by a jury in the 'Innovators Under 35' Competition.

Information Technologies Without Boundaries Awards

As part of the 2015 Information Technologies Without Boundaries Awards organized by the Turkish Informatics Platform Without Boundaries, Turkcell was given the "Informatics Without Boundaries Education Award" for its "Education Program Without Boundaries".

Baykuş Awards

At the Turkish Researchers Association Baykuş Awards ceremony, we were chosen from among hundreds of research projects for our "Jingle Test Research" using Neuromarketing techniques, receiving the "Silver Innovative Baykuş" award.

Digital Communication Awards

We received the gold prize in the "Mobile Display Ad – Custom" category aimed at offline consumers to emphasize Turkcell Music's offline listening feature.

IAB MIXX Awards

With our Turkcell Connect (Internet in Offline Mode) project, we were awarded first prize in the "Project & Strategy - Best Company" category at the IAB MIXX Awards, one of the most prestigious contests in the world.

The Crystal Apple Awards

At the Crystal Apple Awards, organized annually by the Association of Advertising Agencies and rewarding the success of people and establishments in the advertising sector, we received 13 awards for our advertisement project.

Altın Örümcek Awards

We received five awards including “Turkey’s Best Corporate Web Site Award” at the 13th Altın Örümcek Awards, which we entered with www.turkcell.com.tr.

Smarties EMEA 2015

At the Smarties EMEA 2015 Global and Turkey awards, Turkcell Healthmeter Application, Turkcell Connect, Turkcell Digital Academy and Turkcell Platinum marketing efforts won 12 awards, including the “Best in Show” award.

Boğaziçi Information Technologies Awards

At the Boğaziçi Information Technologies Awards organized for the third time this year by Compec (Boğaziçi University Information Technologies Club), we were awarded the first prize in the “Best GSM Operator” and “Best Internet Provider” categories as a result of jury and public voting.

Boğaziçi Business World Awards

We were named “Technology Company of the Year” at the Boğaziçi Business World Awards organized by the Boğaziçi University Engineering Club within the context of Management Study with Executives (MSE)’15.

Leadership Award in Development of Technology Brands

Within the context of Innovation Week, we were awarded the “Leadership Award in Development of Technology Brands.”

New York W3 Awards

Turkcell Superonline won the gold award this year with Turkcell TV+ website in W3 awards competition, where projects from all over the world are evaluated by Academy of Interactive and Visual Arts in New York every year.

Global Mobile Awards 2016

My Dream Companion Audio Description, developed in partnership with YGA and with the support of Audio Description Association was recognized for "Best Use of Mobile for Accessibility and Social Inclusion" by the GSMA at the Global Mobile Awards in Mobile World Congress 2016.

Turkcell Investor Relations Awarded First Place By TÜYİD

This year, Turkcell Investor Relations came first in the “Financial Results Disclosure of the Year” category at the awards, where the best implementations are evaluated by the Turkish Investor Relations Society.

tüyid yatırımcı ilişkileri derneği

Brandon Hall Awards

With its successful programs, Turkcell Group won four awards at the Brandon Hall “Excellence Awards”. The best companies in the world competed in seven main categories within the program organized by Brandon Hall, and regarded as the most prestigious award show in the international arena.

Brandon Hall considered Turkcell worthy of an award for the “Journey of HR Analytics at Turkcell” implementation, aimed at revealing critical findings regarding organizational culture with a behavioral model using Human Resources Analytics methods, and employing data mining methods as an innovative example. Turkcell Group Human Resources was awarded a golden prize in the “Best Advance in HR Data Analytics” category.

Social Innovation Award

Turkcell was awarded the “Social Innovation Award” for My Dream Companion during the Innovation Week.

TURKCELL IN THE INTERNATIONAL MEDIA

Turkcell CEO Kaan Terzioğlu appeared in the leading international media outlets covering business, finance and technology, sharing his views on Turkcell's growth targets.

Turkcell's leadership in Turkey's 4.5G tender, 5G partnerships, investments in Ukraine, dividend payment, globally relevant services were extensively covered by international media.

Kaan Terzioğlu was listed among the 10 most influential names in the European telecommunications sector and the 100 most influential names in the global telecommunications sector by Global Telecoms Business Magazine.

TURKCELL'S 15TH YEAR AT BIST AND NYSE

The shares of Turkcell, the first and only Turkish company to be listed on the world's leader in capital raising and equities trading, the New York Stock Exchange (NYSE), have been traded at the Borsa Istanbul and NYSE since 2000.

With the steps we have taken as "Turkey's Turkcell", we, once again, took pride in being one of the leading representatives of our country in the international arena. As a group providing converged telecommunications services, we have broken new grounds and led the way in many areas while progressing to where we are today. One to name is our listing on the NYSE, the arena of global players, fifteen years ago. We gathered with our shareholders in New York by organizing a series of events for the 15th anniversary of our listing on the Borsa Istanbul and NYSE.

September 1, 2015 NYSE Closing Bell Ceremony-New York

We marked Turkcell's 15th year of being listed on the NYSE with a traditional Closing Bell ceremony on Tuesday September 1, 2015. Mr. Ahmet Akça, Chairman of the Turkcell Board of Directors, rang the Closing Bell on behalf of Turkcell at the ceremony. Apart from the Turkcell delegation and NYSE representatives, Mr. Hüseyin Zafer, Executive Officer at Borsa Istanbul and Mr. Ertan Yalçın, the Turkish Consul General in New York joined the ceremony hosted by Mr. Tom Farley, the President of the NYSE, along with members of the press.

Turkcell ranks within the top **500** *among more than 2,400 companies trading on the NYSE.*

2011

2005

2000

2015

TURKCELL RECEPTION IN HONOR OF 15th ANNIVERSARY

In honor of the 15th anniversary of Turkcell's listing, we organized a reception under the auspices of the Turkish Consulate General in New York at The Plaza Hotel New York on August 31, 2015. Over one hundred guests honored the reception, to which prominent names from the American and Turkish business world, and public and non-governmental organizations were invited.

The evening began with an introductory film about Turkcell, which marked its first step towards being publicly listed in 2000, preceded by the opening speeches of hosts Turkcell Chairman Mr. Ahmet Akça and CEO Mr. Kaan Terzioğlu. At the end of the evening, commemorative plaques were presented to the representatives of the New York Stock Exchange, Borsa İstanbul and the Turkish Consulate General in New York in gratitude for their contributions throughout Turkcell's 15 years of listing. Following plaque presentations to Mr. Stefan Jekel, Head of International Client Services at the New York Stock Exchange, Mr. Hüseyin Zafer, Executive Officer at Borsa İstanbul; and Mr. Ertan Yalçın, the Turkish Consul General in New York, the honorary guests Eric Adams, the Brooklyn Borough President and Yaşar Halit Çevik, an Ambassador and Permanent Representative were also thanked for attending the event.

HÜSEYİN ZAFER

*Executive Officer,
Borsa İstanbul*

"Turkey's Turkcell, the good governance practices and growth of which we closely observe, is of great value for our stock exchange."

BORSA İSTANBUL

AHMET AKÇA

*Chairman of the
Turkcell Board of Directors*

"Our main source of pride is the trust our customers and shareholders put in us."

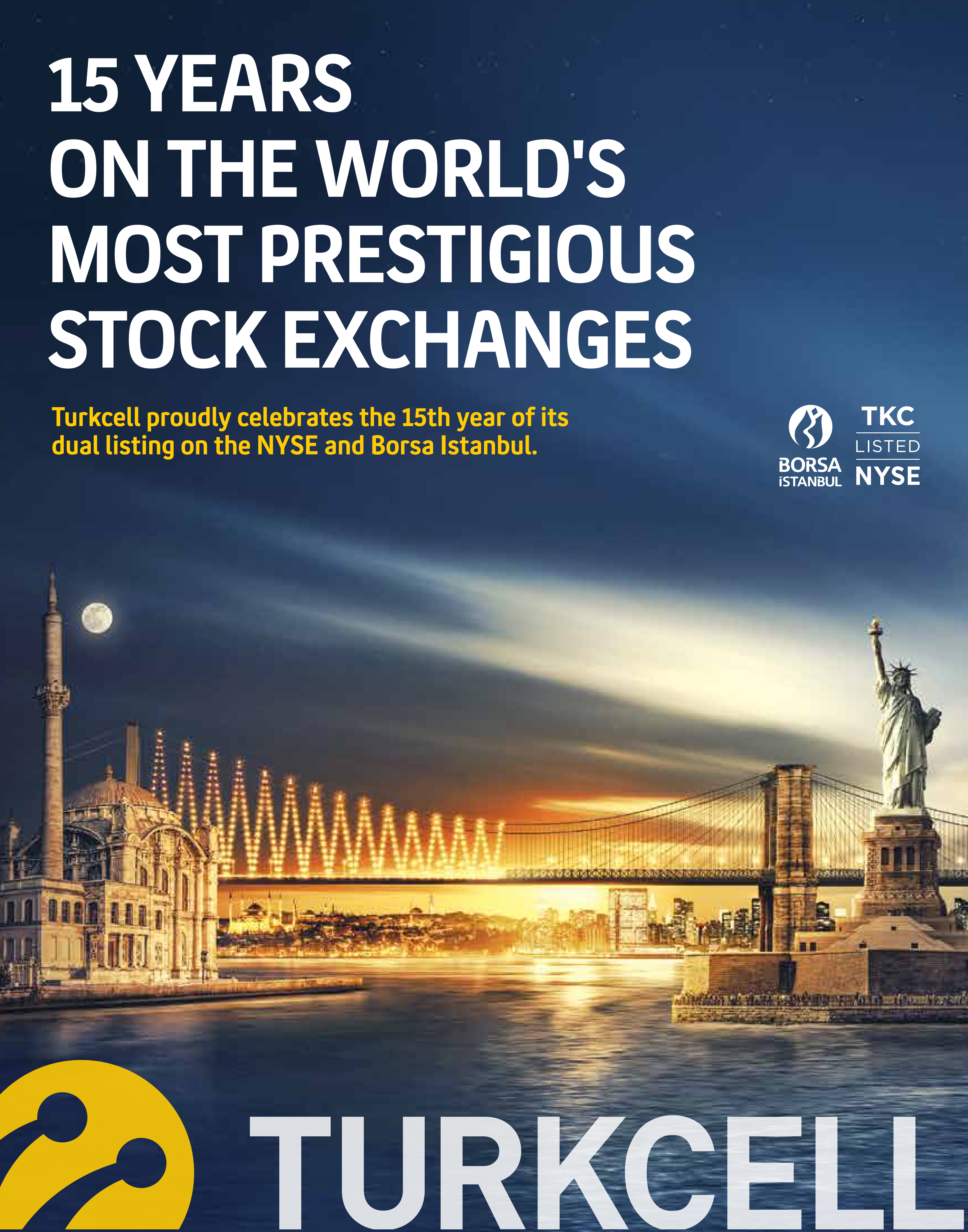
TURKCELL

STEFAN JEKEL

*Head of International Client Services,
New York Stock Exchange*

"We truly enjoy the partnership with Turkcell in the global capital markets."

NYSE


15 YEARS
ON THE WORLD'S
MOST PRESTIGIOUS
STOCK EXCHANGES
Turkcell proudly celebrates the 15th year of its
dual listing on the NYSE and Borsa Istanbul.
BORSA
İSTANBUL
TKC
LISTED
NYSE
TURKCELL

TURKCELL MANAGEMENT PAYS A VISIT TO TECHNOLOGY GIANTS

The Board of Directors and senior management of Turkcell paid a visit to the foremost technology companies of the world in Silicon Valley. Company success stories, sector dynamics and potential synergies were discussed at the meetings held with the senior executives of technology giants.

HUAWEI

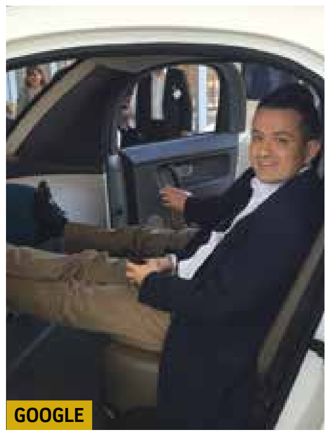
HUAWEI


UBER


HUAWEI


GOOGLE


INTEL


GOOGLE


GOOGLE


QUALCOMM


QUALCOMM

CORPORATE GOVERNANCE

INVESTOR RELATIONS

Turkcell is the only Turkish company listed on the BIST and NYSE. Its Eurobond issued this year trades at the Irish Stock Exchange.

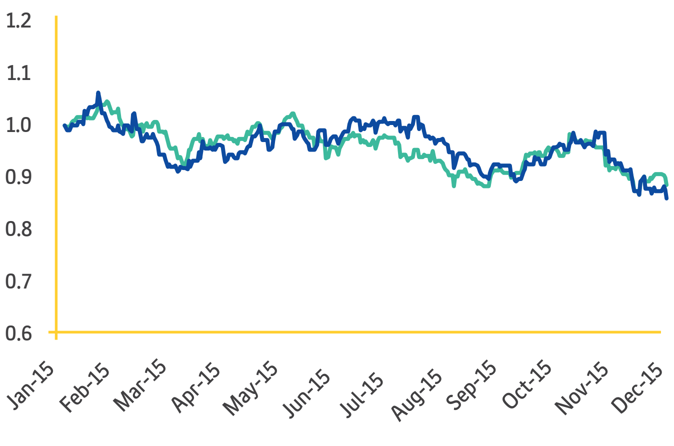
SHARE PERFORMANCE

Turkcell shares commenced trading simultaneously at the Borsa Istanbul (BIST) and the New York Stock Exchange (NYSE) on July 11, 2000. Turkcell shares are traded as American Depositary Shares (ADS) at the BIST under the TCELL ticker, and at the NYSE under the TKC ticker. Two ADSs represent five shares (1 ADR = 2.5 shares). Turkcell's issued capital is a nominal TRY 2,200,000,000, and each share represents TRY 1 nominal value with 2,200,000,000 shares in total. Being the only Turkish company to be listed on both BIST and NYSE, Turkcell was the fourth largest company among those being traded at the BIST with a market value of TRY 21.8 billion (USD 7.5 billion) as of December 31, 2015.

Turkcell marked its 15th year of listing on September 1, 2015 at the Closing Bell Ceremony held at the NYSE.

On October 16, 2015, Turkcell issued bonds of an aggregate principal amount of USD 500 million with a 10 year maturity and coupon rate of 5.75% based on a 5.95% reoffer yield to be traded on the Irish Stock Exchange.

SHARE PERFORMANCE (RELATIVE)



Source: Bloomberg

SHARE PERFORMANCE*					
TCELL (TRY)	**2011**	**2012**	**2013**	**2014**	**2015**
Lowest	6.39	7.03	8.86	9.36	9.90
Highest	9.51	10.07	11.07	12.81	13.55
Closing	7.71	10.03	9.86	12.42	9.90
TKC (USD)	**2011**	**2012**	**2013**	**2014**	**2015**
Lowest	9.00	9.41	11.25	10.48	8.38
Highest	15.40	14.02	15.43	14.42	14.35
Closing	10.21	14.02	11.60	13.13	8.49

*Share prices are adjusted for dividend payments. (Source: Bloomberg)

OUR BUSINESS PRINCIPLES

We adopt corporate governance principles.

The basic work policies adopted by the Turkcell Investor Relations Department include accessibility, rapid feedback to stakeholders and analysts, and always informing stakeholders transparently, consistently and in a timely fashion. Accordingly, we disclose information to all investors through user-friendly, up-to-date website, Investor Relations Application (IR App) and Twitter on a timely basis.

Investor Relations team members have a deep and active understanding of the company and sector dynamics, and are able to clearly communicate the company's story. Thus, the Turkcell Investor Relations team fully understand and analyze the company, better comprehend its strategies, and make a difference to stakeholders by communicating those strategies in the most efficient manner possible. As the Investor Relations Department, throughout 2015, we:

- held 460 meetings with analysts and institutional investment funds,
- participated in 15 investor conferences,
- met with 53 bond investors at the bond roadshow held in America and Europe and
- shared our strategies and medium-term targets with a group of approximately 100 analysts and investors at the meeting held in London on November 9.

35 analysts, almost half of which are foreign companies, actively cover Turkcell. As of the end of 2015, there were 10 analysts with "buy", 18 analysts with "hold", and 7 analysts with "sell" recommendations.

We work to provide the maximum benefit to Turkcell and our stakeholders.

Investor relations standards are shaped by the constantly developing and intensifying needs of the capital markets. The implementation of any practice that carries a publicly traded company one step further creates a strategically valuable differentiation between companies and, ultimately, contributes to the Turkish Capital Markets.

Our focus is on creating value for our stakeholders.

Our aim is to transparently share the value created by Turkcell with our stakeholders, be it through financial and operational performance, strategic priorities, or via our strong reputation and powerful brand management, always ensuring that the company is well understood.

We work to ensure a high level of satisfaction.

First place from TÜYİD in the "Financial Results Disclosure of the Year" category

Turkcell was once again awarded first place in the "Financial Results Disclosure of the Year" category, at the awards where the Turkish Investor Relations Society (TÜYİD) appraises the best practices. Turkcell was praised for its practice in its extensive financial disclosures where the best practices are evaluated according to the score cards prepared by investor relations experts and objective evaluation made by KPMG.

We make a difference with our communication.

Turkcell believes in simultaneous and open communication with its stakeholders. In this regard, our Board members, CEO and executive management shared their 3-year targets at the "Turkcell Capital Markets Day" openly held for the participation of all our analysts and investors, in London in November. Our stakeholders had the opportunity to listen to our executive officers outlining our strategies towards leadership in the telecommunication industry, which we aim at achieving within 3 years.

As Turkcell Investor Relations, we use social media tools such as Twitter and the Investor Relations application as well as communication channels such as the web site and Public Disclosure Platform to provide extensive, accurate and timely information to our investors. With the Turkcell IR App, our investors and analysts can follow the most recent announcements, financial quarter results, press releases, operational results, presentations and annual reports in both Turkish and English on iOS and Android based smartphones and tablets, at any time and from any location.

We care about sustainability.

In 2014, the Borsa Istanbul launched the Sustainability Index. This index indicates each company's approach to significant sustainability-related issues important for both Turkey and the wider world, including global warming, the depletion of natural resources, including water, as well as healthcare, safety, and employment. In total, the index enables companies' activities and decisions to be assessed from an independent perspective, and then be confirmed by Borsa Istanbul. In the second year of the Sustainability Index comprising November 2015 - October 2016, Turkcell, one of the 29 companies in the index, has remained on it since its inception.

Turkcell issued a 10-year Eurobond.

Turkcell issued a USD 500 million Eurobond on October 15, 2015. Almost fourfold oversubscribed, this has been the first and only Eurobond issuance at this size in international markets by a Turkish company from the non-financial sector in 2015. Turkcell Eurobond is traded at the Irish Stock Exchange.

Despite the volatility of international markets and the distrustful view of the global market towards developing countries, Turkcell has succeeded in generating funds through the international capital markets through its 10-year Eurobond which had a high demand from US and Europe.

TURKCELL

October 2015

Turkcell İletişim Hizmetleri A.Ş.
As the Issuer

USD 500,000,000
5.750% Notes
due October 2025

BNP PARIBAS CORPORATE & INSTITUTIONAL BANKING citi HSBC

Turkcell Capital Markets Day - November 9, 2015 - London

CONTACT INFORMATION FOR INVESTOR RELATIONS

Tel: +90 (212) 313 18 88, **Fax:** +90 (216) 504 40 58, **E-mail:** investor.relations@turkcell.com.tr
Web: http://www.turkcell.com.tr/en/aboutus/investor-relations
Address: Turkcell Küçükyalı Plaza, Aydınevler Mahallesi İnönü Caddesi No:20 B Blok Küçükyalı Ofispark, 34854 - Maltepe / İSTANBUL

CREDIT RATING GRADES

Only Turkish company with "investment grade" rating from big 3 credit rating agencies!

In 2015, Turkcell continued to strengthen its financials with its Eurobond issue and the signing of loan agreements with international banks. The clearest sign of a balanced improvement in balance sheet structure and international market confidence in Turkcell is the "investment grade" level ratings Turkcell has received from three leading international credit rating agencies. Turkcell's bond is also rated in line with the company's "investment grade" rating by all three rating agencies.

STANDARD & POOR'S

Standard & Poor's raised Turkcell's long-term credit rating to investment grade level "BBB-" from "BB+" with a "stable" outlook in September 2015.

The upgrade primarily reflects the improvement in Turkcell's corporate governance, fully functioning and effective decision making in the structure of the Board of Directors and clearly set long-term financial policy targets. S&P believes that Turkcell will maintain its leading position and profitability in the future due to its superior network quality, and strong spectrum position and reach, as well as its established brand.

MOODY'S

Moody's upgraded Turkcell's long-term credit rating to investment grade level "Baa3" from "Ba1" with a "negative" outlook in September 2015.

The upgrade primarily reflects a strong market position, improving corporate governance and strong financial profile and liquidity.

FITCH

Fitch assigned Turkcell a long-term investment grade level "BBB-" credit rating with a "stable" outlook in September 2015.

Fitch's key rating drivers include Turkcell's strong position in the Turkish mobile market, growing fixed line operations and sound financial performance.

	S&P		MOODY'S		FITCH	
	Outlook	**Grade**	**Outlook**	**Grade**	**Outlook**	**Grade**
Last Update	September 2015		September 2015		September 2015	
Local Currency	Stable	BBB-	Negative	Baa3	Stable	BBB-
LT Foreign Currency	Stable	BBB-	Negative	Baa3	Stable	BBB-

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

PUBLIC DISCLOSURES FROM JANUARY 1 - MARCH 4, 2016*

January 28, 2016

Amendment of Articles of Association

Turkcell Board of Directors has decided to amend the Articles of Association as attached, subject to the approval of the Capital Markets Board and the Ministry of Customs and Trade in accordance with the principles of Capital Markets Law, Turkish Commercial Code, and related legislation. This amendment is subject to approval of General Assembly.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş. AMENDMENT on ARTICLES OF ASSOCIATION

CURRENT VERSION	AMENDED VERSION
ARTICLE 3 - PURPOSE AND SUBJECT-MATTER	**ARTICLE 3 - SCOPE OF BUSINESS**
The Company is incorporated primarily for the provision of any telephone, telecommunication and similar services in compliance with the Telegraph and Telephone Law number 406 and services stated in the GSM Pan Europe Mobile Telephone System bid that was signed with the Ministry of Transportation and to operate within the authorization regarding the IMT-2000/UMTS services and the infrastructure.	**The Company is incorporated to primarily provide the services authorized within the context of concession agreements signed with the Information and Communications Technologies with regard to "Granting License of Establishing and Operating GSM Pan Europe Mobile Telephone System", "Establishing, Operating and Providing IMT-2000/UMTS Infrastructures and Services" 2000/UMTS ture bidof concession contract and "Authorization Certificate for Limited Usage Rights with regard to IMT Services" and any other services authorized pursuant to relevant legislation and regulatory decrees.**
In order to achieve the above-mentioned subject matter, the Company may:	In order to achieve the above-mentioned **scope of business,** the Company may:
1) enter into service, proxy, agency, commission agreements, undertakings and any other agreements within the purpose and the subject-matter of the Company and within this scope obtain short, middle and long term credits and loans or issue, accept and endorse bonds, extend credits to the companies in Turkey and abroad, in which it has direct or indirect shareholding interest, to its main company and group companies, in Turkish Lira or other foreign currencies, on condition that such extensions do not contradict with laws and regulations.	1) enter into service, proxy, agency, commission agreements, undertakings and any other agreements within the purpose and the subject-matter of the Company and within this scope obtain short, middle and long term credits and loans or issue, accept and endorse bonds, extend credits to the companies in Turkey and abroad, in which it has direct or indirect shareholding interest, to its main company and group companies, in Turkish Lira or other foreign currencies, on condition that such extensions *do not contradict with laws and regulations;*
2) cooperate, establish new partnerships or companies or enterprises with existing or future local or foreign individuals or legal entities; completely or partially acquire local or foreign companies or enterprises, participate in share capitals of such companies or enterprises, establish representative offices in Turkey and abroad, participate in foundations constituted for various purposes, reserve part of the profit for or be authorized to pay dividends and make donations to this kind of real or legal person and in the event a donation is made or part of the profits is reserved for foundations or this kind of real or legal entity, the rules provided by the Capital Markets Board will be complied with and the notifications required by the Capital Markets Board will be made,	2) cooperate, establish new partnerships or companies or enterprises with existing or future local or foreign individuals or legal entities; completely or partially acquire local or foreign companies or enterprises, participate in share capitals of such companies or enterprises, establish representative offices in Turkey and abroad, participate in foundations constituted for various purposes, **establish foundations, reserve assets to these foundations,** reserve part of the profit for or be authorized to pay dividends and make **all kind of** donations **and aids** to this kind of real or legal person **without vitiating its purpose and subject matter and provided that, those are not contrary to transfer pricing regulations of Capital Market Law and other related legislation, necessary public**

As per Capital Markets Board Communiqué regarding Material Events and in line with the Company's Disclosure Policy, such events were announced through Public Disclosure Platform throughout 2015.

CURRENT VERSION

3) issue, acquire, sell, create security over or to perform any other legal actions of all kind of securities, commercial papers, profit sharing instruments, bond and convertible bonds via board resolutions under the conditions authorized by the relevant legislation provided that such actions are not qualified as brokerage activities and portfolio management;

4) enter into licence, concession, trademark, know-how, technical information and assistance and any other intellectual property right agreements and acquire and give a license to such rights and register them;

5) acquire, lease, rent and sell of all types of movable and immovable property; construct plant or any other buildings; enter into financial leasing agreements; acquire any of the personal or property rights regarding movable and immovable property, including but not limited to, promise to sell, pledges, mortgages and commercial business pledges; register them in title deeds; accept mortgage from third parties; discharge pledges and mortgages created in favour of the Company; create security over movable and immovable properties owned by the Company, including creation of mortgage, pledge and commercial enterprises pledge, on its own or in favour of the companies which are fully consolidated in financial statements of the Company or in favour of the third parties' on condition that the context of the ordinary business operations of the Company directly requires, as necessitated by the purpose and subject matter of the Company, provided that the Company shall comply with the principles regulated in accordance with the capital markets legislation regarding the transactions of providing guarantees or pledges including mortgages to third parties and disclosures necessary in accordance with the Capital Market Board within the scope of special circumstances, be made in order to inform investors in transactions to be performed in favour of third parties.

6) enter into other enterprises, relevant transactions and agreements necessitated by the purpose and the subject matter of the Company;

7) register SIM card trademark and symbol; sell, lease, re-purchase, re-sell the same; agree with dealers abroad or in the country for the sale of such cards; export same; import other SIM cards and perform all related actions;

In addition, if it is deemed appropriate and beneficial for the Company to perform any transactions other than those stated above, upon the

AMENDED VERSION

disclosures are made and donations made within a year are submitted to the shareholder's information at general assembly.

3) issue, acquire, sell, create security over or to perform any other legal actions of all kind of securities, commercial papers, profit sharing instruments, bond and convertible bonds via board resolutions when authorized by the relevant legislation and **provided that such actions are not qualified as investment services and activities.**

4) enter into license, concession, trademark, know-how, technical information and assistance and any other intellectual property right agreements and acquire, lease and register them;

5) acquire, lease, rent and sell of all types of movable and immovable property; construct plant or any other buildings; enter into financial leasing agreements; acquire any of the personal or property rights regarding movable and immovable property, including but not limited to, promise to sell, pledges, mortgages and commercial business pledges; register them in title deeds; accept mortgage from third parties; discharge pledges and mortgages created in favour of the Company; create security over movable and immovable properties owned by the Company, including creation of mortgage, pledge and commercial enterprises pledge, on its own or in favour of the companies which are fully consolidated in financial statements of the Company or in favour of the third parties' on condition that the context of the ordinary business operations of the Company directly requires, as necessitated by the **scope of business** of the Company, provided that the Company shall comply with the principles regulated in accordance with the capital markets legislation regarding the transactions of providing guarantees or pledges including mortgages, to third parties and regarding disclosures necessary in accordance with the Capital Market Board in case of special circumstances, be made in order to inform investors in transactions to be performed in favour of third parties;

6) found other enterprises and enter into relevant transactions and agreements necessitated by the **scope of business** of the Company;

7) register SIM card trademark and symbol; sell, lease, re-purchase, re-sell the same; agree with dealers abroad or in the country for the sale of such cards; export same; import other SIM cards and perform all related actions.

The Company, by resolution of General Assembly may perform activities other than listed herein, by fulfilling related legal

CURRENT VERSION	AMENDED VERSION
proposal of the Board of Directors, the matter shall be submitted to the approval of the General Assembly and may be performed pursuant to the resolution of the General Assembly. In order for such changes to be effective, the permissions of the Foreign Investment Directorate, the Ministry of Industry and Commerce and the Capital Market Board shall be obtained, registered with the Trade Registry and announced in the Trade Registry Gazette as amendments to the Articles of Association.	**requirements and in condition that these activities are not in contradiction with legislation, which are related to or to be deemed expedient for its subject matter.**
ARTICLE 4 – HEADQUARTER AND BRANCHES	**ARTICLE 4 – HEADQUARTER AND BRANCHES**
The Company shall be headquartered in Istanbul, at the address of Turkcell Plaza, Meşrutiyet Caddesi, No:153, Tepebaşı, Beyoğlu/İstanbul.	The headquarters of the Company shall be in Istanbul, at the address of **Aydınevler Mahallesi, İnönü Caddesi, No:20, Küçükyalı Ofispark, 34854, Maltepe-İstanbul.**
The new address, whenever changed, shall be registered with the Trade Registry and published in the Trade Registry Gazette and notified to the Capital Market Board and the Ministry of Industry and Commerce.	The new address, whenever changed, shall be registered with the Trade Registry and published in the Turkish Trade Registry Gazette and notified to the Capital Market Board as well as the Ministry of **Customs** and Commerce.
Any notification sent to the address registered and published shall be deemed as received by the Company. If the Company changes its address and does not register the new one in due time, the situation will be deemed as one of the termination causes of the Company.	Any notification sent to the address registered and published shall be deemed as received by the Company. If the Company changes its address and does not register the new one in due time, the situation will be deemed as one of the liquidation causes of the Company.
The Company may open branches and representative offices in or outside Turkey provided that the Ministry of Industry and Commerce, Foreign Investment Directorate and the Capital Market Board are informed thereof.	The Company may open branches and representative offices in or outside Turkey provided that the Ministry of **Customs** and Commerce, Foreign Investment Directorate and the Capital Market Board are informed thereof.
ARTICLE 6 – SHARE CAPITAL	**ARTICLE 6 – SHARE CAPITAL**
The registered capital of the Company is 2.200.000.000 (Twobilliontwohundred-million) New Turkish Liras, divided into registered shares of 2.200.000.000 (Two-billiontwohundredmillion), having a value of 1.- (One) New Turkish Liras each. The Company's issued share capital, is 1,474,639,361 (Onebillionfourhundred-seventyfourmillionsixhundredandthirtyninethousandthreehundredandsixtyone) New Turkish Liras and fully paid in compliance with the Incentive and Investment Allowance Certificate of Foreign Capital General Directorate of the Undersecretariat of Treasury of the Prime Ministry of the Republic of Turkey dated 23 August 1993 and numbered 1746 and its special conditions dated 19.12.1994 and Incentive and Investment Allowance Certificate dated 6 November 1997 and 2741 numbered and its special conditions dated 16.07.1999, 16.12.1999 and 30.11.2000 and Incentive and Investment Allowance Certificate dated 26 February 2001 and 3704 numbered and is divided into 1,474,639,361 (Onebillion fourhundredandseventyfourmillion sixhundredandthirtyninethousandthreehundredandsixtyone) shares	**The company adopted the registered capital system according to the Capital Market Code and carried the said system into practice by Capital Market Board's permit dated 13.04.2000 and numbered 40/572.** **The ceiling for registered capital of the Company is 2.200.000.000 (Twobilliontwohundred-million) TL and divided into registered share of 2.200.000.000 (Two billiontwohundred million) having a value of 1,00 (One) Turkish Lira each.** **The Company's issued share capital is 2.200.000.000 (Twobilliontwohundred million) TL and fully paid and is divided into registered share of 2.200.000.000 (Two billion and two hundred million Turkish Lira) shares having a value of 1,00 (One) TL each.** **The authorization of the ceiling of registered capital given by the Capital Market Board, shall be effective for the years between 2016-2020 (5 years). Even though the ceiling of the registered capital is not reached, after the year 2020, it is mandatory for the Board of Directors, to obtain permit of the General Assembly in order to pass a resolution to increase the capital by way of also having authorization of Capital Market Boards for the ceiling previously authorized or for a new ceiling**

CURRENT VERSION	AMENDED VERSION
	amount which is not more than five years. In case the abovementioned authorization is not taken, capital increase cannot be made with a Board of Directors resolution. The Board of Directors, between the years 2016-2020, in accordance with the provisions of Capital Market Act, when necessary, is authorized to increase the issued share capital by issuing registered shares up to the authorized share capital; and authorized to resolve on the matters which are relating to limiting the right of obtaining new shares of the shareholders' and issuing of premium shares. Authorization to limit the right of obtaining new shares shall not be used unequally amongst the shareholders. Shares representing the issued share capital are tracked in connection with the dematerialization principles.
ARTICLE 7 - SHARE TRANSFER	**ARTICLE 7 - SHARE TRANSFER**
Transfer of Shares is subject to the provisions of the Turkish Commercial Code, Capital Market Legislation and the Regulations on Value Added Telecommunications Services. The Board of Directors may restrict the share transfers to the foreigners in order to comply with the restrictions concerning the shareholders determined under the Regulations on Value Added Telecommunications Services and/or other legislation, of which the Company is subject to.	Transfer of shares is subject to the provisions of the Turkish Commercial Code, Capital Market Legislation and Regulation on the Authorization on the Electronic Communication Sector, Concession Agreement with regard to Granting License of Establishing and Operating GSM Pan Europe Mobile Telephone System, Concession Agreement of Establishing Operating and Providing IMT-2000/UMTS Infrastructures and Services and Annex of Authorization Certificate for Limited Usage Rights with regard to IMT Services-Rights and Obligations with regard to Establishing, Operating and Providing IMT Infrastructures and Services. The Board of Directors may restrict the share transfers to the foreigners in order to comply with the restrictions concerning Regulation on the authorization on the Electronic Communication Sector and Concession Agreement with regard to Granting License of Establishing and Operating GSM Pan Europe Mobile Telephone System, Concession Agreement of the Establishing Operating an Providing IMT-2000/UMTS Infrastructure and Services, and Annex of Authorization Certificate for Limited Usage Rights with regard to IMT Services-Rights and Obligations with regard to Establishing, Operating and Providing IMT Infrastructures and Services and/orother restrictions concerning the shareholders of which the Company is subject to. Article 137/3 of the Capital Markets Law is reserved.
ARTICLE 8 – CAPITAL INCREASE AND SHARE CERTIFICATES	**ARTICLE 8 – CAPITAL INCREASE AND SHARE CERTIFICATES**
The Board of Directors of the Company is authorised to increase the issued share capital by issuing new shares up to the authorised share capital, to resolve to restrict the pre-emption rights of the shareholders and to take resolutions regarding the issuance of premium shares whenever it is deemed necessary, in compliance with the Capital Market Law. During capital increases shares remaining pursuant to the exercise of pre-emptive rights and in the event pre-emptive rights are restricted, all of the newly issued shares shall be offered to the public at their market value but not less than their nominal value.	**This Article was removed from the text.**

CURRENT VERSION	AMENDED VERSION
New shares may not be issued until all the issued shares are fully sold and paid. The issued share capital has to be indicated on all documents bearing the trade name of the Company. The Board of the Directors of the Company may issue share certificates in different denominations representing more than one share in compliance with the relevant regulations of the Capital Market Board.	
ARTICLE 9 - BOARD OF DIRECTORS	**ARTICLE 9 - BOARD OF DIRECTORS**
The Company is managed and represented by the Board. The Board is fully authorised to carry out the affairs of the Company and management of Company assets and the activities relating to the Company purpose and subject matter other than those that have to be solely carried out by the General Assembly. The Board is comprised of 7 (seven) members elected by the General Assembly. In case the Board of Directors is informed that a member of the Board of Directors no longer has any relation with and is no longer a representative of the legal entity it represents or that a legal entity having a representative on the Board of Directors has transferred its shares to a third party, such member of the Board of Directors and representative of the such legal entity shall be considered as having resigned from its membership on the Board of Directors and the Board shall temporarily appoint another member until the next General Assembly.	The Company is managed and represented by the Board of Directors. The Board of Directors is fully authorized **for all matters relating to the Company's business and** to carry out the affairs of the Company and management of Company assets and the activities relating to the Company's **scope of business** other than those **fallen within the competence of the General Assembly.** The Board of Directors shall be comprised of 7 (seven) members to be elected by the General Assembly. **The relevant legislation shall be applicable to the formation, rules of procedures of the committees which The Board of Directors is responsible to establish within the context of Capital Markets Law, Turkish Commercial Code and relevant legislation and to relations of those committees with the Board of Directors.**
ARTICLE 10 – DUTY PERIOD	**ARTICLE 10 – TERM OF OFFICE**
The members of the Board of Directors may be elected for a period of maximum three years. The members of the Board of Directors whose duty period ends may be re-elected. If one of the memberships is left during the duty period, new members may be elected to replace these in accordance with the related provisions of the Turkish Commercial Code and Article 11 of this Article Of Association	The members of the Board of Directors may be elected for a period of maximum three years. The members of the Board of Directors whose term of office expires may be re-elected. **If one of the memberships becomes vacant or an independent board member ceases to be independent, an appointment shall be made in accordance with provisions of Turkish Commercial Code and Capital Markets Board regulations and submitted to approval of the first general assembly.**
ARTICLE 11 – MEETINGS OF THE BOARD OF DIRECTORS	**ARTICLE 11 – MEETINGS OF THE BOARD OF DIRECTORS**
1) Meetings of the Board of Directors: The Board of Directors shall meet whenever necessitated by the affairs of the Company. Meetings of the Board of Directors shall be held at the headquarters of the Company or at any place agreed upon.	1) Meetings of the Board of Directors: The Board of Directors shall meet whenever necessitated by the affairs of the Company. Meetings of the Board of Directors shall be held at the headquarters of the Company or at any place agreed upon. **Pursuant to article 1527 of the Turkish Commercial Code, members who have a right to attend the Board meetings, may attend such meeting by electronical means. Pursuant to the Communiqué on Electronic Meetings Held in Companies Other Than General Meetings of the Joint Stock Companies, the Company may either set up the Electronical Meeting System, which enables right holders to attend such meetings and vote on**

CURRENT VERSION

2) Meeting and Decision Making Quorum:

Quorum for Board meetings shall consist of a minimum 5 directors. Ordinary actions of the Board shall be taken by affirmative votes of 4 of the directors upon the presence of 5 directors and affirmative votes of 5 directors upon the presence of more than 5 directors.

ARTICLE 12 – BINDING AND REPRESENTATION OF THE COMPANY

All documents, bonds, powers of attorney, written undertakings, contracts, offers, demands, acceptances, announcements and all other documents related with the Company, will be valid and binding the Company, if signed by person or persons so authorized by the Board of Directors on condition that they sign under the Company name, in circumstances registered and published as allowing such signature. The Board of Directors will determine the conditions on which the person(s) authorized to bind the company will sign.

ARTICLE 13 – SHARING DUTIES AND ASSIGNING DIRECTORS

The Board of Directors may assign all of its authorities related to management and representation or the parts pertaining to the execution phase of the company business or the parts it finds necessary to delegate members of the Board of Directors or to General Directors or Directors or other officers for whom it is not necessary to have a share and the Board of Directors may give them authority to sign. Minimum one member of the Board of Directors shall have the authority to represent the Company even if the authority to manage and represent the Company is left to the General Directors or Directors or other officers who do not hold any shares in the Company. The Board of Management may give Third Persons special authority to represent and bind the Company. The duty period of other officers who have the authority to put the signatures of the General Directors and Directors is not limited with the election periods of the Board of Directors members. The provisions of 11-2 article of these Articles of Association are preserved.

The Board of Directors shall always be free to cancel such delegated authority of such members and directors.

ARTICLE 14 - AUDITORS AND THEIR DUTIES

The General Assembly shall elect 2 auditors from among either the shareholders or third parties.

AMENDED VERSION

the agenda items; or purchase related services from the systems providers that are specifically found for such purposes. During these meetings, right holders shall be provided to enjoy their rights electronically, as stipulated under the aforementioned Communiqué, either be over a set up system or a purchased system which are both established subject to this provision of the articles of association of the Company.

2) Meeting and Decision Quorum:

Quorum for Board meetings shall consist of a minimum 5 members. Decisions regarding ordinary actions of the Board of Directors shall be taken by affirmative votes of 4 of the members upon the presence of 5 members and affirmative votes of 5 members upon the presence of more than 5 members.

ARTICLE 12 – BINDING AND REPRESENTATION OF THE COMPANY

The authority to represent and bind the Company is vested with the Board of Directors. All documents, bonds, powers of attorney, written undertakings, contracts, offers, demands, acceptances, announcements and all other documents related with the Company, shall be valid and binding for the Company, if signed by person or persons so authorized by the Board of Directors on condition that they sign under the Company name, in circumstances registered and published as allowing such signature. The Board of Directors shall determine the conditions on which the person(s) authorized to bind the company will sign.

ARTICLE 13 – DELEGATION OF AUTHORITIES AND APPOINTMENT OF MANAGERS

The Board of Directors, in accordance with Article 367 of Turkish Commercial Code, is authorized, in whole or in part to delegate the management to one or more Board of Directors members or a third person pursuant to Internal Guidelines prepared by itself excluding the duties and authorities which are defined under Article 375 of the Turkish Commercial Code and which cannot be delegated . In addition, the Board of Directors may delegate its authority to represent the Company to one or more executive directors or to a third person as a director.

The General Manager is the head of the execution. He performs his duties in such capacity in accordance with the instructions given by the Board of Directors or General Assembly, and within the scope and authority granted by the Board of Directors or General Assembly. He reports to the Board in respect of his executive act.

ARTICLE 14 - AUDITORS AND THEIR DUTIES

This article was removed from the text.

CURRENT VERSION	AMENDED VERSION
The auditors shall be elected for a period of maximum three years. The auditors may be re-elected. The auditors are responsible for fulfilling the tasks stated in Articles 353 to 357 of the Turkish Commercial Code.	
ARTICLE 15 – DIRECTORS AND AUDITORS FEE	**ARTICLE 15 – REMUNERATION OF BOARD OF DIRECTORS'**
The General Assembly determines the fee to be paid to the members of the Board of Management and to the Auditors.	The remuneration of the Board of Directors shall be determined by the **General Assembly.**
ARTICLE 16 – INDEPENDENT AUDITOR	**ARTICLE 16 – AUDIT**
In addition to the auditors, the Board of Directors shall elect one of the international auditing firms incorporated in Turkey and acceptable to the Capital Market Board as an Independent Auditor for the yearly auditing of the Company's commercial book and records. The provisions of Capital Market Board regarding the approval of independent auditor and principals of independent auditing shall be applied.	**Relevant provisions of Turkish Commercial Code and capital market legislation shall be applicable with regard to audit of the Company.**
ARTICLE 17 – GENERAL ASSEMBLY	**ARTICLE 17 – GENERAL ASSEMBLY**
The below issues shall be applied for the General Assembly: 1. Convening: The meeting of the General Assembly shall convene either for ordinary or extraordinary meetings. The convening for the meetings shall be made in accordance with the provisions of the Turkish Commercial Code and Capital Market Law. The General Assembly may convene without invitation in accordance with Article 370 of the Turkish Commercial Code.	The followings shall be applied to General Assembly meetings: 1. Convening: The meeting of the General Assembly shall convene either as ordinary or extraordinary meetings. **In these meetings the agenda items, prepared by the Board of Directors, shall be discussed and resolved within the scope of the relevant provisions of the Turkish Commercial Code. The extraordinary meetings of the General Assembly shall convene and resolve as deemed necessary by the Company's business.** The convening for the meetings shall be made in accordance with the respective provisions of the Turkish Commercial Code and Capital Market Law. **The General Assembly meeting procedures are regulated under the Internal Guidelines. General Assembly meetings shall be conducted in accordance with the related provisions of the Turkish Commercial Code and the Internal Guidelines.** 2. Attending the General Assembly meeting by Electronical Means: **Right holders, who have a right to attend the general assembly meetings, can attend such meetings by electronic means pursuant to article 1527 of the Turkish Commercial Code. Pursuant to the Communiqué on Electronic Meetings Held in Companies Other Than General Meetings of the Joint Stock Companies, the Company shall procure the right holders to attend, to deliver an opinion and to vote by electronical means, either setting up the electronic general assembly system; or purchase related services from the system providers that are spesifically found for such purposes. Pursuant to this provision of**

CURRENT VERSION

2. Date: Ordinary meetings of General Assembly shall convene once a year and within the three months following the end of Company's fiscal year, the Extraordinary meetings of the General Assembly shall convene whenever necessitated by the affairs of the Company.

3. Voting Rights and Appointing Proxy: In Ordinary or Extraordinary meetings of the General Assembly, shareholders or their proxies shall have one vote per share. In General Assembly meetings, shareholders may have themselves represented through a proxy who may be a shareholder or a non-shareholder. Proxies who are also shareholders of the Company are authorised to vote both for themselves and on behalf of the shareholders being represented by such proxies.

Regulations of the Capital Market Board relating to proxy votes on behalf of the shareholders shall apply.

4. Voting Method: Votes are cast in General Assembly meetings by the raising of hands. However, votes shall be cast by secret ballot upon the request of the shareholders representing one tenth of the shares represented in a meeting. The related provisions of the Capital Market Board shall apply.

5. Presidency of the General Assembly: President of the General Assembly meetings shall be the chairman of the Board of Directors, in his absence, the deputy chairman or in the absence of both, one of the members of the Board of Directors. The secretary of the General Assembly may be elected from among the shareholders or non-shareholders.

6. Meetings and Decision Making Quorum: At meetings of the General Assembly, the items specified in Article 369 of the Turkish Commercial Code shall be discussed and resolved. Save as higher quorums are provided for in the Turkish Commercial Code, meeting quorum at the General Assembly requires the presence of at least 51% of shareholders represented by themselves or proxies and save as higher quorums are provided for in the Turkish Commercial Code decision making quorum requires the majority of the affirmative of shareholders present at the meeting.

However, the decisions regarding the amendments to the Articles of Association of the Company excluding the increase in the ceiling of the authorized share capital requires the presence of shareholders holding the 2/3 of the share capital and affirmative votes of 2/3 of the shareholders represented in the meeting.

AMENDED VERSION

the articles of association of the Company, right holders and their representatives shall be procured to enjoy their rights, as stipulated under the aforementioned Communiqué.

3. Date: Ordinary meetings of General Assembly shall convene once a year and within the three months following the end of Company's fiscal year; the extraordinary meetings of the General Assembly shall convene whenever necessitated by the affairs of the Company.

4. Voting Rights and Appointing Proxy: **Right holders or their representatives attending the General Assembly meeting shall enjoy their voting rights pro rata to the sum of their nominal shares. Each shareholder has one voting right.** In General Assembly meetings, shareholders may have themselves represented through a proxy who may be a shareholder or a non-shareholder. Proxies who are also **shareholders** of the Company are authorized to vote both for themselves and on behalf of the shareholders being represented by such proxies.

Regulations of the Capital Market Board relating to proxy votes on behalf of the shareholders shall apply.

5. Voting Method: Votes are cast in General Assembly meetings by raising of hands. However, votes shall be cast by secret ballot upon the request of the shareholders representing one tenth of the shares represented in a meeting. The related provisions of the Capital Market Board shall apply.

6. Presiding Committee of the General Assembly: President of the General Assembly meetings shall be the Chairman of the Board of Directors, in his absence, the Vice-Chairman; or in the absence of both, President of the General Assembly shall be elected from among the shareholders or non-shareholders.

7. Meetings and Decision Quorum: Save as higher quorums are provided for in the Turkish Commercial Code **and the Capital Markets Law,** meeting quorum at the General Assembly requires the presence of at least 51% of shareholders represented by themselves or proxies and save as higher quorums are provided for in the Turkish Commercial Code and **the Capital Markets Law,** decision quorum requires the majority of the affirmative votes of shareholders present at the meeting.

As an exception to the above-mentioned rule, and save as higher quorums are provided for in the Turkish Commercial Code and the Capital Markets Law, the decisions regarding the amendments to the Articles of Association of the Company excluding the increase in the ceiling of the authorized share capital requires the presence of shareholders holding the 2/3 of the share capital and affirmative votes of 2/3 of the shareholders represented in the meeting.

CURRENT VERSION

7. Place of Meeting: General Assembly meetings shall convene at the Company's headquarters or upon the decision Board of Directors at another suitable place of the city where the headquarters of the Company is located.

ARTICLE 18 – PRESENCE OF A COMMISSIONER AT THE MEETINGS

The presence of T.R. Ministry of Industry and Commerce Commissioner is necessary at both ordinary and extraordinary General Assembly meetings. The commissioner has to sign the meeting reports. General Assembly meeting decisions taken in the absence of the commissioner and reports which do not bear the commissioner's signature shall not be valid.

ARTICLE 19 - ANNOUNCEMENTS AND ANNUAL REPORTS OF THE COMPANY

Announcements concerning the Company shall be made in the newspaper published at the city where the Headquarters of the Company are located at least 15 days in advance provided that the provisions of Article 37/4 of the Turkish Commercial Code are reserved. If there is no newspaper published at the place where the Headquarters are located, then the announcement shall be made in the newspaper published at the closest place to the Headquarters.

However, announcements regarding the invitation of the General Assembly, in accordance with Article 368 of the Turkish Commercial Code, excluding the dates of announcement and invitation shall be made two weeks in advance and the date of the meeting shall be notified to the shareholders via registered mail.

Provisions of Articles 397 and 438 of the Turkish Commercial Code shall be applicable to the announcements regarding the share capital decrease and liquidation of the Company.

Any other announcement and information responsibilities pursuant to the Capital Market legislation and the Turkish Commercial Code are reserved.

Financial tables and reports and also independent audit reports required by the Capital Market Board shall be disclosed to the public and delivered to the Capital Market Board in accordance with the provisions and principles of the Board of Directors.

ARTICLE 21 - DETERMINATION AND DISTRIBUTION OF THE PROFIT

If any, the net profit drawn up in the annual budget after the deduction of all expenses and depreciation sums, reserves and taxes needed to be paid by or charged to the Company, from the revenues of the Company as determined by the end of the accounting term and after the deduction of the previous years loss, shall be distributed in accordance with the Capital Market Law and communiqués of the Capital Market Board as follows:

AMENDED VERSION

8. Place of Meeting: General Assembly meetings shall convene at the Company's headquarters or upon the decision of the Board of Directors at another suitable place of the city where the headquarters of the Company is located.

ARTICLE 18 – PRESENCE OF A MINISTRY REPRESENTATIVE AT THE MEETINGS

The presence of T.R. Ministry of **Customs** and Commerce **Representative** is necessary at both ordinary and extraordinary General Assembly meetings. The **Ministry Representative** shall sign the meeting minutes. General Assembly meeting decisions taken in the absence of a **Ministry Representative** and minutes which do not bear the Ministry Representative's signature shall not be valid.

ARTICLE 19 - ANNOUNCEMENTS AND ANNUAL REPORTS

Announcements with regard to the Company shall be made in accordance with provisions of Turkish Commercial Code, Capital Markets Board regulations and relevant legislation.

The announcement period requirements, with regard to announcements of the General Assemblies, provided by the applicable Turkish Commercial Code, capital market legislations and the Capital Markets Board's Corporate Governance Principless shall be complied with. The announcement of the General Assembly meeting shall be notified to the shareholders minimum three weeks before the date of General Assembly meeting, in addition to the means provided in the legislation, via any means of communication including electronic communication that ensure attendance of maximum number of shareholders.

The Board of Directors' activity report and independent audit report together with annual balance sheets and profit-loss statements, and copies of each minutes of the general assembly meetings and list of attendees; shall be provided at least within one month, prior to the date of the general assembly meeting, with the Ministry of Customs and Commerce or the attending Ministry Representative.

Financial tables and reports required by the Capital Market Board and independent audit report, shall be disclosed to the public according to rules and procedures set forth by Turkish Commercial Code and Capital Markets Board.

ARTICLE 21 - DETERMINATION AND DISTRIBUTION OF THE PROFIT

If any, the net profit drawn up in the annual budget after the deduction of all expenses and depreciation sums, reserves and taxes needed to be paid by or charged to the Company, from the revenues of the Company as determined by the end of the accounting term and after the deduction of the previous years' loss if any, shall be distributed respectively as follows:

CURRENT VERSION

a) 5% statutory reserve fund shall be set aside as the first statutory reserve fund.

b) The first dividend shall be set aside from the remaining amount in the ratio determined by the Capital Market Board.

c) Amount of the net profit remaining after the deduction of the amounts stated in (a) and (b) may be distributed partially or fully as second dividend or set aside as extraordinary statutory reserve fund as per the General Assembly resolutions. The General Assembly may set aside an amount as profit share for the members of the Board of Directors, officers, employees and workers and foundations constituted for various purposes and this kind of real or legal persons.

d) It may not be resolved that any other reserve funds be set aside or left for the following year unless reserve funds and first dividend stated in the Articles of Association for the shareholders are set aside in compliance with the legislation and it may not be resolved that the profit be distributed to the members of the Board of Directors, officers and employees and foundations constituted for various purposes and this kind of real or legal persons unless first dividend is distributed.

e) The dividend can be distributed to all the shares that exist as of the accounting period, irregardless of their issue or enforcement dates.

Article 466/2(3) of the Turkish Commercial Code is reserved.

AMENDED VERSION

General Statutory Reserve Fund:

a) 5% shall be set aside as the statutory reserve fund.

First Dividend:

b) Profit share shall be set aside from the remaining amount calculated by adding the amount of donation if made within a year, over the ratio set by General assembly in line with the dividend distribution policy of the Company according to Turkish Commercial Code and capital market legislation.

c) Following the deduction of the above amounts the General Assembly has the right to distribute dividend to the Board of Directors members, employees of the Company, foundations and real and legal persons apart from the shareholders.

Second Dividend:

d) The General Assembly is entitled to distribute, partially or fully, the amount of the net profit remaining after the deduction of the amounts stated in (a), (b) and (c) or to set aside this amount as a reserve fund voluntarily according to Article 521 of Turkish Commercial Code.

e) 10% of the amount, which were calculated by the deduction of profit share in the amount of %5 of the capital from the portion which were decided to be distributed to shareholders and other persons who participate the profit, shall be added to general statutory reserve fund according to 2nd paragraph of Article 519 of Turkish Commercial Code.

Unless statutory legal reserves and dividend portion which is determined to be distributed to the shareholders by the articles of association or dividend distribution policy of the company are set aside the Company shall not decide to reserve any other funds, to carry out profit to the next year, to distribute dividend for the members of the Board of Directors, employees of the Company, foundations and real or legal persons apart from shareholders and unless the dividend determined to be distributed to the shareholders is paid in cash, any portion of the dividedn cannot be distributed to these persons.

Dividend shall be distributed equally to all current shares as of the date of distribution regardless their issuance and acquisition dates.

The procedures and date of dividend distribution shall be decided by General Assembly upon Board of Directors' proposal.

Resolution of General Assembly regarding distribution of dividend which was taken pursuant to this Article of Association cannot not be revoked.

CURRENT VERSION

AMENDED VERSION

The Company is entitled to decide to distribute advance dividend in accordance with the conditions established by the capital market legislation and other related legislation.

ARTICLE 24 - LEGAL PROVISIONS

The provisions of the Turkish Commercial Code, the Capital Market Law and related legislations shall be applicable to matters not covered by the Articles of Association.

ARTICLE 24 - LEGAL PROVISIONS

This Article was removed from the text.

ARTICLE 25 - BONDS AND OTHER SECURITIES

The Company may issue bonds and any other debt securities bearing the features of capital market securities which the Board of Directors may be authorized to issue, in order to sell them to individuals or legal entities, in Turkey or abroad in accordance with the Turkish Commercial Code, the Capital Market Law and any other related legislation via resolutions of Board of Directors.

The Company may also issue convertible bonds as per resolutions of Board of Directors in compliance with the regulations of the Capital Market Board.

ARTICLE 25 - BONDS AND OTHER SECURITIES

The Company shall be entitled to issue bonds and other capital market instruments by way of a Board of Directors' resolution, in accordance with the provisions of the Turkish Commercial Code and capital market legislation.

ARTICLE 26 - COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Compliance with the Capital Market Board's mandatory Corporate Governance Principles shall be ensured. Transactions and Board of Directors' decisions in violation of the mandatory Corporate Governance Principles shall be deemed to be in violation of the articles of association, and invalid.

With regard to the transactions deemed material within the context of implementation of Corporate Governance Principles, and related party transactions of the Company as well as for the transactions with respect to giving guarantee, pledge and mortgage in favor of the third parties, Corporate Governance regulations of Capital Market Board shall be complied with.

The number and qualifications of independent board members who will be appointed to the Board of Directors shall be determined in accordance with the regulations in the Corporate Governance Principles of Capital Market Board

January 29, 2016
Turkcell Finansman A.Ş.'s Operations Approval

Turkcell Finansman A.Ş. got approval for its operations from Banking Regulation and Supervision Agency in accordance with respective legislations. The decision has been published in official gazette today.

Pursuant to our announcement on 27.08.2015, the capital of Turkcell Finansman A.Ş. will be increased to TRY 500,000,000 by our Company.

Date of the Board of Directors' decision regarding the acquisition	:	25.08.2015
Name of the acquired financial asset	:	Turkcell Finansman A.Ş.
Field of activity of the acquired financial asset	:	Financing purchases of goods and services
Capital of the acquired financial asset	:	TRY 70,000,000
The acquisition method for financial asset	:	Incorporation
Any obligation of a tender offer	:	No
In case of a tender offer, any application of an exemption	:	No
Is there any valuation report?	:	No
If there is not any valuation report, why?	:	Not required.

February 11, 2016
Change in Management

Burak Sevilengül, who joined our Company in 2001, and who has served as the Executive Vice President of Marketing Function, decided to resign as of February 29, 2016. We thank him for his valuable contributions to the Company over past years, and wish him every success in his future career.

February 18, 2016
The Sale and Leaseback Transactions of lifecell's Towers

Our Board of Directors has decided to carry out sale and leaseback transactions with respect to 811 towers of LLC lifecell ("lifecell"), a subsidiary of our Company located in Ukraine, with Ukrtower LLC ("Ukrtower"), also a subsidiary of our Company located in Ukraine, in return for a minimum amount of USD 52 million plus taxes. In this respect, the decision has also been made on a capital increase for Ukrtower through increasing the capital of our Company's other 100% owned subsidiary, Turktell Bilişim Servisleri A.Ş. by a minimum of the aforementioned amount.

February 18, 2016

The Board of Directors' Resolution on Annual General Assembly

The Turkcell Board of Directors has decided:

- to call the Annual General Assembly Meeting of our Company pertaining to the year of 2015 to convene on March 29, 2016 at 10.00 am at the address of "Aydınevler Mahallesi, İnönü Caddesi, No:20/36, C Blok Conference Hall, Küçükyalı Ofispark, 34854, Maltepe/İstanbul" and to discuss the attached agenda; and
- to submit the Share Buyback Plan as attached hereto, and the authorization to be granted to the Board of Directors for carrying out the share buyback in line with the attached plan, within the scope of the Communiqué on Buy-backed Shares (numbered II-22.1), for the approval of the shareholders at the Ordinary General Assembly for 2015.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş. AGENDA OF THE ANNUAL GENERAL ASSEMBLY MEETING OF THE 2015

1- Opening and election of the Presidency Board;

2- Authorizing the Presidency Board to sign the minutes of the meeting;

3- Reading the Annual Report of the Board of Directors relating to fiscal year 2015;

4- Reading the summary of the Independent Audit Firm's report relating to fiscal year 2015;

5- Reading, discussion and approval of the Turkish Commercial Code and Capital Markets Board Balance Sheets and Profits/Loss statements relating to fiscal year 2015;

6- Release of the Board members individually from the activities and operations of the Company pertaining to the year 2015;

7- Discussion of and decision on Board of Directors' proposal on Company's Donation Policy; submitting the same to the approval of shareholders;

8- Informing the General Assembly on the donation and contributions made in 2015; discussion of and decision on Board of Directors' proposal concerning determination of donation limit to be made in 2016, starting from the fiscal year 2016;

9- Subject to the approval of the Ministry of Customs and Trade and Capital Markets Board; discussion of and decision on the amendment of Articles 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 24, 25 and 26 of the Articles of Association of the Company;

10- Election of new Board Members in accordance with related legislation and determination of the newly elected Board members' term of office if there will be any new election;

11- Determination of the remuneration of the Board of Directors members;

12- Discussion of and approval of the election of the independent audit firm appointed by the Board of Directors pursuant to Turkish Commercial Code and the Capital Markets Legislation for auditing of the accounts and financials of the year 2016;

13- Discussion of and decision on Board of Directors' proposal on share buyback plan and authorizing the Board of Directors for carrying out share buyback in line with the mentioned plan, within the scope of the Communiqué on Buy-backed Shares (numbered II-22.1);

14- Decision permitting the Board Members to, directly or on behalf of others, be active in areas falling within or outside the scope of the Company's operations and to participate in companies operating in the same business and to perform other acts in compliance with Articles 395 and 396 of the Turkish Commercial Code;

15- Discussion of and decision on the distribution of dividend for the year 2015 and determination of the dividend distribution date;

16- Informing the shareholders regarding the guarantees, pledges and mortgages provided by the Company to third parties or the derived income thereof, in accordance with the Capital Markets Board regulations;

17- Closing.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş. SHARE BUYBACK PROGRAM

The Purpose of Share Buyback Program

The purpose of our Company's buyback program is to buy back its own shares on Borsa İstanbul A.Ş. within the framework of employee share ownership plans for Turkcell's or its consolidated subsidiaries' employees with the approval of General Assembly.

Duration of Share Buyback Program

5 (five) years within the framework of employee share ownership plans for Turkcell's or its consolidated subsidiaries' employees.

Maximum Number of Shares to be Bought Back

It is foreseen to buy back shares, in conformity with relevant legislation and within the limits of the total funds allocated as stated below, up to 10% of the Company's paid-in capital of TRY 2,200,000,000 (two billion two hundred million Turkish Lira). In case of a change in the legislation or increase in the paid-in capital, the transactions shall be made in line with the changes.

The program will be completed once the maximum amount of shares subject to buyback are purchased.

Total Amount and Source of the Funds Allocated for Share Buyback

TRY 200,000,000 (two hundred million Turkish Lira) has been allocated for share buyback coming from the company's resources and cash flow from its operations.

The nominal value of the bought back shares cannot exceed 10% of the paid-in capital. Bought back shares sold during the program are not included in the calculation of this ratio as a reduction item. The total value of the shares bought back cannot exceed the total of the funds that can be distributed as dividends.

Lower and Upper Price Limits for the Share Buyback

The lower price limit is TRY 0 (zero Turkish Lira) and the upper price limit is TRY 15 (fifteen Turkish Lira) for the share buyback.

Authority Duration and Transaction Procedure requested from the General Assembly

The Company's Board of Directors has been authorized for a period of 5 years. Board of Directors is authorized not to start buyback transactions or to end the program at any time based on the capital market conditions or the Company's financial position. Within the authorization period, Board of Directors can carry out one or more buyback programs.

Board of Directors is authorized for the transactions, in accordance with the legislation, of share buyback, disposal of the purchased shares and carry out related transactions in line with the purpose of the buyback program for 5 years following the authorization.

Board of Directors may hold one or more buyback programs within the framework of conditions set forth in this buyback program during the authorization period.

Authorization for Purchases

Board of Directors, who is authorized by the General Assembly, may delegate its authorization to natural persons or legal entities to be designated by itself.

Potential impacts of buy-back program on the Company's financial position and results of its activities

Total fund set aside for buyback is TRY 200,000,000 (two hundred million Turkish Lira) which corresponds to 0.8% of the total assets in the consolidated financial statements as of the end of December 31, 2015. In this regard, we do not expect any material impact on the Company's financial position and operational results of its activities as a result of this buyback program.

Information on subsidiaries, if any, which may acquire shares under the program

None.

Minimum, Maximum and Weighted Average Share Price Information in the last year*

For the year ended December 31, 2015;
Minimum share price: TRY 9.90
Maximum share price: TRY 13.55
Weighted average share price: TRY 11.71

Minimum, Maximum and Weighted Average Share Price Information in the last 3 months*

For the three months ended February 18, 2016;
Minimum share price: TRY 9.42
Maximum share price: TRY 12.20
Weighted average share price: TRY 10.53

Benefits to be obtained by related parties, if any

None.

February 26, 2016
Providing a Binding Offer for Fintur

Turkcell Board of Directors decided to submit a binding offer for the remaining 58.55% stake of Sonera Holding B.V. (TeliaSonera) in Fintur Holdings B.V.** (Fintur) and TeliaSonera's 24% direct stake in Kcell JSC operating in Kazakhstan. Fintur is currently 58.55% owned by TeliaSonera and 41.45% by Turkcell.

**Share prices are adjusted. Weighted average share price is the average of daily weighted average share prices during the related period.*
*** Fintur companies operate in Kazakhstan, Azerbaijan, Moldova and Georgia.*

2015 FINANCIAL YEAR CORPORATE GOVERNANCE COMPLIANCE REPORT

The 2015 Corporate Governance Compliance Report of Turkcell İletişim Hizmetleri A.Ş (the "Company") has been prepared in accordance with the format disclosed in the Capital Markets Board Bulletin no. 2014/02, dated January 27, 2014.

SECTION 1- CORPORATE GOVERNANCE COMPLIANCE STATEMENT

We have begun to implement Corporate Governance mechanisms in parallel with the Corporate Governance efforts we launched in tandem with the Company's IPO and accelerated in 2003 by establishing an Investor Relations Department. This step was based on the belief that maintaining high standards of corporate governance is crucial to the perpetuation of successful business practices and the generation of long-term economic value for the Company's shareholders.

Regarding principle no. 1.6.1 of the corporate governance principles specified in the annex of the Corporate Governance Communiqué ("Communiqué") No. II-17.1 on the Corporate Governance of the Capital Markets Board (CMB) in effect during the financial year of 2015, the Dividend Distribution Policy of the Company, which has been adopted by our Company's Board of Directors under its resolution no.1104, dated February 18, 2014 and has been disclosed to the public, was submitted to the first ordinary General Shareholders' Meeting held on March 26, 2015 for approval within the framework of Article 19 of the Capital Markets Law (CML) and the Dividends Communiqué provisions of the CMB. On the other hand, non mandatory principles which do not necessarily have to be applied with regard to the Company have been substantially adopted by the Company. Regarding principle no.1.3.11, the General Shareholders' Meetings of the Company are held in a manner closed to the media and the results thereof are immediately made public.

With corporate governance principles being adopted and applied in our Company, amendments to the Articles of Association which are mandatory based on conformity to the principles were submitted to the first ordinary General Shareholders' Meeting held on 26 March 2015 for approval through being bound to the decision of the Board of Directors and receiving the appropriate opinion of the CMB and the permission of the Ministry of Customs and Trade; however, they could not be finalised as a sufficient quorum was not reached. In the following General Shareholders' Meeting, amendments to the Articles of Association were also aimed. On the other hand, the process regarding the election of independent members could not be initiated due to conflicts continuing between the controlling shareholders of the Company and brought before the court , and the election of other members of the Board of Directors and the determination of the office term, which were on the agenda at the General Shareholders' Meeting held on March 26, 2015 could not be put to a vote as there were no proposed candidates. In this regard, conformity with the principle no.4.3.7 is aimed in the following general shareholders meetings.

SECTION 2 – SHAREHOLDERS

Shareholder Structure (31 December 2015)

SHAREHOLDER	NOMINAL VALUE (TRY)	PERCENTAGE SHARE
Turkcell Holding A.Ş.	1,122,000,000,238	51.00%
Sonera Holding A.Ş.	287,632,179,557	13.07%
Çukurova A.Ş.	995,509,429	0.05%
Free Float	789,372,310,776	35.88%
Total	**2,200,000,000,000**	**100.00%**

2.1 Investor Relations Department

The communication between Turkcell İletişim Hizmetleri A.Ş. and its investors is maintained through the Investor Relations and Business Development Department, reporting to the Deputy General Directorate of Strategy. The duties stipulated in article 11 of the Communiqué are performed by our Company's full-time employees whose contact details are given below.

Investor Relations and Business Development Department Executive: Nihat Narin
Address: Turkcell Küçükyalı Plaza, Aydınevler Mahallesi İnönü Caddesi No:20 B Blok Küçükyalı Ofispark 34854 Maltepe/Istanbul
Phone: +90 (212) 313 18 88
E-mail: nihat.narin@turkcell.com.tr
Licence: Capital Market Activities Advanced Level Licence No: 207872, Corporate Governance Rating Specialist Licence No: 701483

Investor Relations Officer: Müge Tüzmen Orman
Address: Turkcell Küçükyalı Plaza, Aydınevler Mahallesi İnönü Caddesi No:20 B Blok Küçükyalı Ofispark 34854 Maltepe/Istanbul
Phone: +90 (212) 313 18 88
E-mail: muge.tuzmen@turkcell.com.tr
Licence: Capital Market Activities Advanced Level Licence No: 205763

The main activities of the Investor Relations Department in 2015 are briefly summarized as follows:

- The maintenance of the records with respect to the correspondences between the investors and the Company as well as other information and documents has been ensured in a reliable, safe and up-to-date manner and the transactions at Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency) have been coordinated with the Legal Affairs Department.
- The questions addressed to the department and the shareholders' requests for information regarding partnership during the reporting period, excluding those regarding undisclosed information considered as confidential and a trade secret, have been responded in an open and transparent manner either face-to-face or through various communication means in accordance with the disclosure policy of the Company.
- During the reporting period, the ordinary General Shareholders' Meeting was held in cooperation with the related departments and the Legal Affairs Department in accordance with the provisions of the applicable law, Articles of Association and other internal rules and regulations.
- Methods to facilitate the participation of shareholders in the general assembly of shareholders and to strengthen communication during the meeting have been developed; an Investor Package containing documents, of which shareholders can make use, has been created; and the website is regularly updated so that shareholders can have constant and open information.
- The Company's shares performance, and domestic and international comparable Company financial and operational benchmark analyses have been conducted and the outcomes of these studies have also contributed to the Company's communication strategies.
- Documents regarding the issuing of bonds in 2015 were prepared, information concerning a road show in America and Europe was transferred for bond investors, and the important information for the investors to follow was shared on the website.
- In addition to material event disclosures made in accordance with the legislation, the coordination of the communication with the public has been ensured, meetings with investors and analysts have been made, additionally conferences, panels, seminars and road shows have been participated in by paying regard to the fulfilment of obligations arising from the Capital Markets Legislation including any issue related with the corporate governance and the public disclosure.

During 2015, the Investor Relations Department participated in 15 investor conferences (2 domestic and 13 international); held 25 investor meetings at the Company headquarters, and communicated with 460 analysts and investors. Furthermore, said departments also spoke to 53 bond investors at the bond road shows held in America and Europe. Over 1,000 information requests were received during the year via phone or e-mail, all of which were responded to.

The Investor Relations Department regularly provides the Board of Directors with a report regarding the operations which are carried out. Additionally, the strategy plan regarding the Investor Relation pertaining to the next year is presented to the CEO at the end of each year.

2.2 The Use of Shareholders Rights to Obtain Information

The Company's shareholders and stakeholders made many requests for information concerning various subjects throughout 2015. These requests, excluding those concerning undisclosed information considered as confidential and a trade secret, were filed in an open and transparent manner within the shortest time possible in accordance with the disclosure policy of the Company.

The Company launched its website (www.turkcell.com.tr) in 1996 and began to provide its shareholders, both local and foreign, with information foreseen for the website within the CMB's Corporate Governance Principles in both Turkish and English, under the Investor Relations section of the website allowing them to exercise their right to information. Updating and monitoring information posted on the Company's website was carried out under the responsibility of the Investor Relations and Business Development Department.

As per the regulations, the disclosures filed to the Public Disclosure Platform (KAP) were also provided to those registered in the Company's database by e-mail, social media and smartphone application, both in Turkish and in English.

During the year, no information or disclosures which could influence the exercising of shareholding rights were published on the website of the Company.

The appointment of a special auditor has not been separately included in the Company's Articles of Association since this is a right extended to the minority shareholders by law. During the period, no requests for the appointment of a special auditor were submitted.

2.3 General Shareholders' Meetings

Pursuant to Article 410 of Turkish Commercial Law, the Company Ordinary General Meetings of 2010, 2011, 2012, 2013 and 2014 were held at the head office at the following address: Turkcell Plaza Meşrutiyet Cad. No: 71 Tepebaşı Beyoğlu, Istanbul on 26 March 2015 upon the invitation of the Board of Directors.

The convocation pertaining to the General Shareholders' Meeting dated March 26, 2015 was made in a timely manner by publishing the same in the Turkish Trade Registry Journal Issue No. 8768, dated February 27, 2015 and Dünya Newspaper dated February 27, 2015 and Güneş Newspaper dated February 27, 2015 announcing it on the Electronic General Assembly System (EGKS) and on the Company's website at www.turkcell.com.tr and on the Public Disclosure Platform as well as notifying the same to the holders of the registered shares through registered letters with a return receipt so as to contain the agenda and the date of the meeting, the Capital Markets Board Corporate Governance Principles and the Articles of Association and furthermore, the shareholders were provided with access to all kinds of information including the annual report and the financial statements related to the General Shareholders' Meeting including the announcement thereof on the website of the Company and the same was made available in hard copy at the Company's registered office for the examination of shareholders within the scope of the Corporate Governance Principle no 1.3.1. At the same time, invitations were also issued for the shareholders abroad. The General Shareholders' Meeting convened in a manner closed to the media.

The agenda of the General Shareholders' Meeting included the items of approving the balance and profit and loss account regarding the activities in 2010, 2011, 2012, 2013 and 2014; discussing and resolving the acquittals of the members of the Board of Directors and statutory auditors as of the terms they are assigned and determining the date of the profit distribution; approving the amendments to the Company's Articles of Association drawn up for the purpose of compliance with new Turkish Commercial Code No.6102 and Capital Markets Law No.6362 containing the appropriate views of the CMB and permission of the Ministry; approving the Internal Directive on Working Principles of General Shareholders' Meetings; electing new board members and determining their duty periods; electing independent auditors for 2015; discussing and approving the "Company Dividend Distribution Policy" within the Corporate Governance Principle; informing the Shareholders about the "Compensation Policy" for the Members of the Board of Directors and the Senior Executives as per the Corporate Governance Principles; providing information about the donations and the aids granted in 2011, 2012, 2013 and 2014; discussion of and decision on Board of Directors' proposal concerning determination of donation limit to be made in 2015, starting from the fiscal year 2015; granting permission to the Company' members of the Board of Directors as per the provisions of Articles 395 and 396 of the Turkish Code of Commerce; providing the shareholders with the information about securities, pledges and mortgages provided in favour of third parties as well as incomes or benefits acquired by the Company under the regulations of the Capital Markets Board.

2.4 Voting Rights and Minority Rights

Pursuant to the Articles of Association of the Company, there is no concession regarding the voting right for any group or shareholder.

The minority shareholders and beneficiaries are not represented in the Board of Directors and the rate stated in the Turkish Commercial Law and Capital Markets Law provisions concerning minority rights are applied.

However, three independent board members serve to equally represent all shareholders, particularly minority shareholders, and benefit holders.

The Company has no mutual shareholding relation with its affiliates and subsidiaries and thus, no situation which would require voting rights stemming from such a relationship to be frozen at the General Shareholders' Meeting has taken place as of December 31, 2015.

2.5. Right to Dividend

The Articles of Association do not grant any privileges regarding participation in the Company's profits. Each share is entitled to an equal dividend.

The Dividend Distribution Policy of the Company approved under the Board of Directors' resolution dated May 13, 2013 and revised pursuant to the Capital Markets legislation and adopted under the Board of Directors' resolution no. 1104 dated February 18, 2014 to be submitted to the General Shareholders' Meeting for approval was announced to the public and has been approved by the General Assembly.

Each year, the annual report includes the dividend distribution policy and information regarding dividend distribution as required by the legislation.

The distribution of dividend pertaining to 2010, 2011, 2012, 2013 and 2014 was resolved at the Ordinary General Shareholders' Meeting held on March 26, 2015 and a decision was made to distribute the net distributable profit for the period within the Company's financial statements which were published considering the Company's cash position and requirements in the following sums after the contingency reserves which have to be allocated as per the mandatory provisions of the Company's Articles of Association, Turkish Commercial Code No. 6102 and Capital Markets Law No. 6362 have been allocated for each financial year in the agenda, and another decision was made to distribute the following sums to the shareholders by April 6, 2015 at the latest.

2010	TRY 753,000,000
2011	TRY 503,000,000
2012	TRY 885,000,000
2013	TRY 990,000,000
2014	TRY 794,000,000

The dividend distribution policy of the Company has been announced on the Company's website and submitted to the KAP after having been approved by the Board of Directors. This policy states that by taking into consideration the operational performance, financial status of the Company and further developments in other factors, and subject to the Company's cash projections, business outlook, investment plans and capital market conditions, approval of and amendments by Board of Directors and the General Assembly and pursuant to the applicable legislation in Turkey, the dividend payout in cash shall not be less than 50% of the Company's distributable net income.

2.6. Transfer of Shares

While there is no limitation in the Articles of Association of our Company with respect to the transfer of shares, the provisional article 4, clause 1, paragraph c, phrase 4 of the Authorizing Regulations Relating to the Electronic Communication Sector to which we are subject to states that the written approval of the Information and Communication Technologies Authority is required for "share transfers, acquisitions and movements resulting in a change of control".

SECTION 3 – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

Turkcell's corporate website (www.turkcell.com.tr) was launched in 1996 in order to provide shareholders, stakeholders and the general public with information in an open, clear and timely manner. Turkcell has disclosed the Communiqué on Corporate Governance Principles as well as resolutions and announcements concerning the implementation of these principles published by the Capital Markets Board on the Company's corporate website under the Investor Relations section (http://www.turkcell.com.tr/en/aboutus/investor-relations) and regularly provides updates. The website content is also provided in English. The Company website additionally includes matters specified in the corporate governance principles.

3.2. Annual Report

The 2015 Annual Report was prepared by paying regard to the Turkish Commercial Code and its related legislation, as well as the Capital Markets legislation, and corporate governance principles within this scope.

SECTION 4 – STAKEHOLDERS

4.1 Stakeholder Communication

Turkcell informs its stakeholders by organizing pre-scheduled and regular meetings such as employee communication meetings, platforms where the employees can communicate their ideas and provide their suggestions, supplier events for the members of the supply chain, business partner events for the partner companies of Turkcell for providing value-added services and dealership meetings. Information is shared at periodic meetings, and/or through e-mail and intranet system.

The Company has set policies and procedures to inform its employees and stakeholders.

It is possible for Turkcell customers to reach the Company for their questions through various communication channels. Questions can be communicated in writing or verbally through Turkcell Customer Services Call Centres and Video Customer Services at 532 or 5325320000, over Turkcell Service accounts on social media, complaint sites or via government institutions and organizations. Although the Company receives questions or complaints through various channels, these are directed to one centre which handles and resolves them as necessary. The Company has established a necessary infrastructure for transferring complaints through relative channels and this infrastructure is continuously updated.

4.2. Participation of Stakeholders in Management

There is no special arrangement concerning the participation of stakeholders in management; however, when required, stakeholders (themselves)/senior managers are invited to participate in Board of Directors meetings in order to provide information. Shareholders and other stakeholders are represented by independent members with seats at the Board of Directors.

4.3. Human Resources Policy

The main principles of our Company's Human Resources Policy are to provide high ethical standards determined by Turkcell Common Values and Business Ethic Rules by adopting the responsibilities of the employees against society, the market, the Company and each other.

Human Resources (HR) processes within the Company are developed by an Organisational Development team reporting to the Deputy General Directorate of Business Support, and the Turkcell Employee Relations Management Department executes these processes.

The duty and the authority of conducting employee relations have been assigned to Seyfettin Sağlam, the Executive Vice President of Business Support. The main tasks of the said individuals are to secure employee commitment, and to enhance organizational efficiency, to design all HR strategies, policies and implementations and to ensure their implementation in accordance with our strategic priorities.

Written procedures and guidelines concerning all Human Resources processes (recruitment, career movements, performance and talent management, human resource planning, compensation and benefits, organizational development and process improvements, internal communication) are available and these documents are kept in a portal that is accessible by all employees. Furthermore, employees are informed about these subjects on a regular basis via internal postings and e-mail.

In Recruitment, Training & Development, Performance and Talent Management, Career Management, Compensation and other human resources processes, all employees are treated equally in accordance with the equal opportunities policy without any discrimination of ethnicity, language, religion, race or gender.

In 2015, the Company had not received any complaints of discrimination from its employees.

Job descriptions, performance and rewarding criteria were determined with the internal guidelines of the Company and these documents are kept in a portal that is accessible by all employees.

4.4. Code of Ethics and Social Responsibility

Code of Ethics

The Company's Code of Ethics has been regulated by Turkcell's internal directives of Common Values and Business Ethics Rules. Turkcell's Business Ethics Rules are in unity with Turkcell's policies, values and principles, and all employees including the senior management are requested to comply with them.

Each employee of Turkcell is obliged to notify the cases and the allegations which may constitute a contradiction with the rules and the regulations set forth in Turkcell's Common Values and Business Ethics Rules Handbook or which cause reasonable doubt or concern for constituting such a contradiction to Turkcell's Ethics Committee through suitable notification channels. Being a part of the stakeholders, the employees may directly inform the Audit Committee or indirectly inform them via internal forms on the intranet, or by telephone, or e-mail the Ethics Committee regarding transactions that are contrary to the legislation and are unethical. On the other hand, the transactions of other stakeholders such as customers and suppliers which are contrary to the legislation and are unethical are conveyed to the Ethics Committee or the Audit Committee by way of notification and complaint.

In general, the Code of Ethics is posted on the Company's corporate website, under the Investor Relations section under the Corporate Governance heading. These codes of ethic are complementary to other related policies, codes of conduct, and guides that have already been published or shall be published by the Company. Training programmes and notifications are provided to employees through various channels during the year in order to increase their awareness and acknowledgement with respect to the Common Values and Business Ethics Rules.

Ongoing and new social responsibility projects of the Company in 2015 are listed below.

Contribution to Education

- **Snowdrops**

The Snowdrops Project which was recognized globally by the United Nations in March 2010 as an "exemplary" scheme marked its 15th anniversary. Following the completion of their high school and university education, thousands of our Snowdrops have embarked upon their careers. To date, we have provided over 100 thousand scholarships to 30 thousand girls and we continue to support students, including those with disabilities, for their high-school and university education as part of the project.

- **People Without Boundaries**

We employ 500 disabled citizens at Turkcell Group and Turkcell Call Centers. 50% of our employees at Turkcell Global Bilgi Van-Erciş Call Centers are disabled.

We support the development of disabled students towards education and employment to increase the competencies of disabled children with special education requirements and to enable them to become part of social life with the "Education Without Boundaries Program" under the auspices of the Ministry of Education. As part of this program, we plan to create professional workshops and technology classes in 80 schools where disabled students receive special education. In 2015, we have constructed 10 schools, reaching our target. Our aim is to reach 10 thousand students within 2 years.

We also offer "Turkcell – YGA Visually Impaired Individuals' Leadership Program" to visually impaired students. Twenty five visually impaired students who successfully complete the program, where disabled leaders with the potential to be role models are trained, participate in a Leadership Camp. Ten stars are then selected from among the candidates who are trained for 10 weeks at workshops, receive one-on-one coaching from a role model leader.

With Turkcell's support, the "Dialogue in the Dark" Exhibition, where participants experience the everyday lives of the visually impaired, have enriched its content and also provides employment opportunities to the visually impaired guides.

With the "Turkcell My Dream Companion" service, disabled citizens can listen to the following free of charge: recent news from Turkey and around the world, columns, thousands of books including world classics, personal development guides and fairy tales; information services such as astrology, exchange rates, weather forecasts and Goals on Mobile. The "Audio Description" service, which we have included in this service, is now available through a mobile application for the first time in the world. With "Audio Description", in which the scenes in films without dialogue are described in detail, the visually impaired can watch movies with the same joy as any moviegoer.

Diverse range of courses for the hearing impaired with sign language and subtitles can be reached through "Academy Without Borders" within Turkcell Academy. Turkcell Academy continues to provide "Turkish Sign Language" courses in cooperation with the Federation of the Deaf. Furthermore, visually impaired individuals can learn to use smartphones with iOS-Android courses developed for them.

Through our partnership with the Turkish Football Federation and Turkish Blind Sports Federation since 2013, we continue to be the "Main Sponsor" of The National Blind Football Team and the Name Sponsor of the "Turkcell Those Who See The Sound League," which is a football league for the visually impaired.

Our National Blind Football Team became the European Champions, defeating its rivals in the 2015 European Championship. Furthermore, with this championship the team has qualified to take part in the 2016 Rio Olympics.

- **Developers of the Future**

Through Developers of the Future Project, which we built on our desire to contribute to increasing Turkey's share of the software economy, and our need to ascertain how to create value for the ecosystem two years ago, we facilitate educational, developmental and employment opportunities in informatics young people. Nearly 60 thousand people have benefited from the "gelecegiyazanlar.turkcell.com.tr" platform. To keep the youth up-to-date on developments in the software sector, we held face-to-face meetings with over 6,500 students at 101 universities in 81 cities in Turkey. 11,000 developers were issued certificates of achievement, confirming their readiness to contribute to Turkey's growing potential.

Contribution to Sports

We continue to provide support to the team sports of basketball and football, and to the individual sports of athletics and swimming.

Football and Basketball Sponsorships

We support the National Football Team since 2002 through our sponsorship. Having successfully qualified for Euro 2016, the National Team will represent our country at the European Championship in France in 2016. We will continue to support the National Team until 2019.

This year, we have also added "Official Communications Sponsorship of Spor Toto Super League" to our sponsorships and "Professional Footballers Awards Sponsorship". Our support for football will increasingly continue in 2016.

We continue to support our National Basketball Team, which represented our country at the 2015 European Basketball Championship, as a sponsor since 2002.

We have planned to invest TRY 28 million in the Swimming and Athletics Performance projects under the auspices of the Turkish Ministry of Youth and Sports.

We are active at every stage of the project that aims to train 200,000 qualified athletes, and to attain international success for Turkish sports. Our focus remains on the training of promising national athletes for the 2016 and 2020 Summer Olympics. Moreover, our aim is to create federations with strong corporate structures and sustainable success, and to extend these sports to a wider group of people.

Contribution to Culture and Arts

We have been the Communications and Technology Sponsor of Istanbul Modern, Turkey's first contemporary art gallery, since 2012. We have developed solutions and applications unique to Istanbul Modern, pioneering in Turkey with the first museum application compatible with Beacon.

We have included another support to the culture and arts by becoming the Communications and Technology sponsor of the Sakıp Sabancı Museum in 2014. With our "My Ticket on Mobile" service, we make purchasing tickets easier and provide visitors convenience at museum entrances. For the first time in Turkey, we have designed education programs for families with children of 0-36 months to participate at the museum.

We will continue to support art and culture by integrating our technology into museums in order to improve peoples' lives.

Women Empowerment In The Economy

"Women Empowerment in the Economy Project" was initiated in collaboration with the Turkish Foundation for Waste Reduction (TISVA) to enable women to better contribute to the economy by reducing the gap between equality of payments and opportunities. Having completed its third year of operation in 2015, we have provided microcredit support across 69 provinces to 70,000 women entrepreneurs, keen to become independent contributors to the economy.

Sustainability at Turkcell

As Turkcell, we continue to work to do our duties in the best way possible in environmental, social and corporate management, and to create a better future for all of us.

As a result of our successful operations in energy, in 2014 we were awarded the ISO50001 Energy Management System Standard certificate. By receiving the ISO 14064 – Accounting and Verification of Corporate Greenhouse Gas Emissions document to carry out all our responsibilities regarding greenhouse gas standards with our implementations protecting the environment and enabling efficiency and savings to be made in 2015, we became the first GSM company in Turkey to receive this certification. Our report filed to CDP Turkey for 2014 was presented an award by being one of the top 5 companies to receive the highest points in the Carbon Disclosure Project's Climate Disclosure Leadership Index. Furthermore, we became one of the 29 companies chosen to be in the index in 2015 through meeting the criteria of the Borsa Istanbul's Sustainability Index.

SECTION 5- BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

According to the provisions of the second paragraph of article 17 of the Capital Markets Law No. 6362, Ahmet Akça, Atilla Koç and Mehmet Hilmi Güler have been appointed as the board members under the resolution no. 2013/8 of the CMB dated March 11, 2013 for holding this office until the election of independent board members in place of them duly or until the adoption of a new resolution related thereto by the CMB in order to ensure the fulfilment of the requirement with respect to the election of independent board members among the Corporate Governance Principles pursuant to the second paragraph of article 17 of the Capital Markets Law No. 6362;

Mehmet Bostan and Bekir Pakdemirli have been appointed as the board members under the resolution no. 2013/27 of the CMB dated August 15, 2013 pursuant to the provision of the sub-paragraph (k) of the first paragraph of the article 128 of the Capital Markets Law No. 6362 in place of the board members who have been elected in General Shareholders' Meeting dated April 29, 2010 for a duty period of 3 years and whose duty periods have expired but their successors could not be elected by the shareholders to hold this office until election of new members by the Company's General Shareholders' Meeting in accordance with the legislation or appointment of other members by the CMB in addition to 3 independent board members appointed pursuant to the resolution no. 8/271 of CMB dated March 11, 2013 and; Erik Belfrage and Jan Erik Rudberg notified to the Capital Markets Board by Sonera Holding BV have been appointed as the board members under the resolution no. 2013/30 of the CMB dated September 13, 2013 for 2 board memberships remained vacant as a result of ex-officio appointments made to the board of directors under resolutions no. 8/271 and 28/921 of the Board dated March 11, 2013 and August 15, 2013 respectively in order to hold this office until the election of new members by the Company's General Shareholders' Meeting in accordance with the legislation or appointment of other members by the CMB.

Following the appointment of the board members made by the CMB, the Board of Directors of Turkcell currently consists of 7 (seven) members meeting the independency criteria in total and 3 (three) of them are independent members.

Ahmet Akça

Chairman of the Board and Independent Board Member

Ahmet Akça has been appointed as the member of Turkcell's Board of Directors under the resolution adopted by the CMB Bulletin no.2013/8 dated March 11, 2013 for holding this office until a new independent board member is elected in his place duly and takes the office or until adoption of a new resolution related thereto by the CMB and as the President of Turkcell's Board of Directors on August 19, 2013. He also acts as the President of Turkcell's Audit Committee and Candidate Nomination Committee. From 1980 to 1988, Mr. Akça served as a Foreign

Trade Manager in the glass and food industry. In 1988 he became CEO of an International Trading Company, a position he held until 1992. He later started his own business, which he still runs. Mr. Akça is the founder and Chairman of the Board of Directors logistics company Akça Lojistik Hizmetleri ve Ticaret A.Ş. He was a member of the Committee of Trustees in January 2010, at the time of the Bezmialem Vakıf University establishment, and has been serving as the Chairman of the Committee of Trustees since November 2011. After studying mathematics at Middle East Technical University and sociology at Istanbul University for a while, Mr. Akça graduated from the Bursa Economics and Commercial Sciences Academy's Department of Economics.

Atilla Koç

Independent Board Member

Atilla Koç has been appointed as the member of Turkcell's Board of Directors under the resolution adopted by the CMB Bulletin dated March 11, 2013 for holding this office until a new independent board member is elected in his place duly and takes the office or until adoption of a new resolution related thereto by the CMB. He also acts as the President of Turkcell's Compensation Committee. Having working as an Undersecretary at the Ministry of Interior and as the Chief of Police in Konya, he served as the District Governor of the Ulubey, Nusaybin and Bayındır districts, and as the Governor of Siirt and Giresun provinces. He has also been the Prime Minister's Undersecretary, the General Secretary of Ankara Metropolitan Municipality, and the Central Governor. Then, Mr. Koç served as AKP Aydın deputy in 22nd and 23rd period of Grand National Assembly of Turkey and the Minister of Culture and Tourism in the 59th Government. He graduated from Ankara University's Faculty of Political Science.

Mehmet Hilmi Güler

Independent Member of Board of Directors

Mehmet Hilmi Güler has been appointed as the member of Turkcell's Board of Directors under the resolution of the CMB dated March 11, 2013 for holding this office until a new independent board member is elected in his place duly and takes the office or until adoption of a new resolution related thereto by the CMB. He also acts as the President of Turkcell's Early Detection of Risks Committee and Corporate Governance Committee. He formerly worked as a Project Engineer and Group Chairman at TUSAŞ Aerospace Industries. Mr. Güler also served as Vice President and Board Member of the Scientific and Technological Research Council of Turkey (TÜBİTAK), as Chairman and General Manager of the Machines and Chemical Industries Board (MKEK), as the General Manager and Chairman of Etibank, as the Chief Undersecretary to the Prime Minister, and as Board Member and Executive Director at ERDEMİR and İGDAŞ. Mr. Güler also served as Minister of Energy and Natural Resources in the 58th, 59th and 60th Governments. Mr. Güler graduated from Middle East Technical University's Department of Metallurgical and Materials Engineering where he obtained his Master's and Doctorate degrees.

Mehmet Bostan

Member of Board of Directors

Mehmet Bostan has been appointed as the member of Turkcell's Board of Directors under the resolution of the CMB dated August 15, 2013 in order to hold this office until election of new members by the Company's General Shareholders' Meeting in compliance with the legislation or appointment of other members by the CMB. He serves as the Chairman of the Board of Directors of Turkcell Global Bilgi since 2014 and Turkcell Global Ödeme Sistemleri since 2015. Mr. Bostan formerly worked as Senior Relationship Manager at BNP Ak Dresdner Bank A.Ş, Manager at TSKB, Chief Representative of Dresdner Bank AG Turkey and Chief Financial Officer at Güneş Sigorta. He has served as the General Manager and Board Member of Vakıf Emeklilik since 2010. He is a Board Member of the Pension Monitoring Center and Turkey Tennis Federation. Mr. Bostan graduated from International Relations, from the Faculty of Economics, at İstanbul University. He holds an MBA from Bilgi University.

Bekir Pakdemirli

Member of Board of Directors

Bekir Pakdemirli has been appointed as the member of Turkcell's Board of Directors under the resolution of the CMB dated August 15, 2013 in order to hold this office until election of new members by the Company's General Shareholders' Meeting in compliance with the legislation or appointment of other members by the CMB. Over the past 10 years, he has worked as Regional Manager for the Middle East of a multinational company, General Manager of a ceramic company in İzmir and General Manager of a publicly-listed food company. Currently, he is Business Development Manager of the company McCain and provides consultancy services on management, finance, efficiency and restructuring to corporations. Mr. Pakdemirli is a board member of Tarkem, historical Kemeraltı Inc, a Board Member of the Anatolia Foundation for Autism and a member of the Capital Market Investors Association. Mr. Pakdemirli presents a weekly economic program on Ege TV. He is an amateur captain, amateur pilot and amateur radio operator. After graduating from Bilkent University, Faculty of Business Administration, he completed his Master's degree in Management at Başkent University. Currently, Mr. Pakdemirli is working towards his PhD degree in Economics at Celal Bayar University.

Jan Erik Rudberg

Member of Board of Directors

Jan Erik Rudberg has been appointed as the member of Turkcell's Board of Directors under the resolution of the CMB dated September 13, 2013 in order to hold this office until election of new members by the Company's General Shareholders' Meeting in compliance with the legislation or appointment of other members by the CMB. He is currently Chairman of the Board of Directors of Kcell JSC (Independent Director) and the Chairman of the Board of Directors of Hogia AB. Since 2010, Mr. Rudberg has also a member of the Board of Directors of OJSC MegaFon (Independent Director). Between 1994 and 2003

BOD MEMBER NAME, SURNAME	DUTY	DUTIES WITHIN GROUP	DUTIES OUTSIDE THE GROUP: COMPANY NAME	DUTIES OUTSIDE THE GROUP: TITLE	TERM OF OFFICE / REMAINING TERM OF OFFICE
Ahmet Akça	Chairman of the Board	Chairman of the Board of lifecell LLC	(1) Akça Lojistik Hizmetleri ve Ticaret A.Ş. (2) Bezmiâlem Foundation University	(1) Chairman of the Board of Directors (2) Chairman of the Board of Trustees	Until replacement
Mehmet Hilmi Güler	Board Member	Chairman of the Board of Superonline İletişim Hizm. A.Ş.	(1) Mir Teknoloji Holding A.Ş. (2) ICBC Turkey Bank A.Ş.	(1) Board Member (2) Board Member	Until replacement
Atilla Koç	Board Member	Chairman of the Board of KKTCELL	-	-	Until replacement
Mehmet Bostan*	Board Member	- Chairman of the Board at Global Bilgi Pazarlama Danışma ve Çağrı Hizm. A.Ş. - Chairman of the Board at TÖHAŞ	(1) Vakıf Emeklilik (2) Pension Monitoring Center (3) Turkey Tennis Federation	(1) Board Member (2) Board Member & General Manager (3) Board Member	Until replacement
Bekir Pakdemirli**	Board Member	- Fintur Holdings B.V. Board Member - KKTCELL Board Member - TÖHAŞ Board Member	(1) Adres Danışmanlık Ltd. Şti. (2) McCain Foods Limited (3) Tarkem Tarihi Kemeraltı A.Ş. (4) Anadolu Otizm Vakfı (5) Sermaye Piyasası Yatırımcıları Derneği	(1) Chief Advisor (2) Business Development Manager (3) Board Member (4) Member of Board of Trustees (5) Member of the Society	Until replacement
Jan Erik Rudberg	Board Member	Chairman of the Board at CJSC "Belarusian Telecommunication Network"	(1) Hogia AB (2) Kcell JSC (3) PJSC Megafon	(1) Chairman of Board of Directors (Independent) (2) Chairman of Board of Directors (Independent) (3) Board Member (Independent)	Until replacement
Erik Jean Christian Antoine Belfrage	Board Member	lifecell LLC Board Member	(1) KIBI AB (2) Eramet Steel (3) Philippines (Stockholm) (4) The International Council of Swedish Industry (5) International Chamber of Commerce-Committee on Corporate Responsibility and Anti-Corruption (6) International Chamber of Commerce-Finance Committee (7) The Trilateral Commission (8) Sigtunaskolan Humanistiska Laroverket (Sigtuna School) (9) SEB Marcus Wallenberg (10) Investor AB Jacob Wallenberg	(1) Board Member (2) Board Member (3) Honorary General Consul (4) Chairman of Board of Directors (5) Chairman (6) Vice Chairman (7) Board Member (8) Chairman (9) Advisor to Chairman (10) Advisor to Chairman	Until replacement

** Mehmet Bostan has been appointed as the President of Republic of Turkey Prime Ministry Privatisation Administration with the decision published on the Official Gazette dated February 26, 2016.*
*** Bekir Pakdemirli has been appointed as Board Member at TÖHAŞ with the resolution registered with the trade registry on February 25, 2016.*

he held various executive positions at Telia AB, after having served as the Chief Executive Officer of Tele2 AB, Executive Vice President of Nordbanken AB, Chief Executive Officer of Enator AB, as well the Chief Executive Officer of Ericsson Information Systems Sweden AB and holding several managerial positions at IBM. Mr. Rudberg has a degree in Economics and Business Administration from the Gothenburg School of Economics.

Erik Belfrage

Member of Board of Directors

Erik Belfrage has been appointed as the member of Turkcell's Board of Directors under the resolution of the CMB dated September 13, 2013 in order to hold this office until election of new members by the Company's General Shareholders' Meeting in compliance with the legislation or appointment of other members by the CMB. In the 70´s and 80´s, Mr. Belfrage worked as a Swedish diplomat in Geneva, Washington, Bucharest, Beirut, and in Paris. Since 1987 he has served as Senior Vice President at SEB, and as an advisor to Dr. Peter Wallenberg, an advisor to the Chairman at the companies Investor AB Jacob Wallenberg and SEB Marcus Wallenberg. In 2012 Mr. Belfrage set up a consultancy, Consilio International AB, where he also is the Chairman. The firm advises large Nordic corporates. Currently, Mr. Belfrage is chairman of several boards. He holds an MBA from the Stockholm School of Economics.

Kaan Terzioğlu

Chief Executive Officer

Kaan Terzioğlu was appointed Turkcell's Chief Executive Officer on April 1, 2015. He began his professional life in 1990 as an Independent Auditor and CPA at Arthur Andersen Turkey. In 1992, Mr. Terzioğlu joined Arthur Andersen USA as the IT Strategies and Security Specialist, and in 1994, began working at Arthur Andersen Belgium as the Leader of Information Management and Digital Strategy Services. In 1998, he was appointed Vice President of Consultancy Services Turkey Operations. Between 1999 and 2012, he served as the Team Leader of E-Commerce Strategies for the EMEA region, Sales Director of Advanced Technologies for the EMEA region, Managing Director of Technology Marketing Organization for the EMEA region, and Vice President of Central and Eastern Europe at the Cisco Systems Brussels branch, respectively. Between April 3, 2012 and April 1, 2015, Mr. Terzioğlu was a Member of the Board of Directors at Akbank, Aksigorta A.Ş., Teknosa İç ve Dış Ticaret A.Ş. and Carrefoursa A.Ş. Kaan Terzioğlu graduated from the Department of Business Administration at Boğaziçi University.

In the past years, the Board of Directors has had female members, thus a policy for having female members in the Board of Directors has not yet been established.

At the Ordinary General Shareholders' Meeting held on March 26, 2015, members of the Board of Directors were granted permission regarding their activities within the prohibition of competition with operations conducted by himself/herself or on behalf of another individual as per Articles 395 and 396 of the Turkish Code of Commerce.

5.2. Principles of Activity of the Board of Directors

The agenda of the meetings of the Board of Directors is prepared by the Chairman of the Board of Directors, who takes into account requests made by members of the Board of Directors and executives.

The Board of Directors met a total of 13 times during 2015 via physical participation and teleconference. The overall rate of attendance at these meetings was 92%. The resolutions in the meetings were adopted with unanimity at a rate of 99%.

In order to assure proper attendance, Turkcell set the schedule of the Board meetings to be held in the following year at the end of the current year and notified these to the members. Thus, the members are offered the opportunity to schedule their activities according to their meetings, and the date of the next board meeting is also determined taking the requests of the members into account at each board meeting. In urgent matters, additional meetings can always be convened without waiting for the next meeting date. Invitations to the meetings are sent via e-mail. In line with the Corporate Governance Principles, the Secretariat which has been set up within the structure of the Board of Directors informs the Board members by notifying the agenda of the meeting and the documents related to the agenda, writes and archives the discussions conducted by the Board members during the meetings on a report, and records the reasons of the counter votes regarding matters for which a different opinion has been expressed.

As per articles of association:

Board meetings are possible with there being a quorum of at least five members at the meeting. At board meetings, ordinary resolutions are made with four affirmative votes at meetings with five members and with five affirmative votes at meetings with more than five members.

Neither the Chairman of the Board of Directors nor the Board members hold any preferential voting rights or the right to veto the resolutions made by the Board of Directors. All Board members, including the Chairman, have equal voting power.

Any damage to the Company which may be caused by the failures of the Board members during the performance of their duties has been insured and the insurance limit in the September 2014 – September 2015 period was accepted as USD 400 million and USD 850,500 insurance premium was paid.

5.3. Number, Structure and Independence of the Committees Established Under the Board of Directors

Throughout the financial year of 2015, the Audit Committee, Corporate Governance Committee, Compensation Committee and Early Detection of Risks Committee carried out their operations. The following decisions were made during the meeting of our Company's Board of Directors dated August 19, 2013 regarding the distribution of work:

- the Audit Committee being constituted of Ahmet Akça, Mehmet Hilmi Güler and Atilla Koç of our independent Board members as well as appointing Ahmet Akça as the chairman of the Committee;
- the Early Detection of Risks Committee being constituted of Mehmet Hilmi Güler, Mehmet Bostan and Bekir Pakdemirli as well as appointing Mehmet Hilmi Güler as the chairman of the Committee;
- the Corporate Governance Committee[1] being constituted of Mehmet Hilmi Güler, Mehmet Bostan and Bekir Pakdemirli as well as appointing Mehmet Hilmi Güler as the chairman of the Committee;
- the Compensation Committee being constituted of Atilla Koç, Mehmet Hilmi Güler and Mehmet Bostan; as well as appointing Atilla Koç as the chairman of the Committee;
- the Candidate Nomination Committee being constituted of Ahmet Akça, Mehmet Hilmi Güler, Atilla Koç, Mehmet Bostan and Bekir Pakdemirli as well as appointing Ahmet Akça as the chairman of the Committee.

Each board member is commissioned in more than one committee due to the structuring of the Board of Directors.

The activities and working principles of the committees are generally disclosed to the public on the Company's website.

None of the other Board Members commissioned in committees are executive members. The meetings of the committees meetings are held at necessary intervals or by taking the request of any member into consideration and conducting meetings in parallel with dates of Board meetings has been agreed upon.

Information regarding the committees formed under the Board of Directors is available on the Company's corporate website (www.turkcell.com.tr) in the Investors Relations section under the Corporate Governance heading.

1 *Investor Relations and Business Development Executive Nihat Narin joined the Corporate Governance Committee as of February 19, 2015.*

5.4. Risk Management and Internal Control Mechanisms

During our Company's Ordinary General Shareholders' Meeting held on March 26, 2015, DRT Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the Company auditor for auditing our Company's financial statements of 2015 as per the Turkish Code of Commerce.[2]

Moreover, the Internal Audit Unit operates with the Board of Directors and is responsible for the auditing of Turkcell İletişim A.Ş. and all of the Group Companies which are subsidiaries, and reports the results of the audit carried out within generally accepted international auditing standards to the Audit Committee and CEO. The auditing activities of the Internal Audit function mainly comprise of operational audits conducted pursuant to annual audit plans and audits in accordance with Article 404 of the Sarbanes-Oxley Act.

Operational audit activities are carried out according to annual audit plans prepared with respect to a risk based audit approach. The objective of these audits is to provide assurance with regard to the sufficiency and efficiency of business processes and suitability thereof with regulations so as to enable Company activities to be carried out in accordance with internal and external regulations and strategic objectives.

On the other hand, as we are listed on the New York Stock Exchange in the United States, audits are conducted within the framework of the annual plan to provide assurance in terms of the existence and sufficiency of an internal control structure across Turkcell and Turkcell Group Companies, which are consolidated, and whether this structure operates effectively, in compliance with the provisions of Article 404 of the Sarbanes-Oxley Act, which all publicly traded companies are required to comply with. All stages from the planning stage to the specified internal control insufficiencies and following and concluding actions of the audit activities carried out in accordance with said Article are reported to the Audit Committee, CEO and Chief Finance Officer at regular intervals.

The Internal Audit Unit also prepares research reports by providing consultancy in current matters and matters requested by the management.

The Internal Audit Unit reports the compliance practices as per Sarbanes Oxley Rule Act Section 404 to the Audit Committe and the CEO while Corporate Risk Management Unit reports to the Early Detection of Risks Committee and the CEO. The Internal Audit mechanism operates with a risk based audit perception. Within this scope, functionally and institutionally probable risks are continuously reviewed and the possible effects of these risks and risk appetite according to our managing capacity are determined. The risk analyses resulting from these conducted operations constitute the main input of audit activities.

Furthermore, there is an Enterprise Risk Management (ERM) process which comprises identifying the risks that may affect Turkcell's performance in achieving its targets, to coordinating risk analysis activities, planning necessary actions, sharing, reporting and following the outcomes with the Company management. The Enterprise Risk Management Unit is responsible for coordinating the ERM process under the supervision of the Group Internal Audit Directorate. The Turkcell Enterprise Risk Management Unit aims at developing an approach, where the risk management process is conducted in an integrated manner with the fundamental management processes. While enabling this, a framework associated with the process was identified in accordance with an Enterprise Risk Management procedure as per the COSO framework and ISO 31000 standard. During the risk identification and evaluation period, different methods such as Delphi research, workshops,

2 *Our Company's Board of Directors decided to appoint Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (PricewaterhouseCoopers) as the independent audit firm to audit our Company's accounts and operations for the year 2016. This decision shall be submitted to the approval of our shareholders during the first Annual General Assembly Meeting of our Company.*

brainstorming sessions, reports from risk contacts, thorough interviews, research reports, etc. are used. Thus, the objective was to extensively identify, evaluate and effectively manage risks causing uncertainties.

As of the end of the financial year of 2012, the "Early Detection of Risks Committee" has been in operation in order to perform activities in a manner affiliated with the Board of Directors within the scope of Article 378 of the Turkish Commercial Code and the Communiqué on Corporate Governance of the Capital Markets Board. The Early Detection of Risks Committee supports the Board of Directors by performing studies for the purpose of early diagnosis of the risks which may jeopardize the existence, development and continuity of the Company, implementing the necessary measures related with the identified risks and managing the risks. The Committee reports to the Board of Directors once every 2 months and the reports are sent to an independent audit Company. The Board of Directors regularly provides an evaluation regarding the risks affecting the Company through the Early Detection of Risks Committee.

The Corporate Risk Management Unit is responsible for coordinating the risk assessment and risk avoidance activities at departments as well as reporting the results to the Early Detection of Risks Committee within the scope of Corporate Risk Management methodology. During this process, the ownership of the risks and the responsibility of risk avoidance activities belong to the business and not transferred to the responsibility of the Corporate Risk Management Unit.

In 2000, Turkcell formulated its business continuity plans in a manner also encompassing its technical operations and repositioned its business continuity plan as Business Continuity Management by broadening the extent thereof in 2004.

With the restructuring in 2011, the scope of the program expanded so as to comprise Turkcell Group companies and suppliers. Turkcell Group Business Continuity Management System has been structured and certified in a manner ensuring the continuity of our call, messaging, Internet and societal security services as per the "ISO 22301, Societal security - Business continuity management systems" standard. Regular drills are conducted for our business continuity plans formed by considering the customers' expectations, corporate policies and legal obligations in order to guarantee their operation in emergency cases.

Thanks to our geographically dispersed technical infrastructure, extensive coverage, solution partner network, mobile exchanges, additional capacity, emergency centres and extensive experience in handling emergencies enable us to minimize the impact of risks as much as possible and additionally, the experience of our Group companies in customer services, our high speed fibre-optic infrastructure, data storage services and our experienced software development teams allow us to effectively manage any disasters from another centre, thereby ensuring the continuity of our activities.

5.5. Strategic Goals of the Company

As Turkcell Group, we aim to become the leader in integrated telecommunication market in Turkey, to rise to the leading position in every country we operate in through being one of the top 2 in each, and to provide globally relevant products with over 100 million users with our 'Converged Communications and Technology Services Company with Globally Relevant Services' vision. To reach this objective, we have determined our values as operating freely, genuinely and confidently together with our employees, group companies, ecosystem and customers. We adopt a culture, where we value and work together to create value, and are focused on a unique customer experience; and also make a difference with our technology leadership and focus on solutions. Our strategy throughout this path is to provide integrated telecommunication and technology services; and to hold a strong position in Turkey and to take actions which will enable us to grow internationally and creating value.

5.6. Financial Rights

The shareholders were informed with a separate agenda topic at the Ordinary General Shareholders' Meeting held on March 26, 2015 within the framework of the Wages Policy approved with the decision of the Company's Board of Directors and made public on the Company's website. During the 2012 financial year, a Compensation Committee which is responsible for determining the remuneration principles that apply to the Board members and senior management taking into account the long-term strategic goals of the Company, for setting out the remuneration criteria for the Board members and senior management's performance and makes compensation recommendations to the Board had been established.

All rights, benefits and remuneration provided to board members and senior management on a cumulative basis and the criteria along with remuneration principles used in the determination of these are being shared with the public through the Company's wages policy and annual reports.

The total benefit paid and provided to the key management personnel amounts to TRY 66 million 876 thousand for the financial year which ended on December 31, 2015.

In addition to their salaries, the Company provides fringe benefits to the directors and the executive officers as well as contributes to their pension plans. The Company is obliged to contribute to such pension plans at a certain percentage of the employee's salary.

With the scope of the resolution adopted at General Shareholders' Meeting dated April 29, 2010 for the payment of net EUR 250,000 per year to the Chairman of the Board of Directors and net EUR 100,000 per year to each member of the Board of Directors during the period of their service, said payments are continued.

No loans, credits or assurances such as the surety for benefit are granted to Board Members and senior executives of the Company.

CONCLUSION OF AFFILIATION REPORT

01.01.2015-31.12.2015 Fiscal Year

Conclusion of the Report on relationship among the Parent Company and the subsidiaries as per the Article 199 of the Turkish Commercial Code:

“Details of the legal transactions of our Company with Turkcell Holding A.Ş. and its subsidiaries during the fiscal year 2015 are given in the above tables. There is neither any legal transaction made in favor of Turkcell Holding A.Ş or one of its subsidiaries nor any action taken or avoided in favor of Turkcell Holding A.Ş. or one of its subsidiaries upon directive by Turkcell Holding A.Ş.

Details of services provided and/or fixed asset purchases/sales performed under operational activities carried out between our Company and Turkcell Holding A.Ş. and/or its subsidiaries that are fully in conformity with the market during the fiscal year 2015 are included in this Report.”


TURKCELL

SECTORAL AND FINANCIAL INFORMATION

TELECOMMUNICATIONS SECTOR IN TURKEY

The Information and Communication Technologies Authority (ICTA) established for the regulation and supervision of the telecommunication sector as an independent management authority has been in operation since August 2000.

According to the ICTA Market Data report, the number of players in the Turkish electronic communications sector was 676 as of the third quarter of 2015 and the number of authorizations given to these players was 1,108.

While the total volume of mobile traffic in the third quarter of 2015 was 56.4 billion minutes, the amount of fixed traffic was determined to be 2.6 billion minutes. And while the amount of mobile traffic stayed stable quarter-on-quarter, the amount of fixed traffic decreased by about 11.2%. The majority of the traffic (91.9%) was constituted by mobile to mobile traffic.

As a result of the "IMT authorization tender regarding service and infrastructures" held by the ICTA on August 26, 2015 for mobile services to be improved, the frequency assigned to operators was increased from 183.8 MHz to 549.2 MHz. With operators beginning to provide service with IMT-Advanced technology as of April 1, 2016, the speed of mobile broadband internet is aimed to be increased by at least 10-fold.

FIXED LINE MARKET

Fixed line penetration in Turkey decreased by 0.3 points quarter-on-quarter, reaching 15.1% with 11,696,067 fixed telephone subscribers as at the end of the third quarter of 2015.

INTERNET & BROADBAND MARKET

The number of broadband internet subscribers, which was around 6 million in 2008, had exceeded 46.7 million as of the end of the third quarter of 2015. In the third quarter of 2015, there was an increase in internet subscriptions of approximately 5.4% in comparison to the previous three-month term, and the general upward trend in the number of internet subscribers continued with the increase in mobile, cable and fiber internet subscribers. Whereas, the annual rate of increase in the total number of internet subscribers was 17.4%.

In the third quarter of 2015, the number of xDSL subscribers approached 6.9 million and that of fiber subscribers came close to 1.6 million. As of the third quarter of 2015, the total length of the fiber infrastructure of alternative operators had reached 55,393 km.

The total amount of revenue in relation to internet service providers in the third quarter of 2015 was approximately TRY 1.2 billion. Approximately 62% of fixed broadband subscribers in Turkey were seen to prefer packages offering connection of 10-30 Mbit/sec. When we look at internet subscribers' amount of usage on mobile computers, the percentage of users with over 100 MB usage is understood to be at 82.8%. The percentage of users with the least amount of usage within the range of 0-50 MB was 14.2%. Furthermore, the percentage of subscribers with over 100 MB usage among mobile internet subscribers was 72.5%. The share of service provided with xDSL technology by alternative operators in the broadband industry was at 14.8% as of the third quarter of 2015.

MOBILE MARKET

As of the end of September 2015, there were 73,235,783 mobile subscribers corresponding to approximately 94.3% penetration in Turkey. Excluding the population aged 0-9 years, mobile penetration exceeds 100%.

In the third quarter of 2015, 3G subscriber number reached 63,066,580, while 3G mobile broadband subscribers through mobile computer and mobile phones increased to 35,876,101. Total mobile internet usage was at 156,669 TByte in the same period. As of the third quarter of 2015, the number of M2M subscribers had reached 2.9 million; the number of pre-paid broadband subscribers had reached 17,128,083; and the number of post-paid mobile broadband subscribers had reached 20,410,815. When we look at the third three-month term in 2015, pre-paid subscribers were 53% of mobile subscribers, and the percentage of post-paid subscribers rose from 42.9% to 47% on a yearly basis. The percentage of those switching mobile phone carriers within the third three-month term of 2015 declined by 13.7% to 2,651,835. As of November 10, 2015, 87,469,269 subscribers had switched their mobile phone carriers.

As of the third three-month term of 2015, Turkcell had 46.8%, Vodafone had 30.1% and Avea had a 23.2% subscriber market share. As of the third term of 2015, 50.1% of Avea, 47.1% of Turkcell and 44.5% of Vodafone subscribers were post-paid.

When the traffic data of the third three-month term of 2015 is compared to the previous three-month term, the total amount of traffic is seen to have increased by 1.2% and by 7.4% on a yearly basis. Individually, Turkcell's traffic increased by 2.5%, Vodafone's traffic climbed by 0.6% and Avea's traffic rose by 0.1% quarter-on-quarter.

In terms of total revenues as of the third quarter term of 2015, the market share of Turkcell is 43.2%, and those of Vodafone and Avea are 35.9% and 20.9%, respectively. Turkcell's and Vodafone's market shares increased by 0.2 percentage points, while Avea's market share decreased by 0.4 percentage points, quarter-on-quarter.

As of the third quarter of 2015, the revenue market share of Turkcell was 47.5%, and those of Vodafone and Avea were 30.4% and 22.1%, respectively.

TV MARKET

As of the third term of 2015, total number of cable TV subscribers were at 1,156,133 while subscribers of digital cable TV provided under the Teledünya brand stood at 759,341. While there are 26 operators holding cablecast service management authorization, only Türksat is actively in-service.

Companies such as Digital Platform Teknoloji Hizmetleri AŞ (Digitürk), Doğan TV Digital Platform İşletmeciliği AŞ (DSmart), Platformturk Dijital Platform Hizmetleri AŞ (Filbox) and TTNET A.Ş. (Tivibu) are authorized to provide a satellite platform service and are operating actively.

KEY REGULATORY CHANGES IN 2015

The 4.5G Authorization Tender

"The IMT Authorization Tender Regarding Service and Infrastructures" held on August 26, 2015 was approved with decree no. 2015/YK-YED/390 of the Information and Communication Technologies Authority (ICTA) dated August 27, 2015, and IMT Authorization Documents given to the operators at a ceremony attended by the Turkish President held on October 27, 2015.

The Authorization Document will be valid for 13 years until 2029. In accordance with the spectrum being assigned in a technologically neutral manner, it will be possible to directly apply new technologies to be developed in compliance with IMT standards over the coming years.

After the Authorization Document was signed, an obligation was imposed to supply 30%, 40% and 45% domestic products in the 1st, 2nd and 3rd year, respectively. The obligation to make purchases from suppliers and SMEs having Research and Development centers employing numerous employees, which was previously introduced with 3G concession agreements, was retained. Furthermore, the condition that products to be purchased from SMEs must be produced in our country was enforced.

Another obligation stating that 95% of the entire population, and 90% of the entire population on the basis of each city has to be covered within 8 years was also imposed. In addition to these obligations, another obligation specifying that 99% of all highways and high-speed rail lines need to be covered within 3 years, 95% of all divided highways within 6 years and 90% of all conventional railway lines within 10 years was imposed. As these locations can be covered with 4.5G, they can also be covered with 3G if the quality of service specified in the Authorization Document is provided. Inversely, locations requiring coverage with 3G technology in accordance with the 3G concession agreement can be covered with 4.5G technology as well. In addition, a further obligation was imposed for all areas detailed above, to be covered with service quality at a minimum download speed of 2Mbs with 95% probability.

An obligation was imposed for operators to share their access networks with active radio sharing at all of the new antenna facilities to be set up for all residential areas with a population of under 10 thousand, as well as highways, high-speed rail lines, divided highways and conventional railway lines to be covered.

Operators will be able to share networks, which they will be using to provide 4.5G technology and subsequent technologies developed in compliance with IMT standards, with fixed operators with the condition of receiving ICTA consent.

The obligation for operators in the 3G concession agreement to pay 15% of their gross revenue to the treasury was also protected in the IMT Authorization Document. In this context, 15% of gross revenue is to be obtained from all networks to be established with 4.5G and subsequent technologies to be developed in compliance with IMT standards in the future.

The Board Decision Concerning the Maximum Price Tariff

The Maximum Price Tariff for Mobile Electronic Communications Services was updated with ICTA's Board Decision no. 2015/DK-ETD/435 valid as of November 1, 2015. While no changes were made to call or SMS costs in the updated tariff, the maximum costs that can be collected in cases of "Name/Title Changes", "Number Changes" and "Sim Card Changes Due to Loss, Theft, User Error" were reduced, and a decision was made for "SIM Card Changes As Part of Guarantee" processes to be free.

Market Analyses in the Electronic Communications Sector

Market analysis operations, which are performed by the ICTA once every three years at the latest, have been initiated, and these analyses are aimed to be completed within 2016. The conducting of market analyses is expected to foster competition in the sector and a re-evaluation of the obligations introduced to operators having Significant Market Power in related markets. The mobile and fixed markets analyzed within the study are as follows:

- Mobile Access and Call Origination Market,
- Mobile Call Termination Market,
- Fixed Call Termination Market,
- Fixed Call Origination Market,
- Wholesale Broadband Access Market,
- Physical Infrastructure Access Market.

Procedures and Principles Regarding Communicating for Purposes Such As Marketing and Promotion

The Procedures and Principles Regarding Communicating for Purposes Such As Marketing and Promotion were published on August 6, 2015, and the 5th Article, the first paragraph of the 7th Article and the first paragraph of the 9th Article of the Procedures and Principles came into effect as of October 1, 2015, and the other articles came into effect as of May 1, 2015. With the relevant procedures and principles, the communications for marketing and promotion were arranged so as to be carried out without requiring an additional consent when receiving contact information from the subscriber with the same purposes during the establishment of the subscription. Regarding the receiving of content and consent for communication in the Procedures and Principles, ICTA has specified the sample texts and determined that the operators can make contact with their subscribers' a maximum of twice a year to receive consent.

Other Regulations

The directive regarding Making Changes to the Directive Concerning Processing Personal Data and Protecting Confidentiality was cancelled with a Constitutional Court decision, and the annulment decision came into effect on January 26, 2015.

Digitürk Sub-licensing

Upon the decision of the Competition Authority, Krea İçerik Hizmetleri ve Prodüksiyon Anonim Şirketi A.Ş. (content provider to Digitürk) was obliged to sub-license the broadcasting rights license of the 2015-2016 and 2016-2017 Super League football season matches (matches within Package A Broadcasts) from the Turkish Football Federation to other companies.

Directives of the Ministry of Customs and Trade

Directives prepared by the Ministry of Customs and Trade, based on articles no. 6502 "The Law on the Protection of the Consumer" and no. 6563 "The Law on the Arrangement of Electronic Trade" came into effect. Accordingly, the "Directive of Contracts Drawn Outside the Workplace", "Directive of Subscription Contracts", "Directive of Distance Contracts" and "Directive of Installment Sales" prepared within the scope of article no. 6502 "The Law on the Protection of the Consumer", came into effect on April 14, 2015, April 24, 2015, February 27, 2015 and January 14, 2015, respectively. The "Directive on Service Providers and Intermediary Service Providers in Electronic Trade" and the "Directive on Commercial Communication and Commercial Electronic Messages" prepared based upon article no. 6563 "The Law on the Arrangement of Electronic Trade" came into effect on August 26, 2015 and July 15, 2015, respectively.

Licence Application of TÖHAŞ

As per the law no. 6493, Turkcell Ödeme Hizmetleri A.Ş. (TÖHAŞ) has applied the Banking Regulation and Supervision Agency (BDDK) in March 2015 to obtain a licence to provide payment services. TÖHAŞ has met the regulatory requirements in full in this regard.

TURKCELL GROUP: 2015 FINANCIAL & OPERATIONAL REVIEW

Our audited annual consolidated financial statements including our consolidated statements of financial position as of December 31, 2015 and 2014 and our consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the three years in the period ended December 31, 2015 and the related notes included in this annual report have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Report").
The following financial and operational overview focuses principally on the developments and trends in our business in the full year 2015 and should be read in conjunction with the IFRS report. The figures are expressed in Turkish liras (TRY) unless otherwise stated. A year on year comparison of key indicators is provided and figures in parentheses following the operational and financial results for the year end 2015 refer to the same item for the year end of 2014 unless otherwise stated.

Turkcell Group: Financial Performance

CONSOLIDATED PROFIT & LOSS STATEMENT (MILLION TRY)	2014	2015	% CHANGE
Revenue	**12,043.6**	**12,769.4**	**6.0%**
Direct cost of revenues[1]	(7,383.9)	(7,769.5)	5.2%
Depreciation and amortization	(1,639.4)	(1,667.8)	1.7%
Gross Profit Margin	**38.7%**	**39.2%**	**0.5pp**
Administrative expenses	(562.7)	(625.3)	11.1%
Selling and marketing expenses	(1,974.6)	(1,901.9)	(3.7%)
EBITDA[2]	**3,761.8**	**4,140.5**	**10.1%**
EBITDA Margin	**31.2%**	**32.4%**	**1.2pp**
Net finance income / (expense)	(291.6)	(43.4)	(85.1%)
Finance costs	(1,247.0)	(799.5)	(35.9%)
Finance income	955.4	756.1	(20.9%)
Share of profit of equity accounted investees	207.3	367.3	77.2%
Other income / (expense)	(76.3)	(225.9)	196.1%
Monetary gain	205.1	0.0	(100.0%)
Non-controlling interests	428.2	164.1	(61.7%)
Income tax expense	(730.4)	(667.1)	(8.7%)
Profit for the year	**1,864.7**	**2,067.7**	**10.9%**

1 *Including depreciation and amortization expenses.*
2 *EBITDA is a non-GAAP financial measure.*

CONSOLIDATED BALANCE SHEET DATA (YEAR END) (MILLION TRY)	2014	2015	% CHANGE
Cash and cash equivalents	9,031.9	2,918.8	(67.7%)
Total assets	**23,694.2**	**26,207.3**	**10.6%**
Long term debt	1,247.9	3,487.8	179.5%
Total debt	3,697.7	4,214.2	14.0%
Total liabilities	**6,983.6**	**11,788.4**	**68.8%**
Total equity	**16,710.6**	**14,418.9**	**(13.7%)**

CONSOLIDATED CASH FLOW (MILLION TRY)	2014	2015	% CHANGE
EBITDA[1]	**3,761.8**	**4,140.5**	**10.1%**
LESS:			
Capex and license	(2,144.8)	(8,536.2)	298.0%
Net interest income/ (expense)	819.3	445.8	(45.6%)
Other	(1,633.8)	1,987.0	(221.6%)
Net change in debt	100.5	(225.3)	(324.2%)
Cash generated / (used)	**903.0**	**(2,188.1)**	**(342.3%)**
Cash balance before dividend payment	**9,031.9**	**6,843.8**	**(24.2%)**
Dividend paid	-	(3,925.0)	-
Cash balance after dividend payment	**9,031.9**	**2,918.8**	**(67.7%)**

***1** EBITDA is a non-GAAP financial measure.*

PROFITABILITY AND SOLVENCY RATIOS (%)	2014	2015	% CHANGE
Gross Profit Margin	38.7%	39.2%	0.5pp
EBITDA Margin	31.2%	32.4%	1.2pp
Net Profit Margin	15.5%	16.2%	0.7pp
Total Liability / Equity Ratio	41.8%	81.8%	40.0pp
Total Debt / EBITDA Ratio	98.3%	101.8%	3.5pp

Explanatory Notes:

Revenue[2]: Group revenues grew by 6.0% to TRY12,769 million (TRY12,044 million) in 2015. Turkcell Turkey revenues, constituting 90% of Group revenues, increased by 9.5% to TRY11,481 million (TRY10,480 million) on the back of a 10.2% rise in consumer segment revenues to TRY9,127 million (TRY8,282 million) and 6.5% growth in corporate segment revenues to TRY2,032 million (TRY1,907 million). Voice revenues, comprising 52% of Turkcell Turkey revenues, declined by 2.7% in parallel to industry trends while data revenues rose by 38.1% with increased smartphone penetration to 52%, a higher number of data users and increased data usage, and services and solutions revenues increased by 38.5%. Turkcell International revenues decreased by 24.8% to TRY856 million (TRY1,138 million) mainly due to yearly currency devaluation in Ukraine and Belarus, and decline in Turkcell Europe revenues due to change in its business model. Other subsidiaries' revenues, comprised of our information and entertainment services, call center revenues, and inter-business eliminations, grew by 1.6% to TRY432 million (TRY425 million).

Direct cost of revenues: Direct cost of revenues rose by 5.2% to TRY7,769 million (TRY7,384 million) while as a percentage of revenues falling to 60.8% (61.3%) in 2015. This was driven by the decrease in interconnect costs (0.7pp) and depreciation and amortization expenses (0.6pp), more than offsetting the rise in various other cost items (0.8pp).

Administrative expenses: Administrative expenses as a percentage of revenues rose by 0.2pp to 4.9% (4.7%) in 2015 due to the increase in various cost items as a percentage of revenues in 2015.

Selling and marketing expenses: Selling and marketing expenses as a percentage of revenues declined by 1.5pp to 14.9% (16.4%) due to lower selling expenses (1.0pp), marketing expenses (0.4pp) and other cost items (0.1pp) in 2015.

***2** Please refer to page F55 in this report for the definition of Turkcell Turkey, Turkcell International and Other Subsidiaries in the Notes to the Consolidated Financial Statements.*

EBITDA: Group EBITDA rose by 10.1% to TRY4,141 million (TRY3,762 million) with an EBITDA margin improvement of 1.2pp to 32.4% (31.2%) in 2015. This was achieved by a decline in selling and marketing expenses of 1.5pp as opposed to the rise in direct cost of revenues of 0.1pp and general administrative expenses of 0.2pp.

Net finance expense: Turkcell Group registered a lower net finance expense of TRY43 million (TRY292 million) in 2015, mainly due to lower translation losses of TRY489 million (TRY1,111 million), despite the increase in interest expenses and decline in interest income from time deposits.

The share of profit of equity accounted investees: Our share in the net income of unconsolidated investees, comprised of Fintur, increased by 77.2% to TRY367 million (TRY207 million)* in 2015. In 2014, Fintur's financials were impacted by non-cash charges of US$125 million, stemming from a write down of operational assets and impairment charges relating to goodwill and fixed assets. These charges negatively impacted our Group financials by TRY116 million on the basis of our 41.45% share in Fintur in 2014.

Income tax expense: The income tax expense declined by %8.7 to TRY667 million (TRY730 million), of which TRY591 million comprised current tax charges and TRY76 million was the deferred tax expense recorded.

Net income: Group net income as per IFRS rose by 10.9% to TRY2,068 million (TRY1,865 million) year-on-year, mainly due to higher EBITDA, lower translation losses recorded and higher contribution from Fintur, despite the decline in interest income earned on time deposits, the rise in interest expenses on loans and one-off impacts.

Total debt: Total debt as of December 31, 2015 rose to TRY4,214 million from TRY3,467 million as of September 30, 2015, in consolidated terms. We issued a Eurobond with an aggregate principal amount of US$500 million and utilized EUR500 million of debt under our loan agreement with China Development Bank, while we performed loan repayments of US$700 million this quarter following the debt restructuring of lifecell and BeST.

Turkcell Turkey's debt balance was TRY3,766 million, of which TRY1,631 million (US$560.9 million) was denominated in US$ and TRY1,628 (EUR512.2 million) in EUR. The debt balance of lifecell was TRY442 million, denominated in UAH. Meanwhile, BeST had a debt balance of TRY6 million, denominated in BYR.

TRY1,775 million of our consolidated debt is set at a floating rate, while TRY726 million will mature within less than a year. *(The figures in parentheses refer to US$ or EUR equivalents).*

Cash flow analysis: Capital expenditures, including non-operational items and 4.5G license, were at TRY8,536 million, of which TRY7,752 million was related to Turkcell Turkey and TRY770 million to Turkcell International. In 2015, operational capex as a percentage of revenues was realized at around 20%.

Donations: Turkcell İletişim Hizmetleri A.Ş. donated TRY 11,989,544 to various associations, foundations and charitable organizations in 2015.

** In 2014, share of profit of equity accounted investees also included A-Tel.*

Adjusted Net Income - Net Income Reconciliation:

We use "adjusted net income" as a means of presenting our income excluding net foreign currency gain / (loss) (including tax and minority impact), monetary gain (inflation impact), interest income on time deposits of Turkcell İletişim Hizmetleri and items which we believe to be "one-off" or items that took place for the first time in the relevant year.

The reconciliation of adjusted net income to income is as shown below. Please note that this is a non-GAAP measure and that we may in future presentations change the scope of items that we deduct from net income to arrive at "adjusted net income."

Below table presents reconciliation of Turkcell Turkey adjusted net income to net income per IFRS:

NET INCOME IMPACTS (MILLION TRY)	FY14
Adjusted net income	**1,913**
Net foreign currency gain/(loss)	151
Interest income on time deposits of Turkcell İletişim Hizmetleri A.Ş.	470
Cancellation of provision booked for A-Tel	24
Subscriber reimbursements	(36)
ICTA penalties	(108)
Other impacts	(8)
Net income - IFRS	**2,406**

NET INCOME IMPACTS (MILLION TRY)	FY15
Adjusted net income	**2,256**
Net foreign currency gain/(loss)	302
Interest income on time deposits of Turkcell İletişim Hizmetleri A.Ş.	181
Contract termination expense	(129)
Additional cost in relation to Turk Telekom settlement	(51)
4.5G VAT receivables discount	(30)
ICTA penalties	(10)
Other impacts	(35)
Net income - IFRS	**2,484**

Below table presents reconciliation of Turkcell Group adjusted net income to net income per IFRS:

NET INCOME IMPACTS (MILLION TRY)	FY14
Adjusted net income	**2,190**
Net foreign currency gain/(loss) (tax & minority included)	(703)
Interest income on time deposits of Turkcell İletişim Hizmetleri A.Ş.	470
Monetary gain	205
Fintur impairment expense	(111)
BeST impairment expense	(35)
Cancellation of provision booked for A-Tel	24
Subscriber reimbursements	(36)
ICTA penalties	(108)
Other impacts	(31)
Net income - IFRS	**1,865**

NET INCOME IMPACTS (MILLION TRY)	FY15
Adjusted net income	**2,590**
Net foreign currency gain/(loss) (tax & minority included)	(404)
Interest income on time deposits of Turkcell İletişim Hizmetleri A.Ş.	181
Monetary gain	-
Contract termination expense	(129)
Additional cost in relation to Turk Telekom settlement	(51)
4.5G VAT receivables discount	(30)
ICTA penalties	(10)
Other impacts	(79)
Net income - IFRS	**2,068**

Operational Review (Turkey):

SUMMARY OF OPERATIONAL DATA	2014	2015	% CHANGE
Number of subscribers	**35.9**	**35.8**	**(0.3%)**
Mobile Postpaid (million)	15.2	16.6	9.2%
Mobile M2M (million)	1.5	1.9	26.7%
Mobile Prepaid (million)	19.4	17.4	(10.3%)
Fiber (thousand)	735.1	899.4	22.4%
ADSL (thousand)	456.2	620.8	36.1%
IPTV (thousand)	60.1	223.7	272.2%
Churn (%)			
Mobile Churn (%)[1]	28.3%	27.3%	(1.0pp)
Fixed churn (%)	17.7%	16.7%	(1.0pp)
ARPU-Average Monthly Revenue per User (TRY)			
Mobile ARPU, blended[2]	22.5	24.5	8.9%
Postpaid	37.7	38.5	2.1%
Postpaid (excluding M2M)	41.5	42.7	2.9%
M2M	3.2	3.3	3.1%
Prepaid	11.6	12.4	6.9%
Fixed Residential ARPU, blended	47.4	48.7	2.7%
Mobile MOU-Average Monthly Minutes of usage per subs (blended)	**275.3**	**296.6**	**7.7%**

1 *As per our churn policy, prepaid subscribers are disconnected from the system if they do not top-up above TRY10 during a nine month period. Additionally, in the fourth quarter of 2015, 379 thousand subscriptions which had not topped-up at all within the stipulated period were also disconnected.*
2 *In our 2014 Annual Report, Q414 release, and 2014 20-F, we presented mobile ARPU blended, postpaid and prepaid for 2014 of US$11.2, US$18.8 and US$5.8, respectively. These figures have since been revised to US$10.3, US$17.2 and US$5.3, respectively. No changes have been made to the corresponding TRY figures.*

On the mobile side, our postpaid customer base continued to expand and reached 16.6 million on 1.4 million net additions during the year, we believe driven by our value focus. Accordingly the postpaid share in the total subscriber base reached 48.7% (43.9%). Total mobile customers declined by 624 thousand to 34.0 million in 2015 due to the contraction in the more price sensitive prepaid segment.

On the fixed front, our growth momentum continued, with customers exceeding 1.5 million on the back of our expanding fiber network, strong sales force and customer care efforts. The Turkcell TV platform continued its firm growth throughout the year, reaching 224 thousand users. Including mobile TV and web TV users, Turkcell TV users reached 558 thousand as at the end of 2015.

Mobile churn rate was at 27.3% (28.3%) in 2015 while fixed churn rate stood at 16.7% (17.7%) .

Mobile ARPU rose by 8.9% to TRY24.5 (TRY22.5) with the continued favorable change in subscriber mix, our upsell strategy, increased mobile broadband usage, mobile services revenue growth and our focus on high value customer groups. Fixed Residential ARPU improved by 2.7% to TRY48.7 (TRY47.4).

Mobile MoU rose by 7.7% to 296.6 minutes (275.3 minutes) in 2015 with our increased postpaid base and upsell strategy.

Smartphone penetration on our network reached 52%, supporting higher data usage. We registered 3.4 million[3] yearly additions and reached 16.1 million smartphones on our network, of which over one third is already 4G enabled.

3 *Approximately 1.1 million of these smartphone net additions were due to an adjustment in relation to devices which were not previously classified as smartphones.*

FORWARD LOOKING STATEMENTS

In 2015, we delivered on our guidance for consolidated revenue growth, EBITDA margin and operational capex/sales ratio (excluding license fees).

TURKCELL GROUP 2016 GUIDANCE

8 - 10% REVENUE GROWTH

31 - 33% EBITDA MARGIN

20% OPERATIONAL CAPEX/SALES

For 2016, we expect a revenue growth target of 8%-10% for both Turkcell Turkey and Turkcell Group, consolidated EBITDA margin to be within the 31%-33% range and an operational capex (excluding license fees) over sales ratio of around 20%.

Although Turkcell believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. For a discussion of certain risk factors and challenges that may affect the outcome of such forward looking statement, please visit our Investor Relations website and consult the financial and other reports available on such website, as well as the financial and other reports available on the websites of the regulators of the stock exchanges on which our shares are listed. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

REVIEW OF RISK ASSESSMENT

The headlines below with regards to financial, operational, strategic, legal and regulatory, reputational and business continuity risks are monitored within the context of our corporate risk governance practice:

- Any challenges in competition in the Turkish market where majority of our revenues are generated;
- The possibility of not attaining expected returns on new investments and new businesses;
- Regulatory decisions and changes in the regulatory environment;
- Any downturn in the macroeconomic environment or political instability in Turkey and internationally;
- Any regulatory and legal regulations having adverse effect on our operations in those countries where we have operations;
- Macroeconomic instability and currency fluctuations in those countries where we have operations;
- Foreign exchange rate risks and risks relating to our cash balance management that could significantly affect our results of operation;
- Increase in our borrowing requirements as a result of cash generated from operations and related costs;
- Limitations on spectrum as a scarce resource in mobile telecommunication systems and speculation regarding base transceiver stations;
- Turkcell's existing ownership structure and ongoing disagreements among our main shareholders;
- Our dependence on certain systems and third-party suppliers related to the products and services we provide;
- Transition period in case of a resignation of our key personnel, our partners and their employees;
- Resolutions in various claims and legal actions arising in the ordinary course of our business;
- Risk of errors, misconduct or omissions in financial reporting despite regular internal controls;
- Threats of natural disasters and/or cyber risks towards our information technology infrastructure;
- Risk of decrease in our market share as a result of not being able to develop products and services that meet customers' needs and expectations and
- Risk of not being able to meet the expected increase in value as a result of falling behind of expected developments and improvements in sales channels.

Risk Management and Internal Control Mechanisms

The Group's risk management policies are formed in order to proactively identify and analyze the risks that have the potential to negatively impact the Company achieving its targets, to set appropriate control systems and processes to manage these risks and turn them to opportunities, and to provide maximum contribution to the Company's efforts in meeting its targets. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

During our Company's Ordinary General Shareholders' Meeting held on March 26, 2015, DRT Bağımsız Denetim Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the Company auditor for auditing our Company's financial statements of 2015 as per the Turkish Code of Commerce.

Moreover, the Internal Audit Unit operates with the Board of Directors and is responsible for the auditing of Turkcell İletişim A.Ş. and all of the Group Companies which are subsidiaries, and reports the results of the audit carried out within generally accepted international auditing standards to the Audit Committee and CEO. The auditing activities of the Internal Audit function mainly comprise of operational audits conducted pursuant to annual audit plans and audits in accordance with Article 404 of the Sarbanes-Oxley Act.

Operational audit activities are carried out according to annual audit plans prepared with respect to a risk based audit approach. The objective of these audits is to provide assurance with regard to the sufficiency and efficiency of business processes and suitability thereof with regulations so as to enable Company activities to be carried out in accordance with internal and external regulations and strategic objectives.

On the other hand, as we are listed on the New York Stock Exchange in the United States, audits are conducted within the framework of the annual plan to provide assurance in terms of the existence and sufficiency of an internal control structure across Turkcell and Turkcell Group Companies, which are consolidated, and whether this structure operates effectively, in compliance with the provisions of Article 404 of the Sarbanes-Oxley Act, which all publicly traded companies are required to comply with. All stages from the planning stage to the specified internal control insufficiencies and following and concluding actions of the audit activities carried out in accordance with said Article are reported to the Audit Committee, CEO and Chief Finance Officer at regular intervals.

The Internal Audit Unit also prepares research reports by providing consultancy in current matters and matters requested by the management.

The Internal Audit Unit reports the compliance practices as per Sarbanes Oxley Rule Act Section 404 to the Audit Committe and the CEO while Corporate Risk Management Unit reports to the Early Detection of Risks Committee and the CEO. The Internal Audit mechanism operates with a risk based audit perception. Within this scope, functionally and institutionally probable risks are continuously reviewed and the possible effects of these risks and risk appetite according to our managing capacity are determined. The risk analyses resulting from these conducted operations constitute the main input of audit activities.

Furthermore, there is an Enterprise Risk Management (ERM) process which comprises identifying the risks that may affect Turkcell's performance in achieving its targets, to coordinating risk analysis activities, planning necessary actions, sharing, reporting and following the outcomes with the Company management. The Enterprise Risk Management Unit is responsible for coordinating the ERM process under the supervision of the Group Internal Audit Directorate. The Turkcell Enterprise Risk Management Unit aims at developing an approach, where the risk management process is conducted in an integrated manner with the fundamental management processes. While enabling this, a framework associated with the process was identified in accordance with an Enterprise Risk Management procedure as per the COSO framework and ISO 31000 standard. During the risk identification and evaluation period, different methods such as Delphi research, workshops, brainstorming sessions, reports from risk contacts, thorough interviews, research reports, etc. are used. Thus, the objective was to extensively identify, evaluate and effectively manage risks causing uncertainties.

As of the end of the financial year of 2012, the "Early Detection of Risks Committee" has been in operation in order to perform activities in a manner affiliated with the Board of Directors within the scope of Article 378 of the Turkish Commercial Code and the Communiqué on Corporate Governance of the Capital Markets Board. The Early Detection of Risks Committee supports the Board of Directors by performing studies for the purpose of early diagnosis of the risks which may jeopardize the existence, development and continuity of the Company, implementing the necessary measures related with the identified risks and managing the risks. The Committee reports to the Board of Directors once every 2 months and the reports are sent to an independent audit Company. The Board of Directors regularly provides an evaluation regarding the risks affecting the Company through the Early Detection of Risks Committee.

The Corporate Risk Management Unit is responsible for coordinating the risk assessment and risk avoidance activities at departments as well as reporting the results to the Early Detection of Risks Committee within the scope of Corporate Risk Management methodology. During this process, the ownership of the risks and the responsibility of risk avoidance activities belong to the business and not transferred to the responsibility of the Corporate Risk Management Unit.

In 2000, Turkcell formulated its business continuity plans in a manner also encompassing its technical operations and repositioned its business continuity plan as Business Continuity Management by broadening the extent thereof in 2004.

With the restructuring in 2011, the scope of the program expanded so as to comprise Turkcell Group companies and suppliers. Turkcell Group Business Continuity Management System has been structured and certified in a manner ensuring the continuity of our call, messaging, Internet and societal security services as per the "ISO 22301, Societal security - Business continuity management systems" standard. Regular drills are conducted for our business continuity plans formed by considering the customers' expectations, corporate policies and legal obligations in order to guarantee their operation in emergency cases.

Thanks to our geographically dispersed technical infrastructure, extensive coverage, solution partner network, mobile exchanges, additional capacity, emergency centres and extensive experience in handling emergencies enable us to minimize the impact of risks as much as possible and additionally, the experience of our Group companies in customer services, our high speed fibre-optic infrastructure, data storage services and our experienced software development teams allow us to effectively manage any disasters from another centre, thereby ensuring the continuity of our activities.

TURKCELL ILETISIM HIZMETLERI A.S. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND INDEPENDENT AUDITOR'S REPORT

Deloitte.

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.
Maslak No 1 Plaza
Eski Büyükdere Caddesi No: 1
Maslak, Sarıyer 34398
İstanbul, Turkey

Tel: +90 212 366 60 00
Fax: +90 212 366 60 10
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No: 304099

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Turkcell İletişim Hizmetleri A.Ş.
Istanbul

We have audited the accompanying consolidated statements of financial position of Turkcell İletişim Hizmetleri A.Ş. ("the Company") and its subsidiaries (together "the Group") as at December 31, 2015 and 2014 and the related consolidated statements of profit or loss, profit and loss and other comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2015. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2015 and 2014 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change the presentation currency of the consolidated financial statements from US Dollars to Turkish Lira for the years ended December 31, 2014 and 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2015 based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 18, 2016 expressed an unqualified opinion on the Group's internal control over financial reporting.

DRT BAĞIMSIZ DENETİM VE SMMM A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Istanbul, Turkey
March 18, 2016

Deloitte.

DRT Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.
Maslak No 1 Plaza
Eski Büyükdere Caddesi No: 1
Maslak, Sarıyer 34398
Istanbul, Turkey

Tel: +90 212 366 60 00
Fax: +90 212 366 60 10
www.deloitte.com.tr

Mersis No : 0291001097600016
Ticari Sicil No: 304099

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Turkcell İletişim Hizmetleri A.Ş.
Istanbul

We have audited the internal control over financial reporting of Turkcell İletişim Hizmetleri A.Ş. (the "Company") and its subsidiaries (together the "Group") as of December 31, 2015 based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as at and for the year ended December 31, 2015 of the Group and our report dated March 18, 2016 expressed an unqualified opinion on those financial statements and included an explanatory paragraph with regards to the change of presentation currency of the consolidated financial statements for the years ended December 31, 2014 and 2013 from US Dollars to Turkish Lira.

DRT BAĞIMSIZ DENETİM VE SMMM A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Istanbul, Turkey
March 18, 2016

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Note	2015	2014	2013
Assets				
Property, plant and equipment	13	6,821,494	5,893,596	5,864,657
Intangible assets	14	8,232,637	2,447,395	2,362,394
GSM and other telecommunication operating licenses		*2,520,785*	*1,002,090*	*1,114,243*
4.5G license not yet available for use		*3,984,954*	*-*	*-*
Computer software		*1,570,346*	*1,336,804*	*1,161,358*
Other intangible assets		*156,552*	*108,501*	*86,793*
Investment properties	15	49,572	13,398	16,304
Investments in equity accounted investees	16	981,939	667,539	535,622
Other investments	17	-	-	8,219
Other non-current assets	18	441,940	525,572	251,779
Trade receivables	20	836,256	779,925	528,928
Deferred tax assets	19	48,615	59,074	73,277
Total non-current assets		**17,412,453**	**10,386,499**	**9,641,180**
Inventories		75,471	71,322	70,102
Other investments	17	-	19,350	57,686
Due from related parties	35	11,760	12,938	21,369
Trade receivables and accrued income	20	4,098,928	3,502,515	2,763,141
Other current assets	21	1,689,902	669,706	602,197
Cash and cash equivalents	22	2,918,796	9,031,881	8,128,925
Total current assets		**8,794,857**	**13,307,712**	**11,643,420**
Total assets		**26,207,310**	**23,694,211**	**21,284,600**
Equity				
Share capital	23	2,200,000	2,200,000	2,200,000
Share premium	23	269	269	269
Capital contributions	23	35,026	35,026	35,026
Reserves	23	861,111	430,387	113,751
Retained earnings	23	11,258,411	14,427,741	12,567,620
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS		**14,354,817**	**17,093,423**	**14,916,666**
Non-controlling interests		**64,085**	**(382,778)**	**(181,531)**
Total equity		**14,418,902**	**16,710,645**	**14,735,135**
Liabilities				
Loans and borrowings	26	3,487,786	1,247,868	1,528,480
Employee benefits	27	114,869	96,278	82,617
Provisions	29	130,619	278,386	289,248
Other non-current liabilities	25	366,670	309,551	272,485
Trade and other payables	30	1,270,610	-	-
Deferred tax liabilities	19	113,437	60,314	65,630
Total non-current liabilities		**5,483,991**	**1,992,397**	**2,238,460**
Bank overdraft	22	-	-	506
Loans and borrowings	26	728,744	2,450,626	1,806,141
Income taxes payable	12	12,855	154,785	138,888
Trade and other payables	30	5,283,070	2,067,129	1,902,758
Due to related parties	35	6,555	24,632	90,235
Deferred income	28	121,078	164,423	196,826
Provisions	29	152,115	129,574	175,651
Total current liabilities		**6,304,417**	**4,991,169**	**4,311,005**
Total liabilities		**11,788,408**	**6,983,566**	**6,549,465**
Total equity and liabilities		**26,207,310**	**23,694,211**	**21,284,600**

The notes on page 7 to 159 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Note	2015	2014	2013
Revenue	8	12,769,415	12,043,587	11,407,887
Direct costs of revenue		(7,769,483)	(7,383,947)	(7,063,857)
Gross profit		**4,999,932**	**4,659,640**	**4,344,030**
Other income	9	44,454	58,929	35,502
Selling and marketing expenses		(1,901,859)	(1,974,608)	(1,843,641)
Administrative expenses		(625,279)	(562,694)	(550,339)
Other expenses	9	(270,446)	(135,177)	(94,300)
Results from operating activities		**2,246,802**	**2,046,090**	**1,891,252**
Finance income	11	756,039	955,401	759,862
Finance costs	11	(799,514)	(1,246,986)	(204,581)
Net finance (costs) / income		**(43,475)**	**(291,585)**	**555,281**
Monetary gain		-	205,068	176,871
Share of profit of equity accounted investees	16	367,336	207,287	297,260
Profit before income tax		**2,570,663**	**2,166,860**	**2,920,664**
Income tax expense	12	(667,112)	(730,444)	(591,398)
Profit for the year		**1,903,551**	**1,436,416**	**2,329,266**
Profit / (loss) attributable to:				
Owners of Turkcell Iletisim Hizmetleri AS		2,067,654	1,864,640	2,325,914
Non-controlling interests		(164,103)	(428,224)	3,352
Profit for the year		**1,903,551**	**1,436,416**	**2,329,266**
Basic and diluted earnings per share (in full TL)	24	0.94	0.85	1.06

The notes on page 7 to 159 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	2015	2014	2013
Profit for the year	1,903,551	1,436,416	2,329,266
Other comprehensive income / (expense):			
Items that will not be reclassified to profit or loss:			
Actuarial (loss) / gain arising from employee benefits	(13,466)	(819)	5,287
Tax effect of actuarial gain / (loss) from employee benefits	2,563	196	(1,026)
	(10,903)	(623)	4,261
Items that will or may be reclassified subsequently to profit or loss:			
Change in cash flow hedge reserve	719	1,089	541
Foreign currency translation differences	166,730	477,592	(233,074)
Share of foreign currency translation differences of the equity accounted investees	(551,196)	(9,114)	46,155
Tax effect of foreign currency translation differences	(5,749)	(3,646)	6,766
	(389,496)	465,921	(179,612)
Other comprehensive (expense) / income for the year, net of income tax	**(400,399)**	**465,298**	**(175,351)**
Total comprehensive income for the year	**1,503,152**	**1,901,714**	**2,153,915**
Total comprehensive income attributable to:			
Owners of Turkcell Iletisim Hizmetleri AS	1,616,867	2,098,610	2,194,151
Non-controlling interests	(113,715)	(196,896)	(40,236)
Total comprehensive income for the year	**1,503,152**	**1,901,714**	**2,153,915**

The notes on page 7 to 159 are an integral part of these consolidated financial statements.

TURKCELL İLETIŞIM HIZMETLERI A.Ş. VE BAĞLI ORTAKLIKLARI

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *For the year ended 31 December 2015*

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Attributable to equity holders of the Company										
	Share Capital	Capital Contribution	Share Premium	Legal Reserves	Cash Flow Hedge Reserves	Reserve for Non-Controlling Interest Put Option	Translation Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance at 1 January 2013	2,200,000	35,026	269	833,918	(2,349)	(461,150)	55,471	10,242,811	12,903,996	(140,324)	12,763,672
Total comprehensive income											
Profit for the year	-	-	-	-	-	-	-	2,325,914	2,325,914	3,352	2,329,266
Other comprehensive income/(expense)											
Foreign currency translation differences, net of tax	-	-	-	-	-	(119,450)	(17,115)	-	(136,565)	(43,588)	(180,153)
Actuarial gain arising from employee benefits	-	-	-	-	-	-	-	4,261	4,261	-	4,261
Change in cash flow hedge reserve	-	-	-	-	541	-	-	-	541	-	541
Total other comprehensive income/(expense)	-	-	-	-	541	(119,450)	(17,115)	4,261	(131,763)	(43,588)	(175,351)
Total comprehensive income/(expense) , net of tax	-	-	-	-	**541**	**(119,450)**	**(17,115)**	**2,330,175**	**2,194,151**	**(40,236)**	**2,153,915**
Transfers to legal reserves	-	-	-	5,366	-	-	-	(5,366)	-	-	-
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	-	(1,046)	(1,046)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	75	75
Change in reserve for non-controlling interest put option	-	-	-	-	-	(181,481)	-	-	(181,481)	-	(181,481)
Balance at 31 December 2013	**2,200,000**	**35,026**	**269**	**839,284**	**(1,808)**	**(762,081)**	**38,356**	**12,567,620**	**14,916,666**	**(181,531)**	**14,735,135**
Balance at 1 January 2014	2,200,000	35,026	269	839,284	(1,808)	(762,081)	38,356	12,567,620	14,916,666	(181,531)	14,735,135
Total comprehensive income											
Profit / (loss) for the year	-	-	-	-	-	-	-	1,864,640	1,864,640	(428,224)	1,436,416
Other comprehensive income/(expense)											
Foreign currency translation differences, net of tax	-	-	-	-	-	(78,394)	311,898	-	233,504	231,328	464,832
Actuarial loss arising from employee benefits	-	-	-	-	-	-	-	(623)	(623)	-	(623)
Change in cash flow hedge reserve	-	-	-	-	1,089	-	-	-	1,089	-	1,089
Total other comprehensive income/(expense), net of tax	-	-	-	-	1,089	(78,394)	311,898	(623)	233,970	231,328	465,298
Total comprehensive income/(expense)	-	-	-	-	**1,089**	**(78,394)**	**311,898**	**1,864,017**	**2,098,610**	**(196,896)**	**1,901,714**
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	-	(8,172)	(8,172)
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(75)	(75)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(3,896)	(3,896)	3,896	-
Change in reserve for non-controlling interest put option	-	-	-	-	-	82,043	-	-	82,043	-	82,043
Balance at 31 December 2014	**2,200,000**	**35,026**	**269**	**839,284**	**(719)**	**(758,432)**	**350,254**	**14,427,741**	**17,093,423**	**(382,778)**	**16,710,645**
Balance at 1 January 2015	2,200,000	35,026	269	839,284	(719)	(758,432)	350,254	14,427,741	17,093,423	(382,778)	16,710,645
Total comprehensive income											
Profit / (loss) for the year	-	-	-	-	-	-	-	2,067,654	2,067,654	(164,103)	1,903,551
Other comprehensive income/(expense)											
Foreign currency translation differences, net of tax	-	-	-	-	-	(229,173)	(211,430)	-	(440,603)	50,388	(390,215)
Actuarial loss arising from employee benefits	-	-	-	-	-	-	-	(10,903)	(10,903)	-	(10,903)
Change in cash flow hedge reserve	-	-	-	-	719	-	-	-	719	-	719
Total other comprehensive income/(expense), net of tax	-	-	-	-	719	(229,173)	(211,430)	(10,903)	(450,787)	50,388	(400,399)
Total comprehensive income/(expense)	-	-	-	-	**719**	**(229,173)**	**(211,430)**	**2,056,751**	**1,616,867**	**(113,715)**	**1,503,152**
Increase in legal reserves	-	-	-	372,068	-	-	-	(372,068)	-	-	-
Dividend paid (Note 23)	-	-	-	-	-	-	-	(3,925,000)	(3,925,000)	(100,515)	(4,025,515)
Change in fair value of minority put option	-	-	-	-	-	498,540	-	-	498,540	-	498,540
Acquisition of non-controlling interest (Note 36)	-	-	-	-	-	-	-	(929,013)	(929,013)	661,093	(267,920)
Balance at 31 December 2015	**2,200,000**	**35,026**	**269**	**1,211,352**	**-**	**(489,065)**	**138,824**	**11,258,411**	**14,354,817**	**64,085**	**14,418,902**

The notes on page 7 to 159 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

	Note	2015	2014	2013
Cash flows from operating activities				
Profit for the year		**1,903,551**	**1,436,416**	**2,329,266**
Adjustments for:				
Depreciation and impairment of fixed assets and investment property	13	1,118,499	1,157,720	1,138,128
Amortization of intangible assets	14	549,251	481,737	456,274
Net finance (income)	11	(515,040)	(855,645)	(640,561)
Income tax expense	12	667,112	730,444	591,398
Share of profit of equity accounted investees	16, 36	(367,336)	(226,448)	(297,260)
(Gain)/loss on sale of property, plant and equipment		(13,141)	(10,158)	(12,239)
Unrealized foreign exchange and monetary gain/loss on operating assets		579,372	943,303	(117,157)
Allowance for trade receivables and due from related parties	36	196,588	155,931	153,378
Negative goodwill		-	(2,085)	(186)
Deferred income	28	8,095	(24,935)	48,266
Reversal of provision for equity accounted investees		-	(19,161)	-
Loss on sale of A-tel		-	902	-
Impairment losses on equity accounted investees and other non-current investments		-	-	37,957
		4,126,951	**3,768,021**	**3,687,264**
Change in trade receivables	20	(821,208)	(1,156,196)	(874,637)
Change in due from related parties	36	3,907	7,838	(8,970)
Change in inventories		(4,526)	(2,541)	17,073
Change in other current assets	21	(771,583)	(77,524)	(101,507)
Change in other non-current assets	18	(70,030)	(31,927)	(28,311)
Change in due to related parties	36	(20,530)	3,131	(9,271)
Change in trade and other payables		348,472	191,011	117,739
Change in other non-current liabilities	25	(14,088)	29,045	43,830
Change in employee benefits	27	5,125	12,842	14,012
Change in provisions	29	23,423	(51,806)	34,789
		2,805,913	**2,691,894**	**2,892,011**
Interest paid		(153,529)	(94,107)	(113,365)
Income tax paid		(751,078)	(699,293)	(647,678)
Dividends received		-	92,263	79,584
Net cash generated by operating activities		**1,901,306**	**1,990,757**	**2,210,552**
Cash flows from investing activities				
Acquisition of property, plant and equipment		(2,135,358)	(1,553,590)	(1,348,604)
Acquisition of intangible assets	14	(2,461,612)	(575,885)	(460,019)
Proceeds from sale of property, plant and equipment		24,192	28,094	21,492
Proceeds from currency option contracts	11	1,070	2,770	870
Payment of currency option contracts premium	11	-	(33)	(189)
Change in financial assets		19,350	38,336	(18,783)
Acquisition of subsidiary net off cash acquired	7	(267,920)	(27,900)	(1,520)
Proceeds from sale of A-tel		-	597	-
Advanced paid for a acquisition of property, plant and equipment		228,070	(236,042)	-
Interest received		761,328	945,663	721,253
Net cash provided/(used in) investing activities		**(3,830,880)**	**(1,377,990)**	**(1,085,500)**
Cash flows from financing activities				
Proceeds from issuance of loans and borrowings		4,866,381	4,736,913	1,705,223
Proceeds from issuance of bonds		1,439,862	-	-
Repayment of borrowings		(6,551,001)	(4,635,652)	(1,934,740)
Change in non-controlling interest		-	(75)	75
Dividends paid		(4,025,515)	(8,172)	(1,046)
Increase in cash collateral related to loans		(349,243)	-	-
Net cash generated (used in) by financing activities		**(4,619,516)**	**93,014**	**-230,488**
Net increase/ (decrease) in cash and cash equivalents		**(6,549,090)**	**705,781**	**894,564**
Cash and cash equivalents at 1 January		**9,031,881**	**8,128,418**	**6,998,870**
Effects of foreign exchange rate fluctuations on cash and cash equivalents		**436,005**	**197,682**	**234,984**
Cash and cash equivalents at 31 December	22	**2,918,796**	**9,031,881**	**8,128,418**

The notes on page 7 to 159 are an integral part of these consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

Notes to the consolidated financial statements

1. Reporting entity

Turkcell Iletisim Hizmetleri Anonim Sirketi (the "Company") was incorporated in Turkey on 5 October 1993 and commenced its operations in 1994. The address of the Company's registered office is Maltepe Aydinevler Mahallesi Inonu Caddesi No: 20, Kucukyali Ofispark / Istanbul. It is engaged in establishing and operating a Global System for Mobile Communications ("GSM") network in Turkey and regional states.

In April 1998, the Company signed a license agreement (the "2G License") with the Ministry of Transport, Maritime Affairs and Communications of Turkey (the "Turkish Ministry"), under which it was granted a 25 year GSM license in exchange for a license fee of $500,000. The License permits the Company to operate as a stand-alone GSM operator and releases it from some of the operating constraints in the Revenue Sharing Agreement, which was in effect prior to the 2G License. Under the 2G License, the Company collects all of the revenue generated from the operations of its GSM network and pays the Undersecretariat of Treasury (the "Turkish Treasury") a treasury share equal to 15% of its gross revenue from Turkish GSM operations. The Company continues to build and operate its GSM network and is authorized to, among other things, set its own tariffs within certain limits, charge peak and off-peak rates, offer a variety of service and pricing packages, issue invoices directly to subscribers, collect payments and deal directly with subscribers. Following the 3G tender held by the Information Technologies and Communications Authority ("ICTA") regarding the authorization for providing IMT-2000/UMTS services and infrastructure, the Company has been granted the A-Type license (the "3G License") providing the widest frequency band, at a consideration of EUR 358,000 (excluding Value Added Tax ("VAT")). Payment of the 3G license was made in cash, following the necessary approvals, on 30 April 2009.

On 26 August 2015, "Authorization Tender on IMT Services and Infrastructure" publicly known as 4.5G license tender, was held by the ICTA and the Company was awarded with a total frequency band of 172.4 MHz for 13 years. The tender price is EUR 1,623,460 (equivalent to TL 5,158,706 as at 31 December 2015) (excluding VAT of 18%). IMT authorization period expires on 30 April 2029 and operators will be able to commence service delivery for 4.5G starting from 1 April 2016. 2x1.4 MHz frequency band in 900MHz spectrum and 2 units of 2x5 MHz frequency bands in 2100 MHz spectrum are commenced as at 1 December 2015, remaining packages will be ready to use on 1 April 2016. For details please refer to Note 14.

On 25 June 2005, the Turkish Government declared that GSM operators are required to pay 10% of their existing monthly treasury share to the Turkish Ministry as a universal service fund contribution in accordance with Law No: 5369. As a result, starting from 30 June 2005, the Company pays 90% of the treasury share to the Turkish Treasury and 10% to the Turkish Ministry as universal service fund.

In July 2000, the Company completed an initial public offering with the listing of its ordinary shares on the Istanbul Stock Exchange and American Depositary Shares, or ADSs, on the New York Stock Exchange.

As at 31 December 2015, two significant founding shareholders, Sonera Holding BV and Cukurova Group, directly and indirectly, own approximately 37.1% and 13.8%, respectively of the Company's share capital and are ultimate counterparties to a number of transactions that are discussed in the related parties footnote. Alfa Group holds 13.2% of the Company's shares indirectly through Cukurova Holdings Limited and Turkcell Holding A.S.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

1. Reporting entity (continued)

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in one associate. Subsidiaries of the Company, their locations and their business are given in Note 36. The Company's and each of its subsidiaries' and associate's financial statements are prepared as at and for the year ended 31 December 2015.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Company selected the presentation form of "function of expense" for the statement of comprehensive income in accordance with IAS 1 "*Presentation of Financial Statements*".

The Company reports cash flows from operating activities by using the indirect method in accordance with IAS 7 "*Statement of Cash Flows*", whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Authority for restatement and approval of consolidated financial statements belongs to the Board of Directors. Consolidated financial statements are approved by the Board of Directors by the recommendation of Audit Committee of the Company.

The Group's audited consolidated financial statements prepared as at and for the years ended 31 December 2010, 2011, 2012, 2013 and 2014 were approved by the General Assembly on 26 March 2015.

The consolidated financial statements as at and for the year ended 31 December 2015 were approved by the Board of Directors on 18 February 2016 and updated by the management for any subsequent events up until 18 March 2016.

(b) Basis of measurement

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRSs as issued by the IASB. They are prepared on the historical cost basis adjusted for the effects of inflation during the hyperinflationary periods in accordance with International Accounting Standard No 29 *"Financial Reporting in Hyperinflationary Economies"* ("IAS 29"), where applicable, except that the following assets and liabilities are stated at their fair value: put option liability, derivative financial instruments, consideration payable in relation to acquisition and financial instruments classified as available-for-sale.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

2. Basis of preparation (continued)

(b) Basis of measurement (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *"Leases"*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *"Inventories"* or value in use in IAS 36 *"Impairment of assets"*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Hyperinflationary period ceased by 31 December 2005 in Turkey and commenced on 1 January 2011 and ceased by 1 January 2015 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments have been made to compensate the effect of changes in the general purchasing power of the Belarusian Ruble in accordance with IAS 29. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is the cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Belarus was 52% for the three years ended 31 December 2015 (31 December 2014: 65% and
31 December 2013: 196%) based upon the consumer price index ("CPI") announced by the National Statistical Committee of the Republic of Belarus. Accordingly, the economy of Belarus was considered to transit out of hyperinflationary status and determined to cease applying IAS 29 starting from 1 January 2015. Therefore, subsidiaries operating in Belarus have not applied IAS 29 in 2015.

Such index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 December 2014 are given below:

Dates	Index	Conversion Factor
31 December 2010	1.6387	3.4406
31 December 2011	3.4197	1.6487
31 December 2012	4.1645	1.3538
31 December 2013	4.8501	1.1625
31 December 2014	5.6381	1.0000

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

2. Basis of preparation (continued)

(b) Basis of measurement (continued)

The annual change in the BYR exchange rate against USD and Euro can be compared with the rates of general price inflation in Belarus according to the CPI as set out below:

Years	2013	2014	2015
Currency change USD (%)	11%	25%	57%
Currency change Euro (%)	15%	10%	41%
CPI inflation (%)	16%	16%	12%

As at 31 December 2015 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 18,569 = USD 1, BYR 20,300 = Euro 1 (31 December 2014: BYR 11,850 = USD 1, BYR 14,380 = Euro 1).

The main guidelines for the IAS 29 restatement are as follows:

– All statement of financial of position items, except for the ones already presented at the current purchasing power level, are restated by applying a general price index.

– Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items presents money held and items to be received or paid in money.

– Non-monetary assets and liabilities of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.

– All items in the statement of profit or loss of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of profit or loss, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.

- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of profit or loss items. The gain or loss on the net monetary position is included in net income.

- The comparative amounts relating to the subsidiaries operating in Belarus in the consolidated financial statements of 2011, 2012, 2013 and 2014 are not restated. The translation effect of Belarusian Ruble ("BYR") denominated equity accounts determined upon the application of inflation accounting to TL is accounted under translation reserve in the consolidated financial statements as at 31 December 2015.

2. Basis of preparation (continued)

(c) Functional and presentation currency

The consolidated financial statements are presented in Turkish Lira ("TL"), rounded to the nearest thousand. Moreover, all financial information expressed in US Dollars ("USD" or "$"), Euro ("EUR") and Ukranian Hryvnia ("UAH") and Belarusian Ruble ("BYR") has been rounded to the nearest thousand. The functional currency of the Company and its consolidated subsidiaries located in Turkey and Turkish Republic of Northern Cyprus is TL. The functional currency of Euroasia Telecommunications Holding BV ("Euroasia") and Financell BV ("Financell") is USD. The functional currency of Eastasian Consortium BV ("Eastasia"), Beltur Coöperatief UA, and Turkcell Europe is EUR. The functional currency of LLC Astelit ("Astelit"), LLC Global Bilgi ("Global LLC") and UkrTower LLC ("UkrTower") is UAH. The functional currency of Belarusian Telecommunication Network ("Belarusian Telecom") and LLC Lifetech is BYR. The functional currency of Azerinteltek QSC ("Azerinteltek") is Azerbaijan Manat.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Notes 4 and 36 and detailed analysis with respect to accounting estimates and critical judgments of allowance for doubtful receivables, useful lives or expected patterns of consumption of the future economic benefits embodied in depreciable assets, commission fees, revenue recognition, income taxes and impairment testing for cash-generating unit containing goodwill are provided below:

Key sources of estimation uncertainty

Belarus

Belarusian economy is still expected to continue contracting while vulnerabilities to external developments remain. In December 2015, Belarusian Statistics Office announced that GDP contracted by 3.9% in 2015. Contraction in economy resulted from weak economic activity in Russia, weak domestic demand and devaluation in BYR along with tight monetary stance. National Bank of the Republic of Belarus ("NBRB") raised its refinancing rate to 25% in January 2015 with worsening expectations for the Russian economy. BYR depreciated by 25% throughout 2014 and 57% in 2015 against USD and finished the year at 18,569 on 31 December 2015. BYR rate against USD stood at 20,985 as of 10 March 2016. Tight monetary policy is still seen necessary because of weak domestic demand and foreign exchange rate concerns. Foreign exchange reserves excluding gold and IMF money (SDR) have decreased by $0.65 million to $2.2 million within 2015 and decreased by another $0.33 million to $1.9 million at the end of February 2016. Belarus repaid $6 million of internal and external foreign currency debt in 2015. On the other hand, Russia's postponing payments of loans maturing in 2015 and allowing payments to be made in Russian Ruble rather than USD led external debt repayments to be made in 2015 decrease from $4 million to $2.7 million. RMB swap agreement made with the Chinese Central Bank also strengthened Belarus's debt repayment ability. Annual inflation for the year 2015 decreased to 12%, the lowest level for the last four years. In spite of the devaluation in BYR since 2014, inflationary pressures are expected to ease over the medium term due to Central Bank policies prioritizing the fight against inflation.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

Belarus (continued)

The three-year cumulative inflation at the end of 2011 was 153% primarily influenced by the high inflation of 109% experienced in 2011. As the cumulative inflation in the last three years exceeded 100%, Belarus was considered a hyperinflationary economy at the end of 2011. In this context, IAS 29 "Financial Reporting in Hyperinflationary Economies" was being applied by subsidiaries operating in Belarus in financial statements starting from their annual financial statements for the year ending 31 December 2011. However, decrease in inflation rate in subsequent years led the three-year cumulative rate as of the end of 2014 to decrease to 65% (31 December 2015: 52%). Accordingly, the economy of Belarus was considered to transit out of hyperinflationary status determined to cease applying IAS 29 starting from 1 January 2015. Therefore, subsidiaries operating in Belarus have not applied IAS 29 in 2015.

Ukraine

Ukrainian economy is still struggling with high level of inflation and economic recession but growth outlook has turned positive for 2016 at around 1-2% after 2015 GDP data showed pace of economic contraction sharply slowing and successful debt restructuring negotiations with creditors. IMF agreement reached in the first half of 2015 and fiscal and financial reforms that were approved in accordance by the parliament turned the economic outlook to positive. IMF disbursed a total of $11 million with two tranches in 2015; one in March and the other in August. As of December 2015, current account deficit improved by $4.4 million (down from $4.6 million in January-December 2014 to $0.2 million in January-December 2015). Ukraine international foreign exchange reserves increased by $5.8 million to $13.3 million at the end of December 2015, compared to year-end 2014 due to IMF agreement and fiscal and economic reforms approved by the parliament. Foreign exchange reserves increased by another $0.2 million to $13.5 million at the end of February 2016.

2014 GDP had contracted by 6.8% and even though the contraction continued in all quarters of 2015, it slowed down to 1.2% in fourth quarter of 2015 from 7.2% in the third quarter of 2015. World Bank and IMF forecast 2015 economic recession to be 11% and 12%, respectively. 2015 annual inflation has decreased to 43.3% as of December 2015. 2015 year end inflation that still stood elevated due to rising food and energy prices and devaluation of local currency is expected to slow further as hikes in regulated prices less pronounced and positive base effects.

The local currency has stabilized with IMF agreement and National Bank of Ukraine's ("NBU") restrictions on foreign exchange market. In order to comply with IMF aid agreement, NBU introduced free float foreign exchange rate regime as well in February 2015. With the correction after the IMF aid agreement, UAH rate managed to fall to 21.53 on September 2015 but continued its devaluation with volatility in emerging markets and delayed IMF aid tranches in September-December and lost 52% of its value against USD to finish the year at 24.00 on 31 December 2015. UAH rate against USD stood at 26.18 as of 10 March 2016.

Ukraine finalized a debt restructuring deal of $18 million with foreign creditors at the end of August, 2015. With no debt repayments until 2019, risks for debt outlook are limited in the medium term.

In order to stop depreciation of UAH, NBU raised its refinancing rates to 9.5% from 6.5% on 15 April 2014, to 12.5% from 9.5% on 18 July 2014, to 14% from 12.5% on 13 November 2014, to 19.5% from 14% on 6 February 2015 and lastly to the highest policy rate in the world, 30% on 2 March 2015. NBU decided to ease its policy rate due to slowing inflation and stabilization of foreign exchange market from 30% to 27% in August 2015 and to 22% in September 2015.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

Ukraine (continued)

Although the conflict in the eastern part of Ukraine continues to affect country's economy, positive effects of IMF aid on reform process, frozen situation in the eastern part of the country and debt restructuring deal completed with foreign creditors are expected to support growth in future years by limiting further depreciation in UAH and decreasing risk premiums.

As of 31 December 2014, Astelit has impaired its assets in Crimea region amounting to TL 17,951. The risk of further annexations of Luhansk and Donetsk regions still remain as a possibility. As of 31 December 2015, the net book value of non-current assets of the Group located in Donetsk and Luhansk amounts to TL 20,687 and TL 2,908 respectively (31 December 2014: TL 33,478 and TL 5,493 respectively).

Current and potential future political and economic changes in Belarus and Ukraine could have an adverse effect on the subsidiaries operating in these countries. The economic stability of Belarus and Ukraine depends on the economic measures that will be taken by the governments and the outcomes of the legal, administrative and political processes in these countries. These processes are beyond the control of the subsidiaries established in these countries.

Consequently, the subsidiaries operating within Belarus and Ukraine may subject to foreign currency and interest rate risks related to borrowings and the subscriber's purchasing power and liquidity and increase in corporate and personal insolvencies, that may not necessarily be observable in other markets. The accompanying condensed interim consolidated financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries operating in Belarus and Ukraine. The future economic situation of Belarus and Ukraine might differ from the Group's expectations. As of 31 December 2015, the Group's management believes that their approach is appropriate in taking all the necessary measures to support the sustainability of these subsidiaries' businesses in the current circumstances.

Azerbaijan

In 2015, AZN was devalued twice against USD by total of 99%. On 21 February 2015, AZN was depreciated by 34% from 0.78 to 1.05 against USD. Secondly, on 21 December 2015, AZN depreciated by 48% from 1.05 to 1.55 against USD. AZN rate against USD stood at 1.63 as of 10 March 2016.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies

Certain critical accounting judgments in applying the Group's accounting policies are described below:

Allowance for doubtful receivables

The Group maintains an allowance for doubtful receivables for estimated losses resulting from the inability of the Group's subscribers and customers to make required payments. The Group bases the allowance on the likelihood of recoverability of trade and other receivables based on the aging of the balances, historical collection trends and general economic conditions. The allowance is periodically reviewed. The allowance charged to expenses is determined in respect of receivable balances, calculated as a specified percentage of the outstanding balance in each aging group, with the percentage of the allowance increasing as the aging of the receivable becomes longer.

Useful lives of assets

The economic useful lives of the Group's assets are determined by management at the time the asset is acquired and regularly reviewed for appropriateness. The Group defines useful life of its assets in terms of the assets' expected utility to the Group. This judgment is based on the experience of the Group with similar assets. In determining the useful life of an asset, the Group also follows technical and/or commercial obsolescence arising on changes or improvements from a change in the market. The useful lives of the licenses are based on the duration of the license agreements.

In accordance with IAS 16 *"Property, Plant and Equipment"* and IAS 38 *"Intangible Assets"*, the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"*. As part of yearly review of useful lives of assets, the Group performed the necessary evaluation by considering current technological and economic conditions and recent business plans. Based on the evaluation performed, changes in the useful lives caused the following impacts on depreciation and amortization charges.

	Previous accounting estimate	Current accounting estimate	Impact
Depreciation and amortization charge for the year ended 31 December 2015	1,673,168	1,667,750	5,418

Due to the impracticability, the Group has not disclosed the effect of the change for the future periods.

Commission fees

Commission fees relate to information and entertainment services performed in Turkey where the Group acts as an agent in the transaction rather than as a principal. In April 2009, the IASB issued amendments to the illustrative guidance in the appendix to IAS 18 "*Revenue*" in respect of identifying an agent versus a principal in a revenue-generating transaction. Based on this guidance; management considered the following factors in distinguishing between an agent and a principal:

- The Group does not take the responsibility for fulfillment of the games.
- The Group does not collect the proceeds from the final customer and it does not bear the credit risk.
- The Group earns a pre-determined percentage of the total turnover.

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies (continued)

Revenue recognition

In arrangements which include multiple elements where the Group acts as principal, the Group considers the elements to be separate units of accounting in the arrangement. Total arrangement consideration relating to the bundled contracts is allocated among the different units according the following criteria:

- the component has standalone value to the customer; and
- the fair value of the component can be measured reliably.

The arrangement consideration is allocated to each deliverable in proportion to the fair value of the individual deliverables. If a delivered element of a transaction is not a separately identifiable component, then it is accounted for as an integrated part of the remaining components of the transaction.

Income taxes

The calculation of income taxes involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through formal legal process.

As part of the process of preparing the consolidated financial statements, the Group is required to estimate the income taxes in each of the jurisdictions and countries in which they operate. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue and reserves for tax and accounting purposes. The Group management assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent the recovery is not considered probable the deferred asset is adjusted accordingly.

The recognition of deferred tax assets is based upon whether it is probable that future taxable profits will be available, against which the temporary differences can be utilized. Recognition, therefore, involves judgment regarding the future financial performance of the particular legal entity in which the deferred tax asset has been recognized.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Critical accounting judgments in applying the Group's accounting policies (continued)

Provisions, Contingent Liabilities and Contingent Assets

As detailed and disclosed in Note 34, the Group is involved in a number of investigations and legal proceedings (both as a plaintiff and as a defendant) during the year arising in the ordinary course of business. All of these investigations and litigations are evaluated by the Group Management in accordance with IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"* and disclosed or accounted in the consolidated financial statements. Future results or outcome of these investigations and litigations might differ from Group Management's expectations. As of the reporting date, Group Management believes that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount by considering current conditions and circumstances.

Annual impairment review

The Group tests annually whether goodwill and intangible asset not yet available for use have suffered any impairment in accordance with the accounting policy stated in Note 3. Additionally, the carrying amounts of Group's nonfinancial assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any indication exists the assets recoverable amount is estimated in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as discussed in Note 14.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Group can engage third party qualified valuers to perform the valuation, if necessary. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 31.

Contracted handset sales

The Company, the distributors and dealers offer joint campaigns to the subscribers which may include the sale of device by the dealer and/or distributor and a communication service to be provided by the Company. The Company does not recognize any revenue for the device in these transactions by considering the below factors:

- the Company is not primary obligor for the sale of handset,
- the Company does not have control over the sale prices of handsets,
- the Company has no inventory risk,
- the Company has no responsibility on technical compability of equipment delivered to customers
- the responsibility after sale belongs to the distributor and
- the Company does not make any modification on the equipment.

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Changes in accounting policies

Other than the adoption of the new and revised standards as explained in Note 3(u), the change of the presentation currency of the consolidated financial statements from US Dollars to TL which is the functional currency of the Company and change in Company's reportable segments (Note 6) the Group did not make any major changes to accounting policies during the current year.

Changes in accounting estimates

If the application of changes in the accounting estimates affects the financial results of a specific period, the changes in the accounting estimates are applied in that specific period, if they affect the financial results of current and following periods; the accounting estimate is applied prospectively in the period in which such change is made. A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

The Group did not have any major changes in the accounting estimates during the current year, except for the useful lives of property, plant and equipment.

Comparative information and revision of prior period financial statements

The consolidated financial statements of the Group have been prepared with the prior periods on a comparable basis in order to give consistent information about the financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, the financial statements of the prior periods are also reclassified in line with the related changes. Since the presentation currency of the consolidated financial statements changed from US Dollars to TL, the consolidated financial statements of the years ended December 31, 2014 and 2013 have been presented in TL for consistent presentation.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities other than the change of the presentation currency of the consolidated financial statements from US Dollars to TL which is the functional currency of the Company and change in Company's reportable segments (Note 6).

(a) Basis of consolidation

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *"Income Taxes"* and IAS 19 *"Employee Benefits"* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *"Financial Instruments: Recognition and measurement"*, or IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(ii) Subsidiaries

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company. In this context, the Group's ownership interest in Euroasia was increased to 100% in July, 2015 and the deficit representing the difference between the non-controlling interests derecognized and the consideration paid for the acquisition of shares amounting to TL 929,013 has been reduced from retained earnings in July 2015 and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(iv) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are excluded from the scope of IFRS 3 *"Business Combinations"*. In business combinations under common control, assets and liabilities subject to business combination are accounted for at their carrying value in consolidated financial statements. Statements of profit or loss are consolidated starting from the year that the comparative financial statements are presented and financial statements of previous financial years are restated. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity accounted for as equity transactions (i.e. transactions with owners acting in their capacity as owners).

(v) Transactions eliminated on consolidation

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Where a put option is granted by the Group to the non-controlling interests shareholders in existing subsidiaries that provides for settlement in cash or in another financial asset, the Group recognizes a liability for the present value of the estimated exercise price of the option. The interests of the non-controlling shareholders that hold such put options are derecognized when the financial liability is recognized. The corresponding interests attributable to the holder of the puttable non-controlling interests are presented as attributable to the equity holders of the parent and not as attributable to those non-controlling interests' shareholders. The difference between the put option liability recognized and the amount of non-controlling interests' shareholders derecognized is recorded under equity.

Subsequent changes in the fair value of the put option liability are recognized in equity for the business combinations before 1 January 2009 other than unwind of discount and associated foreign exchange gains and losses. For the business combinations after 1 January 2009, subsequent changes in the fair value of the put option liability are recognized in profit or loss.

(vii) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 39 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Investments in associates and joint ventures (continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in the statement of profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized directly in equity.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL from the functional currency of the foreign operation at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to TL at monthly average exchange rates excluding foreign operations in hyperinflationary economies which are translated to TL at exchange rates at the reporting date.

The income and expenses of foreign operations in hyperinflationary economies are translated to TL at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences arising on retranslation are recognized directly in the foreign currency translation reserve, as a separate component of equity. Since 1 January 2005, the Group's date of transition to IFRSs, such differences have been recognized in the foreign currency translation reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in equity in the foreign currency translation reserves which shall be reclassified from equity to profit or loss on the disposal of a foreign operation. The Company has recognized net foreign exchange losses net of tax amounting to TL 200,248 and TL 62,260 resulting from net investment in their foreign operations located in Belarus and Ukraine respectively, in foreign currency translation reserves in the current period (31 December 2014: None).

(iii) Translation from functional to presentation currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entities operate, normally under their local currencies.

The consolidated financial statements are presented in Turkish Liras, which is the presentation currency of the Group. The Group started to use TL as the presentation currency starting from 31 December 2015 since the majority of the Group's income and expenses are in TL. This change will align the Group's in the Republic of Turkey and United States.

Assets and liabilities for each statement of financial position presented (including comparatives) are translated to TL at exchange rates at the statement of financial position date. Income and expenses for each statement of profit or loss (including comparatives) are translated to TL at monthly average exchange rates excluding operations in hyperinflationary economies which are translated to TL at exchange rates at the reporting date.

Foreign currency differences arising on retranslation are recognized directly in a separate component of equity.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments which are not recognized or designated as financial instruments at fair value through profit or loss are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Accounting for finance income and costs is discussed in Note 3(m).

• Financial assets at fair value through profit or loss

An instrument is classified as financial asset at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Derecognition of financial assets (continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of profit or loss.

• Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Held-to-maturity financial assets are held-to-maturity investments that are measured at amortized cost using the effective interest method, less any impairment losses.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories.

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3(h)(i)), and foreign exchange gains and losses on available-for-sale monetary items (see Note 3(b)(i)), are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the statement of profit of loss.

• Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures arising from operational, financing and investing activities. In accordance with its treasury policy, the Group engages in forward, swap and option contracts. However, these derivatives do not qualify for hedge accounting and are accounted for as trading derivatives.

Embedded derivatives are separated from the host contract and accounted for separately if
a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related, b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and c) the combined instrument is not measured at fair value through profit or loss.

Also the Group enters into derivative financial instruments to manage its exposure to interest rate, including interest rate collar. Further details of derivative financial instruments are disclosed in Note 26 and 32.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is immediately recognized in the statement of profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit or loss depends on the nature of the hedge relationship.

Hedge Accounting

The Group designates certain hedging instruments which include cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss, and is included in the "finance income / costs" line item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is immediately recognized in the statement of profit or loss in the same financial statement line item as the recognized hedged item.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity item in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in/ from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Subordinated debt instruments

The foreign subsidiaries of the Company have issued subordinated debt instruments to the Company. These instruments are treated as equity instruments in subsidiaries' separate financial statements and carried at historic cost in accordance with IAS 32 *Financial Instruments: Presentation* as it includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the finance income and cost line items. Fair value is determined in the manner described in Note 31.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see note 3(h)(ii)). Property, plant and equipment related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period which ended on 31 December 2005. Since the inflation accounting commenced on 1 January 2011, property, plant and equipment related to the subsidiaries operating in Belarus are adjusted for the effects of inflation. However, decrease in inflation rate in subsequent years led the three-year cumulative rate as of the end of 2014 to decrease to 65%. Accordingly, the economy of Belarus was considered to transit out of hyperinflationary status and 2015 is determined to be appropriate to cease applying IAS 29. Therefore, subsidiaries operating in Belarus ceased applying IAS 29 in 2015.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located, if any. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of the cost of that asset.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains/losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within other income or other expenses in the statement of profit or loss.

Changes in the obligation to dismantle, remove assets on sites and to restore sites on which they are located, other than changes deriving from the passing of time, are added or deducted from the cost of the assets in the period in which they occur. The amount deducted from the cost of the asset shall not exceed the balance of the carrying amount on the date of change, and any excess balance is recognized immediately in the statement of profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(d) Property, plant and equipment

(iii) Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	21 – 25 years
Mobile network infrastructure	4 – 20 years
Fixed network infrastructure	3 – 25 years
Call center equipment	4 – 8 years
Equipment, fixtures and fittings	2 – 10 years
Motor vehicles	4 – 6 years
Central betting terminals	5 – 10 years
Leasehold improvements	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at least annually unless there is an indicator of impairment.

(e) Intangible assets

(i) GSM and other telecommunication operating licenses

GSM and other telecommunication operating licenses that are acquired by the Group are measured at cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less accumulated amortization (see below) and accumulated impairment losses (see note 3(h)(ii)). GSM and other telecommunication operating licenses related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period which ended on 31 December 2005. Since the inflation accounting commenced on 1 January 2011 and ceased by 1 January 2015, GSM and other telecommunication operating licenses related to the subsidiaries operating in Belarus are adjusted for the effects of inflation until 1 January 2015.

Amortization

Amortization is recognized in the statement of profit or loss on a straight line basis primarily by reference to the unexpired license period. The useful lives for the GSM and other telecommunication operating licenses are as follows:

GSM and other telecommunications licenses	3 – 25 years

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Amortization

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives from the date the software is available for use. The useful lives for computer software are as follows:

Computer software	3 – 8 years

(iii) Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are measured at cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less accumulated amortization (see below) and accumulated impairment losses (see note 3(h)(ii)). Other intangible related to the parent and subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary periods ceased by 31 December 2005. Since the inflation accounting commenced on 1 January 2011 and ceased by 1 January 2015, other intangible assets related to the subsidiaries operating in Belarus are adjusted for the effects of inflation until 1 January 2015.

Indefeasible Rights of Use ("IRU") correspond to the right to use a portion of the capacity of an asset granted for a fixed period of time. IRUs are recognized as an intangible asset when the Group has specific indefeasible right to use an identified portion of the underlying asset and the duration of the right is the major part of the underlying asset's economic life. IRUs are amortized over the shorter of the expected period of use and the life of the contract.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset (that is purchased from independent third parties) to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of profit or loss as incurred. Capitalized costs generally relate to the application development stage; any other costs incurred during the pre and post-implementation stages, such as repair, maintenance or training, are expensed as incurred.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iv) Subsequent expenditure (continued)

Borrowing costs should be capitalized as part of the cost of qualifying assets. Borrowing costs eligible for capitalization may include:

- interest on loans and borrowings calculated using the effective interest rate method as described in IAS 39 - *Financial Instruments: Recognition and Measurement*; and
- finance charges in respect of finance leases recognized in accordance with IAS 17 *Leases*.
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. An entity shall cease capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

An entity shall suspend capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

Exchange differences arising from foreign currency borrowings should be capitalized.

The amount of borrowing costs that may be capitalized should lie between the following two amounts:

- actual interest costs denominated in the foreign currency, translated at the actual exchange rate on the date on which the expense is incurred; and
- notional borrowing costs based on commercial interest rates prevailing in the functional currency at the date of initial recognition of the borrowing.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

Amortization

Amortization is recognized in the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such useful lives are indefinite from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Transmission lines	5 – 10 years
Central betting system operating right	7 – 10 years
Customer list	2 – 15 years
Brand name	9 – 10 years

Amortization methods, useful lives and residual values are reviewed at least annually unless there is an indicator of impairment.

Goodwill

From 1 January 2010 the Group has applied IFRS 3 (2008) "*Business Combinations*" in accounting for business combinations.

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the excess is negative, a bargain purchase gain is recognized immediately in the statement of profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses if any. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset including goodwill, that forms part of the carrying amount of the equity accounted investees.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(v) Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to the statement of profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(vi) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset and related financial liability are measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are operating leases and the leased assets are not recognized on the Group's statement of financial position.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. The cost of inventory is determined using the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. As at 31 December 2015 and 2014, inventories mainly consist of simcards, scratch cards, handsets, modems and set-top box.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the statement of profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive income. For available-for-sale equity investments carried at cost, the reversal is not permitted.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible asset not yet available for use, the recoverable amount is estimated each year at the same time.

3. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate adjusted for the effects of tax cash outflows that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined from the cash-generating unit to which corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, therefore, is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(i) Employee benefits

(i) Retirement pay liability

In accordance with existing labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay up to a of maximum full TL 4,093 as at 31 December 2015, which is effective from 1 January 2016, per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the consolidated financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from the retirement of the employees.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss when they are due.

The assets of the plan are held separately from the consolidated financial statements of the Group. The Company and other consolidated companies that initiated defined contribution retirement plan are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement plan is to make the specified contributions.

(j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Other than the contract signed with Ministry of Transport, Maritime Affairs and Communications regarding the construction and operation of mobile communication infrastructure in rural areas ("Evrensel Project") as explained in Note 34, the Group did not have any significant onerous contracts as at 31 December 2015 (31 December 2014: None except Evrensel Project).

3. Significant accounting policies (continued)

(j) Provisions (continued)

Dismantling, removal and restoring sites obligation

The Group is required to incur certain costs in respect of a liability to dismantle and remove assets and to restore sites on which the assets were located. The dismantling costs are calculated according to best estimate of future expected payments discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Bonus

Provision for bonus is provided when the bonus is a legal obligation, or past practice would make the bonus a constructive obligation and the Group is able to make a reliable estimate of the obligation.

(k) Revenue

Revenues is recognized at the fair value of the consideration received or receivable, net of returns, trade discounts and rebates. Communication fees include postpaid revenue from incoming and outgoing calls, additional services, prepaid revenue, interconnect revenue and roaming revenue. Communication fees are recognized at the time the services are rendered.

With respect to prepaid revenue, the Group generally collects cash in advance by selling scratch cards to distributors. In such cases, the Group does not recognize revenue until the subscribers use the telecommunication services. Deferred income is recorded under current liabilities.

Services may be bundled with other products/services and these bundled services and products involve consideration in the form of fixed fee or a fixed fee coupled with a continuing payment stream. Total arrangement considerations relating to a bundled contract is allocated among the different units accounting the following criteria:

- the deliverable has standalone value to the customer; and
- the fair value of the deliverable can be measured reliably.

The arrangement consideration is allocated to each deliverable in proportion to the fair value of the individual deliverables. If a delivered element of a transaction is not a separately identifiable component, then it is accounted for as an integral part of the remaining deliverable of the transactions.

Revenue allocated to products given where the Group is the principal, which is included in other revenue, is recognized when the significant risks and rewards of ownership have been transferred to the buyer, collection is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

The Company, the distributors and dealers offer joint campaigns to the subscribers which may include the sale of device by the dealer and/or distributor and a communication service to be provided by the Company. In particular campaigns, the dealer makes the handset sale to the subscribers whose instalments will be collected by the Company based on the letter of undertaking signed by the subscriber. With the letters of undertaking, the dealer assigns its receivables from device sale to the distributor and the distributor assigns its receivables to the Company.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(k) Revenue (continued)

The Company pays the distributor the net present value of the instalments to be collected from the subscribers upfront and recognizes contracted receivable in its statement of financial position. The undue portion of assigned receivables from the distributors which were paid upfront by the Company is classified as "undue assigned contracted receivables" in trade receivables (Note 20). When monthly installment is invoiced to the subscriber, related portion is presented in "receivables from subscribers". The Company collects the contracted receivables in installments during contract period and does not recognize any revenue for the device in these transactions as the Company is not the principal for the sale of handset.

Starting from 2014, the subscribers have an option to buy the handset by bank loan whose instalments will be collected by the Company on behalf of the bank. The Company does not bear any credit risk in this type of transaction. Since the Company collects the receivables during the contract period and is agent for the sale of device in this bank loan structure, the Company does not recognize any revenue for the device in these transactions.

Monthly fixed fees represent a fixed amount charged to postpaid subscribers on a monthly basis without regard to the level of usage. Fixed fees are recognized on a monthly basis when billed.

Commission fees mainly comprised of net takings earned to a maximum of 1.4% of gross takings, as a head agent of fixed odds betting games starting from 1 March 2009 and mobile agent revenues comprised of 2.24%-3.62% of mobile agency turnover after deducting VAT and Gaming tax as head agent starting from 23 March 2010. Commission revenues are recognized at the time all the services related with the games are fully rendered. Under the agreement signed with Spor Toto Teskilat Mudurlugu AS ("Spor Toto"), Inteltek Internet Teknoloji Yatirim ve Danismanlik AS ("Inteltek") is obliged to undertake any excess payout, which is presented on net basis with the commission fees.

AzerInteltek received authorization from Azeridmanservis Limited Liability Company set under the Ministry of Youth and Sport of the Republic of Azerbaijan to organize, operate, manage and develop the fixed odds and paramutual sports betting business. Since AzerInteltek acts as a principal, total consideration received from the player less payout (distribution to players) and amounts collected from players on behalf of Ministry of Sports is recognized at the time all the services related with the games are fully rendered.

Azerinteltek has been authorized for the Lottery games by Azerlotereya. Azerinteltek has been generating commission revenue over Lottery games turnover through its own agencies by applying 15% commission rate according to agreement between Azerinteltek and Azerlotereya. Commission revenues are recognized at the time all the services related with the games are fully rendered.

Simcard sales are recognized upon delivery to distributors, net of returns, discounts and rebates. Simcard costs are also recognized upon sale of the simcard to the distributors.

Call center revenue are recognized at the time services are rendered.

The revenue recognition policy for other revenue is to recognize revenue as services are provided.

3. Significant accounting policies (continued)

(k) Revenue (continued)

Volume rebates or discounts and other contractual changes in the prices of roaming and other services are anticipated, as both the payer and the recipient, if it is probable that they have been earned or will take effect. Thus, contractual rebates and discounts are anticipated, but discretionary rebates and discounts are not anticipated because the definitions of asset and liability would not be met.

(l) Lease payments

Payments made under operating leases are recognized in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

(m) Finance income and costs

Finance income comprises interest income on funds invested (including available-for-sale and held-to-maturity financial assets), late payment interest income, interest income on contracted receivables, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on derivative instruments that are recognized in the statement of income. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, litigation late payment interest expense, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or option premium expense.

Foreign currency gains and losses are reported on a net basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted against the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(n) Transactions with related parties

A related party is essentially any party that controls or can significantly influence the financial or operating decisions of the Group to the extent that the Group may be prevented from fully pursuing its own interests. For reporting purposes, investee companies and their shareholders, non-controlling shareholders at subsidiaries, key management personnel, shareholders of the Group and the companies that the shareholders have a relationship with are considered to be related parties.

(o) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future as the Group is able to control the reversal of the temporary difference. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Interest and penalties assessed on income tax deficiencies are presented based on their nature.

3. Significant accounting policies (continued)

(p) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is equal to basic EPS because the Group does not have any convertible notes or share options granted to employees.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

(q) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Starting from 2015, the Group has changed its reportable segments which are based on the dominant source and nature of the Group's risk and returns as well as the Group's new internal reporting structure (Note 6).

The Group revised its operations under three reportable segments within the year 2015 in accordance with its integrated communication and technology services strategy as Turkcell Turkey, Turkcell International and Other which represent economical integrity.

(r) Subscriber acquisition costs

The Group capitalizes directly attributable subscriber acquisition costs when the following conditions are met:

- the capitalized costs can be measured reliably;
- there is a contract binding the customer for a specific period of time; and
- it is probable that the amount of the capitalized costs will be recovered through revenue generated by the service contract, or, where the customer withdraws from the contract in advance, through the collection of the penalty.

Capitalized subscriber acquisition costs are amortized on a straight-line basis over the minimum period of the underlying contract. In all other cases, subscriber acquisition costs are expensed when incurred.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(s) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are transferred to the statement of profit or loss on a straight-line basis over the expected useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred recognized in profit or loss in the period in which they become receivable.

(t) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(i) Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Investment Property	25 - 45 years

Depreciation methods, useful lives and residual values are reviewed at least annually unless there is a triggering event.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(u) New standards and interpretations

(i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

None.

(ii) New and Revised IFRSs applied with no material effect on the consolidated financial statements

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements to 2010-2012 Cycle	*IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, IAS 24* [1]
Annual Improvements to 2011-2013 Cycle	*IFRS 1, IFRS 3, IFRS 13, IAS 40* [1]

1 *Effective for annual periods beginning on or after 1 July 2014.*

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(ii) New and Revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Annual Improvements to 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

(iii) New and Revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instruments* [2]
IFRS 14	*Regulatory Deferral Accounts* [1]
Amendments to IFRS 11	*Accounting for Acquisition of Interests in Joint Operations* [1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants* [1]
IFRS 15	*Revenue from Contracts with Customers* [2]
Amendments to IAS 27	*Equity Method in Separate Financial Statements* [1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [1]
Annual Improvements to 2012-2014 Cycle	*IFRS 5, IFRS 7, IAS 19, IAS 34* [1]
Amendments to IAS 1	*Disclosure Initiative* [1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception* [1]
IFRS 16	*Leases* [3]

1 *Effective for annual periods beginning on or after 1 January 2016.*
2 *Effective for annual periods beginning on or after 1 January 2018.*
3 *Effective for annual periods beginning on or after 1 January 2019.*

3. Significant accounting policies (continued)

(iii) New and Revised IFRSs in issue but not yet effective (continued)

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

IFRS 14 was issued by the IASB on 30 January 2014 and is applied to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

Amendments to IFRS 11 *Accounting for Acquisition of Interests in Joint Operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11,
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

3. Significant accounting policies (continued)

(iii) New and Revised IFRSs in issue but not yet effective (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts,
- Recognise revenue when the entity satisfies a performance obligation.

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Annual Improvements 2012-2014 Cycle

IFRS 5: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19: Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

3. Significant accounting policies (continued)

(iii) New and Revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 *Disclosure Initiative*

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

IFRS 16 *Leases*

This new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 "Leases" and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

The Group is evaluating the effects of these standards on the consolidated financial statements.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, willingly. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Investment property

The fair value of investment property is based on valuations performed by appointed independent registered appraisers taking into account valuation methods such as market data, discounted cash flow ("DCF") method, replacement cost method, or the combination of two or all of these methods based on the applicability of the valuation method to the respective property. All these methods often provide different values for investment property, therefore the appraisers reconcile the varying results and meld the results of the methods utilized in a reasonable way. Based on the valuation method utilized, appraisers estimate the value of investment property which best reflects the market conditions at the balance sheet date.

(iii) Intangible assets

The fair value of the brand acquired in the Superonline Iletisim Hizmetleri AS ("Turkcell Superonline") business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand being owned. The fair value of customer list acquired in the Turkcell Superonline business combination are valued using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of the custom duty and VAT exemption agreement in the Belarusian Telecom business combination is based on the incremental cash flows method (cost saving approach) and this was used for the valuation analysis.

The fair value of mobile telephony licenses (GSM & UMTS) in the Belarusian Telecom business combination is based on the Greenfield (build-out) method, which is estimated to be appropriate and commonly used for the valuation of licenses, and this was used for the valuation analysis.

The fair value of customer list acquired in business combinations was valued using the cost approach where by the subject asset was valued by using the information on a cost per subscriber basis under current market conditions and rates.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

4. Determination of fair values (continued)

(iv) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price or over the counter market price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(v) Trade and other receivables / due from related parties

The fair values of trade and other receivables and due from related parties are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(vi) Derivatives

The fair value of forward exchange contracts, swap contracts and option contracts are based on their listed market price, if available. If a listed market price is not available, then fair values are derived from inputs other than quoted prices that are observable for the asset or liability or are derived by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

(vii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(viii) Contingent Consideration

The consideration the Group transfers in a business combination in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The Group recognises the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

The Group classifies an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability or as equity on the basis of the definitions of an equity instrument and a financial liability considering IAS 32 *Financial Instruments: Presentation*.

If the consideration is within the scope of IAS 39, it shall be measured at fair value at each reporting date and changes in fair value are recognised in profit or loss in accordance with IAS 39.

If the consideration is not within the scope of IAS 39, it shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

5. Financial risk management

The Group practice is to centrally manage the Group's predetermined capital / debt ratios by capital injection or using available credit facilities. The Group obtains short and long-term borrowings according to the Group's financial needs and market predictions. Debt instruments include commercial bank loans to Export Credit Agency loans, money market instruments and capital market instruments such as debt securities issued which are seldom used in order to maintain diversified source of financing. The Group's financial borrowing ratios are monitored for all transactions in order to prevent any negative effect on the Group's credit ratings.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please refer to Note 31 for additional information on the Group's exposure to risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Additionally, the Company established a Risk Committee in accordance with the new Turkish Commercial Code effective from 1 July 2012.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

For the year ended 31 December 2014, TL depreciated against USD by 8.6% and appreciated against the EUR by 3.9% whereas for the year ended 31 December 2015 TL depreciated against both USD and EUR by 25.4% and 12.7% respectively. For the year ended 31 December 2014, UAH depreciated against the USD by 97.3% compared to 31 December 2013 and 52.2% for the year ended 31 December 2015 compared to 31 December 2014. BYR depreciated against USD by 24.6% through 2014 compared to 31 December 2013 and 31 December 2015 depreciated by 56.7% when compared to the exchange rates as at 31 December 2014. Additional information related to Group's exposure to currency risk is disclosed in Note 31.

5. Financial risk management (continued)

Risk management framework (continued)

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group may require collateral in respect of financial assets. Also, the Group may demand letters of guarantee from third parties related to certain projects or contracts. The Group may also demand certain pledges from counterparties if necessary in return for the credit support it gives related to certain financings.

In monitoring customer credit risk, customers are grouped according to whether they are an individual or legal entity, aging profile, maturity and existence of previous financial difficulties. Trade receivables and accrued income are mainly related to the Group's subscribers. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual payment characteristics of postpaid subscribers. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. This allowance includes the specific loss component that relates to individual subscribers exposures, and adjusted for a general provision which is determined based on the age of the balances and historical collection trends.

Investments are preferred to be in liquid securities. The counterparty limits are set depending on their ratings from the most credible rating agencies and the amount of their paid in capital and/or shareholders equity. Policies are in place to review the paid-in capital and rating of counterparties periodically to ensure credit worthiness.

Transactions involving derivatives are with counterparties with whom the Group has signed agreements and which have sound credit ratings.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group's policy is to provide financial guarantees only to majority-owned subsidiaries. At 31 December 2015, TL 1,101,195 guarantees were outstanding (31 December 2014: TL 3,191,271).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations.

5. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Group buys and sells derivatives in order to manage market risks. All such transactions are carried at within the guidelines set by the Group treasury and risk management.

Currency risk

The Group is exposed to currency risk on certain revenues such as wholesale revenues, purchases and certain operating costs such as roaming expenses and network related costs and resulting receivables and payables, borrowings, payable in relation to the acquisition of a telecommunication license in Turkey, deferred payments related to the acquisition of Belarusian Telecom that are denominated in a currency other than the respective functional currencies of Group entities, primarily TL for operations conducted in Turkey. The currencies in which these transactions are primarily denominated are EUR and USD.

The Group holds a significant portion of its cash portfolio in foreign currency to manage currency risk. Additionally, derivative financial instruments such as forward, swap and option contracts are used to hedge exposure to fluctuations in foreign exchange rates.

The Group's investments in its equity accounted investee Fintur are not hedged with respect to the currency risk arising from the net assets as those net investments are considered to be long-term in nature.

Interest rate risk

The Group's exposure to interest rate risk is related to its financial assets and liabilities. The Group manages its financial liabilities by providing an appropriate distribution between fixed and floating rate debts. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The use of financial derivatives is governed by the Group's policies approved by the Audit Committee, which provide written principles on the use of financial derivatives consistent with the Group's treasury and risk management strategy. The Group also closely monitored various hedging alternatives to hedge interest risk with a minimum cost. In June 2011, the Group engaged in forward starting collar agreements for the half of its debt which are due in 2015 and exposed to interest rate risk. The collars hedged the variable interest rate risk for the period between 2013 and 2015.

6. Operating Segments

Starting from 2015, the Group has changed its reportable segments which are based on the dominant source and nature of the Group's risk and returns as well as the Group's new internal reporting structure. Prior year corresponding information has been also restated in the current period according to the new reportable segments.

Some of these strategic segments offer the same types of services, however they are managed separately because they operate in different geographical locations and are affected by different economic conditions.

The Group has two main reportable segments as of 2015 in accordance with its integrated communication and technology services strategy as Turkcell Turkey and Turkcell International. Turkcell Turkey reportable segment includes the operations of Turkcell, Superonline İletisim Hizmetleri A.S. ("Turkcell Superonline"), Turkcell Satis ve Dagitim Hizmetleri A.S. ("Turkcell Satis"), group call center operations of Global Bilgi Pazarlama Danisma ve Cagri Servisi Hizmetleri A.S. ("Turkcell Global Bilgi"), Turktell Bilisim Servisleri A.S. ("Turktell"), Turkcell Teknoloji Arastirma ve Gelistirme A.S. ("Turkcell Teknoloji"), Turkcell Interaktif Dijital Platform ve Icerik Hizmetleri A.S. ("Turktell Interaktif"), Kule Hizmet ve Isletmecilik A.S. ("Global Tower"), Rehberlik Hizmetleri Servisi A.S. ("Rehberlik"), Turkcell Odeme Hizmetleri A.S. ("Turkcell Odeme"), Turkcell Gayrimenkul Hizmetleri A.S. ("Turkcell Gayrimenkul"). Turkcell International reportable segment includes the operations of Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom"), Eastasia, Euroasia, Astelit, Beltur , Beltel, Belarusian Telecom, UkrTower, Global LLC, Turkcell Europe, Lifetech LLC and Fintur Holdings B.V. ("Fintur"). The operations of these legal entities aggregated into one reportable segment as the nature of services are similar and most of them share similar economic characteristics. Other reportable segment mainly comprises the information and entertainment services in Turkey and Azerbaijan and non-group call center operations of Turkcell Global Bilgi.

In first, second and third quarter of the year 2015, the operations of Turkcell Global Bilgi were included in Turkcell Turkey reportable segment. Since the Group changed its reportable segments which are the dominant source of information to evaluate the performance and to allocate resources in the fourth quarter of 2015, group call center operations of Global Bilgi were included in Turkcell Turkey reportable segment whereas non-group call center operations of Global Bilgi were included in Other reportable segment. Corresponding information for prior years have been also restated in the current period according to the new reportable segments. Since the assets and liabilities of Turkcell Global Bilgi could not be allocated to group and non-group operations and are mainly related to group operations, total assets and liabilities of Turkcell Global Bilgi are reported under Turkcell Turkey reportable segment except trade receivables.

Segment reporting of revenue has been revised to reflect the focus of the Group Management in marketing and sales around consumer and corporate customer groups.

Information regarding the operations of each reportable segment is included below. Adjusted EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization, selling and marketing expenses and administrative expenses. Adjusted EBITDA is not a financial measure defined by IFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

6. Operating segments (continued)

	Turkcell Turkey		Turkcell International		Other		Intersegment Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Consumer segment revenue	9,127,329	8,282,297	-	-	-	-	-	-	9,127,329	8,282,297
Corporate segment revenue	2,031,743	1,907,373	-	-	-	-	-	-	2,031,743	1,907,373
Other Turkcell Turkey revenue	321,818	290,556	-	-	-	-	-	-	321,818	290,556
Turkcell International revenue	-	-	856,147	1,137,907	-	-	-	-	856,147	1,137,907
Other revenue	-	-	-	-	458,563	457,847	-	-	458,563	457,847
Eliminations	-	-	-	-	-	-	(26,185)	(32,393)	(26,185)	(32,393)
Total Revenue	**11,480,890**	**10,480,226**	**856,147**	**1,137,907**	**458,563**	**457,847**	**(26,185)**	**(32,393)**	**12,769,415**	**12,043,587**
Contribution to consolidated revenue*	11,466,282	10,457,050	844,416	1,128,821	458,717	457,716	-	-	12,769,415	12,043,587
Reportable segment adjusted EBITDA	3,759,590	3,326,389	245,959	281,011	134,484	154,643	511	(248)	4,140,544	3,761,795
Finance income	731,954	930,378	22,948	18,964	96,070	140,864	(94,933)	(134,805)	756,039	955,401
Finance cost	231,384	125,814	(1,127,230)	(1,497,828)	(68,676)	(124,334)	165,008	249,362	(799,514)	(1,246,986)
Monetary gain	-	-	-	205,068	-	-	-	-	-	205,068
Depreciation and amortization	(1,457,020)	(1,311,591)	(200,765)	(319,204)	(10,183)	(8,847)	218	185	(1,667,750)	(1,639,457)
Share of profit of equity accounted investees	-	4,466	367,336	202,821	-	-	-	-	367,336	207,287
Capital expenditure	7,751,746	1,982,343	770,211	158,001	14,273	4,452	-	-	8,536,230	2,144,796
Bad debt expense	(187,963)	(141,477)	(8,292)	(14,470)	(333)	16	-	-	(196,588)	(155,931)

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

6. Operating segments (continued)

	Turkcell Turkey		Turkcell International		Other		Intersegment Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Consumer segment revenue	8,282,297	7,892,672	-	-	-	-	-	-	8,282,297	7,892,672
Corporate segment revenue	1,907,373	1,758,884	-	-	-	-	-	-	1,907,373	1,758,884
Other Turkcell Turkey revenue	290,556	245,554	-	-	-	-	-	-	290,556	245,554
Turkcell International revenue	-	-	1,137,907	1,209,451	-	-	-	-	1,137,907	1,209,451
Other revenue	-	-	-	-	457,847	333,528	-	-	457,847	333,528
Eliminations	-	-	-	-	-	-	(32,393)	(32,202)	(32,393)	(32,202)
Total Revenue	**10,480,226**	**9,897,110**	**1,137,907**	**1,209,451**	**457,847**	**333,528**	**(32,393)**	**(32,202)**	**12,043,587**	**11,407,887**
Contribution to consolidated revenue*	10,457,050	9,874,479	1,128,821	1,200,303	457,716	333,105	-	-	12,043,587	11,407,887
Reportable segment adjusted EBITDA	3,326,389	3,149,335	281,011	288,277	154,643	107,711	(248)	(871)	3,761,795	3,544,452
Finance income	930,378	740,088	18,964	17,440	140,864	144,192	(134,805)	(141,858)	955,401	759,862
Finance cost	125,814	10,578	(1,497,828)	(331,310)	(124,334)	(123,863)	249,362	240,014	(1,246,986)	(204,581)
Monetary gain	-	-	205,068	176,871	-	-	-	-	205,068	176,871
Depreciation and amortization	(1,311,591)	(1,173,239)	(319,204)	(413,697)	(8,847)	(7,872)	185	406	(1,639,457)	(1,594,402)
Share of profit of equity accounted investees	4,466	(717)	202,821	297,977	-	-	-	-	207,287	297,260
Capital expenditure	1,982,343	1,541,483	158,001	273,951	4,452	6,849	-	-	2,144,796	1,822,283
Bad debt expense	(141,477)	(137,409)	(14,470)	(15,947)	16	(22)	-	-	(155,931)	(153,378)

(*) "Contribution to the consolidated revenue" represents operating segments' revenues from companies other than those included in the consolidated financial statements. Group management monitors financial performance of the segments based on their separate financial statements. Contribution of operating segments on the Group's revenue is presented to give additional information to the readers of the financial statements.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

6. Operating segments (continued)

As at 31 December 2015 and 2014

	Turkcell Turkey		Turkcell International		Other		Intersegment Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Reportable segment assets	20,701,617	12,756,612	1,460,983	1,053,945	85,884	82,083	(10,921)	(8,097)	22,237,563	13,884,543
Investment in associates	-	-	981,939	667,539	-	-	-	-	981,939	667,539
Reportable segment liabilities	6,868,877	2,521,522	481,338	439,123	105,460	117,552	(10,089)	(8,225)	7,445,586	3,069,972

As at 31 December 2014 and 2013

	Turkcell Turkey		Turkcell International		Other		Intersegment Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Reportable segment assets	12,756,612	10,760,900	1,053,945	1,618,248	82,083	75,419	(8,097)	(8,525)	13,884,543	12,446,042
Investment in associates	-	-	667,539	535,622	-	-	-	-	667,539	535,622
Reportable segment liabilities	2,521,522	2,355,587	439,123	552,636	117,552	112,827	(8,225)	(11,230)	3,069,972	3,009,820

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

6. Operating segments (continued)

	31 December 2015	31 December 2014	31 December 2013
Turkcell Turkey adjusted EBITDA	3,759,590	3,326,389	3,149,335
Turkcell International adjusted EBITDA	245,959	281,011	288,277
Other	134,484	154,643	107,711
Intersegment eliminations	511	(248)	(871)
Consolidated adjusted EBITDA	4,140,544	3,761,795	3,544,452
Finance income	756,039	955,401	759,862
Finance costs	(799,514)	(1,246,986)	(204,581)
Monetary gain	-	205,068	176,871
Other income	44,454	58,929	35,502
Other expenses	(270,446)	(135,177)	(94,300)
Share of profit of equity accounted investees	367,336	207,287	297,260
Depreciation and amortization	(1,667,750)	(1,639,457)	(1,594,402)
Consolidated profit before income tax	**2,570,663**	**2,166,860**	**2,920,664**
Income tax expense	(667,112)	(730,444)	(591,398)
Profit for the period	**1,903,551**	**1,436,416**	**2,329,266**

Assets	31 December 2015	31 December 2014	31 December 2013
Total assets for reportable segments	22,162,600	13,810,557	12,379,148
Other assets	85,884	82,083	75,419
Intersegment eliminations	(10,921)	(8,097)	(8,525)
Investments in equity accounted investees	981,939	667,539	535,622
Other unallocated assets	2,987,808	9,142,129	8,302,936
Consolidated total assets	**26,207,310**	**23,694,211**	**21,284,600**

Liabilities	31 December 2015	31 December 2014	31 December 2013
Total liabilities for reportable segments	7,350,215	2,960,645	2,908,223
Other liabilities	105,460	117,552	112,827
Intersegment eliminations	(10,089)	(8,225)	(11,230)
Other unallocated liabilities	4,342,822	3,913,594	3,539,645
Consolidated total liabilities	**11,788,408**	**6,983,566**	**6,549,465**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

6. Operating segments (continued)

Geographical information

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of operations and segment assets are based on the geographical location of the assets.

	31 December 2015	31 December 2014	31 December 2013
Revenues			
Turkey	11,779,345	10,735,138	10,076,874
Ukraine	571,630	765,410	866,846
Azerbaijan	145,654	179,628	130,710
Belarus	141,219	151,845	150,697
Turkish Republic of Northern Cyprus	125,668	135,954	126,177
Germany	5,899	75,612	56,583
	12,769,415	**12,043,587**	**11,407,887**

Non-current assets	31 December 2015	31 December 2014	31 December 2013
Turkey	15,032,606	8,764,282	7,562,211
Ukraine	993,546	491,639	998,380
Belarus	224,784	288,853	344,595
Turkish Republic of Northern Cyprus	116,180	104,122	98,870
Azerbaijan	14,727	10,689	10,584
Germany	-	106	9,422
Unallocated non-current assets	1,030,610	726,808	617,118
	17,412,453	**10,386,499**	**9,641,180**

7. Acquisition of subsidiaries

Acquisition of Metronet Iletisim Teknoloji AS

On 31 January 2014, Superonline Iletisim Hizmetleri AS ("Turkcell Superonline") signed a Share Purchase Agreement ("SPA") to acquire a 100% stake in Metronet Iletisim Teknoloji AS ("Metronet"), which is specialized in rendering of telecommunications services. On 15 April 2014, the control over Metronet is acquired from ES Mali Yatirim ve Danismanlik AS for a nominal consideration of TL 27,045.

Subsequent to the acquisition, Metronet reported revenue of TL 1,894 and loss of TL 904 until Turkcell Superonline merger. Since Metronet's statement of profit or loss prepared in accordance with IFRS for the year ended 31 December 2013 is not available, the estimated revenue and profit or loss for the current reporting period if the acquisition had occurred on 1 January 2014 could not be disclosed.

After the acquisition of Metronet in 2014, management merged the Metronet's operations with its wholly owned subsidiary, Turkcell Superonline on 4 July 2014.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

7. Acquisition of subsidiaries (continued)

Acquisition of Metronet Iletisim Teknoloji AS

The acquisition of Metronet had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognized values on acquisition
Property, plant and equipment	38,995	(26,897)	12,098
Intangible assets	542	702	1,244
Other non-current assets	5,302	-	5,302
Deferred tax assets	6,326	5,239	11,565
Trade receivables and accrued income	2,004	-	2,004
Other current assets	931	-	931
Cash and cash equivalents	446	-	446
Loans and borrowings-non current	(900)	-	(900)
Loans and borrowings-current	(1,474)	-	(1,474)
Trade and other payables	(2,086)	-	(2,086)
Net identifiable assets and liabilities	50,086	(20,956)	29,130
Present value of the acquisition consideration			27,045
Less: fair value of identifiable net assets acquired			(29,130)
Bargain purchase gain on acquisition			**(2,085)**
Consideration paid in cash			(26,445)
Add: cash and cash equivalent balances acquired			446
Net cash and cash equivalent effect of the business combination			**(25,999)**

The fair value of intangible assets and liabilities recognized on acquisition has been determined based on independent valuation.

The bargain purchase gain on the acquisition has been included in other income in the Group's consolidated statement of profit or loss.

The Group incurred acquisition-related costs of TL 70 related to external consultancy costs which are included in administrative expenses in the Group's statement of profit or loss.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

8. Revenue

	2015	2014	2013
Communication fees	10,813,598	10,437,154	10,242,800
Revenue from betting business	145,654	179,628	130,710
Call center revenue	185,771	165,714	110,703
Commission fees on betting business	131,871	118,290	99,664
Monthly fixed fees	33,018	51,518	75,900
Simcard sales	31,518	31,700	29,784
Other revenue (*)	1,427,985	1,059,583	718,326
	12,769,415	**12,043,587**	**11,407,887**

(*) Other revenue consists of handsets, modems, internet subscription revenue, tower rent incomes and other several revenue.

9. Other income and expenses

Other income amounts to TL 44,454, TL 58,929 and TL 35,502 for the years ended 31 December 2015, 2014 and 2013, respectively. Other income for the year ended 31 December 2015 mainly consists of gain on disposal of fixed asset sales. Other income for the year ended 31 December 2014 mainly consists of proceeds from sale of A-Tel amounting to TL 19,161 as explained in Note 16.

Other expenses amount to TL 270,446, TL 135,177 and TL 94,300 for the years ended 31 December 2015, 2014 and 2013, respectively. Other expenses for the year ended 31 December 2015 mainly consist of commercial agreements termination expenses and litigation expenses. Other expenses as of 31 December 2014 mainly consist of payments and provisions for the penalties imposed by ICTA for not complying with relevant regulations as explained in Note 34 and payments regarding to litigation expenses to consolidated financial statements. Other expenses as of 31 December 2013 mainly consist of payments and provisions for the penalties imposed by ICTA for not complying with relevant regulations as explained in Note 34, and impairment recognized on the Group's investment in T-Medya and Aks TV amounting to TL 18,466 and TL 19,408 respectively.

10. Personnel expenses

	2015	2014	2013
Wages and salaries (*)	1,317,655	1,185,382	1,129,914
Increase in liability for long-service leave (**)	30,593	32,435	28,673
Contributions to defined contribution plans	8,364	7,876	6,576
	1,356,612	1,225,693	1,165,163

(*) Wages and salaries include compulsory social security contributions and bonuses.
(**) The actuarial losses / (gains) for the years ended 31 December 2015, 2014 and 2013 amounting to TL 13,466, TL 819 and TL (5,287) respectively, are reflected in other comprehensive income.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

11. Finance income and costs

Recognized in the statement of profit or loss:

	2015	2014	2013
Interest income on bank deposits	303,221	650,780	511,432
Interest income on late payment and contracted receivables	436,024	285,916	217,672
Premium income on option contracts	1,070	2,770	870
Discount interest income	13,865	9,596	23,780
Other interest income	1,859	6,339	6,108
Finance income	756,039	955,401	759,862
Net foreign exchange loss	(489,320)	(1,110,833)	(75,592)
Interest expense on financial liabilities measured at amortized cost	(224,724)	(120,414)	(113,267)
Litigation late payment interest expense	(68,083)	(6,963)	(3,864)
Option premium expense	(2,290)	(33)	(189)
Other	(15,097)	(8,743)	(11,669)
Finance cost	(799,514)	(1,246,986)	(204,581)
Net finance income / (loss)	**(43,475)**	**(291,585)**	**555,281**

Capitalization rates and amounts other than borrowings made specifically for the purpose of acquiring a qualifying asset are 9.7%, 12.8% and 11.4%, TL 75,315, TL 15,320 and TL 14,451 for the years ended 31 December 2015, 2014 and 2013, respectively.

Net finance income or expense amounts to TL (43,475), TL (291,585) and TL 555,281 for the years ended 31 December 2015, 2014 and 2013, respectively.

The foreign exchange income amounting to TL 555,297, TL 230,246 and TL 146,269 have been presented on net basis with foreign exchange losses for the years ended 31 December 2015, 2014 and 2013, respectively.

Net foreign exchange loss is mainly attributable to the foreign exchange losses in Belarusian Telecom operating in Belarus amounting to TL 392,607, TL 294,532 and TL 123,575 and foreign exchange loss in Astelit operating in Ukraine amounting to TL 465,452, TL 991,150 and TL 7,588 foreign exchange loss for the years ended 31 December 2015, 2014 and 2013 respectively. Foreign exchange losses from Belarusian Telecom and Astelit exclude foreign exchange losses arising in the foreign operations' individual financial statements which have been recognized directly in equity in the foreign currency translation differences in the consolidated financial statements in accordance with accounting policy for net investment in foreign operations as disclosed in Note 3b.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

12. Income tax expense

	2015	2014	2013
Current tax expense			
Current period	(591,297)	(709,437)	(650,513)
Deferred tax benefit			
Origination and reversal of temporary differences	(98,678)	(21,384)	23,012
Utilization of previously unrecognized tax losses	22,863	377	36,103
	(75,815)	(21,007)	59,115
Total income tax expense	**(667,112)**	**(730,444)**	**(591,398)**

Income tax recognized directly in equity

	Before tax	Tax (expense)/ benefit	Net of tax
2015			
Foreign currency translation differences	(384,466)	(5,749)	(390,215)
Change in cash flow hedge reserve	719	-	719
Change in actuarial gain / (loss)	(13,466)	2,563	(10,903)
	(397,213)	**(3,186)**	**(400,399)**
2014			
Foreign currency translation differences	468,478	(3,646)	464,832
Change in cash flow hedge reserve	1,089	-	1,089
Change in actuarial gain / (loss)	(819)	196	(623)
	468,748	**(3,450)**	**465,298**
2013			
Foreign currency translation differences	(186,919)	6,766	(180,153)
Change in cash flow hedge reserve	541	-	541
Change in actuarial (loss) / gain	5,287	(1,026)	4,261
	(181,091)	**5,740**	**(175,351)**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

12. Income tax expense (continued)

Reconciliation of effective tax rate

The reported income tax expense for the years ended 31 December 2015, 2014 and 2013 are different than the amounts computed by applying the statutory tax rate to profit before income tax of the Company, as shown in the following reconciliation:

		2015		2014		2013
Profit for the year		1,903,551		1,436,416		2,329,266
Total income tax expense		667,112		730,444		591,398
Profit before income tax		2,570,663		2,166,860		2,920,664
Income tax using the Company's domestic tax rate	20%	(514,133)	20%	(433,372)	20%	(584,133)
Effect of tax rates in foreign jurisdictions	2%	(52,688)	2%	(51,277)	1%	(23,018)
Tax exempt income	-	3,685	-	5,867	-	2,210
Non-deductible expenses and permanent differences	1%	(16,104)	3%	(72,484)	1%	(42,698)
Tax incentives	-	3,378	-	2,984	-	1,883
Utilization of previously unrecognized tax losses	(1)%	22,863	-	377	(1)%	36,103
Unrecognized deferred tax assets	8%	(198,364)	12%	(255,048)	2%	(66,559)
Difference in effective tax rate of equity accounted investees	(2)%	55,100	(1)%	30,423	(2)%	44,697
Deferred tax effect of investment in subsidiaries	(1)%	32,926	-	-	-	-
Other	-	(3,775)	(2)%	42,086	(1)%	40,117
Total income tax expense		**(667,112)**		**(730,444)**		**(591,398)**

The income taxes payable amounting to TL 12,855, TL 154,785 and TL 138,888 as at 31 December 2015, 2014 and 2013, respectively, represents the amount of income taxes payable in respect of related taxable profit for the years ended 31 December 2015, 2014 and 2013, respectively netted off with advance tax payments.

The Turkish entities within the Group are subject to corporate tax at the rate of 20%. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns at the end of April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years. Advance tax returns are filed on a quarterly basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting tax exempt income.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

13. Property, plant and equipment

Cost or deemed cost	Balance as at 1 January 2015	Additions	Disposals	Transfers	Impairment expenses/ (reversals)	Transfers to Investment Property	Effects of movements in exchange rates	Balance as at 31 December 2015
Network infrastructure (All operational)	10,918,769	358,297	(652,051)	1,061,692	-	-	(384,381)	11,302,326
Land and buildings	516,724	20,167	-	310	-	(144,268)	(3,567)	389,366
Equipment, fixtures and fittings	564,429	57,204	(30,632)	1,467	-	-	(6,005)	586,463
Motor vehicles	35,807	883	(1,609)	-	-	-	(1,405)	33,676
Leasehold improvements	228,530	30,008	(23,575)	72,460	-	-	(1,247)	306,176
Construction in progress	444,200	1,715,044	(877)	(1,136,521)	(2,523)	-	(13,965)	1,005,358
Total	**12,708,459**	**2,181,603**	**(708,744)**	**(592)**	**(2,523)**	**(144,268)**	**(410,570)**	**13,623,365**
Accumulated depreciation								
Network infrastructure (All operational)	5,900,269	1,016,762	(647,280)	-	17,990	-	(311,042)	5,976,699
Land and buildings	231,044	15,950	-	-	(2,851)	(101,634)	(1,882)	140,627
Equipment, fixtures and fittings	456,100	42,062	(29,998)	-	9	-	(5,555)	462,618
Motor vehicles	29,615	2,872	(1,474)	-	-	-	(1,309)	29,704
Leasehold improvements	197,835	15,826	(20,610)	-	896	-	(1,724)	192,223
Total	**6,814,863**	**1,093,472**	**(699,362)**	**-**	**16,044**	**(101,634)**	**(321,512)**	**6,801,871**
Total property, plant and equipment	**5,893,596**	**1,088,131**	**(9,382)**	**(592)**	**(18,567)**	**(42,634)**	**(89,058)**	**6,821,494**

Depreciation expenses for the years ended 31 December 2015, 2014 and 2013 are TL 1,112,039, TL 1,154,814 and TL 1,137,972 respectively including impairment losses and recognized in direct costs of revenues.

The impairment losses on property, plant and equipment for the years ended 31 December 2015, 2014 and 2013 are TL 18,567, TL 83,761 and TL 82,415 respectively and recognized in depreciation expense.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

13. Property, plant and equipment (continued)

Cost or deemed cost	Balance as at 1 January 2014	Additions	Disposals	Transfers	Impairment	Acquisitions through business combinations	Effect of movements in exchange rates and hyperinflation	Balance as at 31 December 2014
Network infrastructure (All operational)	11,129,167	230,617	(841,887)	1,257,785	-	10,685	(867,598)	10,918,769
Land and buildings	506,112	25,433	-	81	-	-	(14,902)	516,724
Equipment, fixtures and fittings	528,892	53,363	(9,053)	2,370	-	617	(11,760)	564,429
Motor vehicles	35,090	2,290	(1,495)	212	-	-	(290)	35,807
Leasehold improvements	233,486	4,185	(6,422)	438	-	-	(3,157)	228,530
Construction in progress	529,484	1,252,011	(3,613)	(1,292,861)	(2,240)	796	(39,377)	444,200
Total	**12,962,231**	**1,567,899**	**(862,470)**	**(31,975)**	**(2,240)**	**12,098**	**(937,084)**	**12,708,459**
Accumulated depreciation								
Network infrastructure (All operational)	6,219,414	1,001,706	(830,671)	-	81,434	-	(571,614)	5,900,269
Land and buildings	217,392	18,519	-	-	-	-	(4,867)	231,044
Equipment, fixtures and fittings	439,474	35,584	(8,341)	-	50	-	(10,667)	456,100
Motor vehicles	27,172	3,891	(1,403)	-	22	-	(67)	29,615
Leasehold improvements	194,122	11,353	(5,362)	-	15	-	(2,293)	197,835
Total	**7,097,574**	**1,071,053**	**(845,777)**	**-**	**81,521**	**-**	**(589,508)**	**6,814,863**
Total property, plant and Equipment	**5,864,657**	**496,846**	**(16,693)**	**(31,975)**	**(83,761)**	**12,098**	**(347,576)**	**5,893,596**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

13. Property, plant and equipment (continued)

Leased assets

The Group leases equipment under a number of finance lease agreements. At the end of each lease period, the Group has the option to purchase the equipment at a beneficial price. As at 31 December 2015, net carrying amount of fixed assets acquired under finance leases amounted to TL 91,395 (31 December 2014: TL 107,207 and 31 December 2013: TL 111,194).

Property, plant and equipment under construction

Construction in progress mainly consisted of capital expenditures resulting from 4.5G license as at 31 December 2015 and GSM and fixed-line network of the Company, Astelit, Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom"), Belarusian Telecom and Turkcell Superonline as at 31 December 2014.

14. Intangible assets

Turkcell 2G License

In April 1998, the Company signed the License with the Turkish Ministry, under which it was granted a GSM license, which is amortized over 25 years with a carrying amount of TL 333,372 as at 31 December 2015 (31 December 2014: TL 379,355). The amortization period of the license will end in 2023.

Turkcell 3G License

On 30 April 2009, the Company signed a license agreement with ICTA which provides authorization for providing IMT 2000/UMTS services and infrastructure. The Company acquired the A type license providing the widest frequency band for a consideration of EUR 358,000 (excluding VAT). The license is effective for a duration of 20 years starting from 30 April 2009. The carrying amount as at 31 December 2015 is TL 512,958 and the amortization period of the license will end in 2029 (31 December 2014: TL 551,430).

Turkcell 4.5G License

On 26 August 2015, "Authorization Tender on IMT Services and Infrastructure" publicly known as 4.5G, license tender, was held by the Information Technologies and Communication Authority. The Company has been awarded for 13 years with; 2x10 MHz frequency band in 800 MHz spectrum for EUR 372,926 (equivalent to TL 1,185,010 as at 31 December 2015), 2x1.4 MHz frequency band in 900 MHz spectrum for EUR 39,940 (equivalent to TL 126,913 as at 31 December 2015), 2x29.8 MHz frequency band in 1800 MHz spectrum for EUR 430,000 (equivalent to TL 1,366,368 as at 31 December 2015), 2 units of 2x5 MHz frequency band in 2100 MHz spectrum for EUR 348,000 (equivalent to TL 1,105,805 as at 31 December 2015), 1x10 MHz frequency band in 2100 MHz spectrum for EUR 35,664 (equivalent to TL 113,326 as at 31 December 2015), 2x25 MHz frequency band in 2600 MHz spectrum for EUR 384,000 (equivalent to TL 1,220,198 as at 31 December 2015) and 1x10 MHz frequency band in 2600 MHz spectrum for EUR 12,930 (equivalent to TL 41,086 as at 31 December 2015). The tender price for total frequency band of 172.4 MHz is EUR 1,623,460 (equivalent to TL 5,158,706 as at 31 December 2015) (excluding VAT by 18%). IMT authorization period expires on 30 April 2029 and operators will be able to commence service delivery starting from 1 April 2016. 2x1.4 MHz frequency band in 900MHz spectrum amounting to EUR 39,940 (equivalent to TL 126,913 as at 31 December 2015) and 2 units of 2x5 MHz frequency band in 2100 MHz spectrum amounting to EUR 348,000 (equivalent to TL 1,105,805 as at 31 December 2015) are in operation as at 1 December 2015 and have been recorded as GSM and other telecommunication operating licenses. Remaining packages amounting to EUR 1,235,520 (equivalent to TL 3,925,988 as at 31 December 2015) will be ready to use on 1 April 2016 and have been recorded as 4.5G license not yet available for use. As at 31 December 2015, the carrying amount of 4.5G License is TL 5,222,687.

14. Intangible assets (continued)

Turkcell 4.5G License (continued)

Tender price amounting to EUR 1,623,460 (equivalent to TL 5,158,706 as at 31 December 2015) (excluding VAT of 18%) will be paid semi-annually by four equal installments total of which are amounting to EUR 1,655,290 (equivalent to TL 5,259,850 as at 31 December 2015) including interest and excluding VAT of 18%. On 26 October 2015, the Company made the payment amounting to TL 1,321,873 for the original amount of EUR 413,823 as first installment and total VAT amounting to TL 933,447 for the original amount of EUR 292,223 in cash. Last installment will be paid on 27 April 2017.

Astelit 3G License

3G License tender in Ukraine was held on 23 February 2015. Astelit submitted a bid of UAH 3,355,400 (equivalent to TL 406,495 as at 31 December 2015) and was awarded the first lot for 15 years, which is the 1920-1935 / 2110-2125 MHz frequency band. Official notification was received on 2 March 2015 and the license payment was made on 19 March 2015. The cost of 3G license has been presented in GSM and other telecommunication operating licenses as at 31 December 2015. In May 2015, Astelit made the payment amounting to UAH 357,568 (equivalent to TL 43,318 as at 31 December 2015) for the first installment of conversion of spectrum from military use and committed approximately UAH 426,311 (equivalent to TL 51,646 as of 31 December 2015) for the remaining installments of the conversion. Committed amount will be subject to change according to the inflation rates at the date of the payments.

Impairment testing for long-lived assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Long-lived assets were tested for impairment as at 31 December 2015.

Astelit

Independent appraisals were obtained for fair values to determine recoverable amount for Astelit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units. As at 31 December 2015, impairment test for long-lived assets of Astelit is made on the assumption that Astelit is the cash generating unit.

As the recoverable amounts based on the value in use of cash generating units was higher than the carrying amount of cash-generating units of Astelit, no impairment was recognized. The assumptions used in value in use calculation of Astelit were:

A 29.5% post-tax WACC rate for 2016 to 2021, a 28.7% post-tax WACC rate for after 2021
and a 6.0% terminal growth rate were used to extrapolate cash flows beyond the 6-year forecasts based on the business plans. The pre-tax rate for disclosure purposes was 30.6%.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

14. Intangible assets (continued)

Belarusian Telecom

The aggregate carrying amount of goodwill arising from the acquisition of Belarusian Telecom was totally impaired as at 31 December 2011. The gross amount of goodwill accumulated impairment losses adjusted for the effects of hyperinflation and translation would have been amounting to TL 412,059 as at 31 December 2015 (31 December 2014: TL 514,964 and 31 December 2013: TL 507,867). The cumulative impairment loss recognized in the statement of profit and loss is TL 228,774.

Independent appraisals were obtained for fair values to determine recoverable amount for Best. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units. As at 31 December 2015, impairment test for long-lived assets of Best is made on the assumption that Best is the cash generating unit.

As the recoverable amounts based on the value in use of cash generating units was higher than the carrying amount of cash-generating units of Best, no impairment was recognized. The assumptions used in value in use calculation of Best were:

A 31.1% post-tax WACC rate for 2016 to 2020, a 30.5% post-tax WACC rate for after 2020 and a 11.0% terminal growth rate were used to extrapolate cash flows beyond the 5-year forecasts based on the business plans. The pre-tax rate for disclosure purposes was 32.6%.

Impairment testing for cash-generating units containing goodwill

Goodwill allocated to cash generating units and carrying values of all cash generating units are annually tested for impairment. The recoverable amounts (that is, higher of value in use and fair value less cost to sell) are normally determined on the basis of value in use, applying discounted cash flow calculation. Independent appraisals were obtained for fair values to determine recoverable amounts for Belarusian Telecom and Turkcell Superonline as at 31 December 2015, the date of the goodwill impairment test.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of growth in adjusted EBITDA, calculated as results from operating activities before depreciation and amortization and other income / (expenses), timing and quantum of future capital expenditure, long term growth rates, and the selection of discount rates to reflect the risks involved.

Turkcell Superonline

As at 31 December 2015, the aggregate carrying amount of goodwill allocated to Turkcell Superonline is TL 32,834 (31 December 2014: TL 32,384 and 31 December 2013: TL 32,834).Independent appraisal was obtained for fair value to determine recoverable amounts. As the recoverable value based on the value in use of the cash generating units was estimated to be higher than carrying amount, no impairment was required for goodwill arising from the acquisition of Superonline as at 31 December 2015. The calculation of the value in use was based on the following key assumptions:

Values assigned to adjusted EBITDA for the periods forecasted include the expected synergies to be achieved from operating as a part of the Group. Values assigned to this key assumption reflect past experience except for efficiency improvements and synergies. Management believes that any reasonably possible change in the key assumptions on which Superonline recoverable amount is based would not cause Superonline's carrying amount to exceed its recoverable amount.

The projection period for the purposes of goodwill impairment testing was taken as 5 years between 1 January 2016 and 31 December 2020.

14. Intangible assets (continued)

Impairment testing for cash-generating units containing goodwill (continued)

Turkcell Superonline (continued)

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 3.5%. This growth rate does not exceed the long-term average growth rate for the market in which Superonline operates.

A 16.5% post-tax WACC rate was applied in determining the recoverable amount of the cash-generating unit. Discounting post-tax cash flows at a post-tax discount rate and discounting pre-tax cash flows at pre-tax discount rate gave same results, since the pre-tax discount rate is the post-tax discount rate adjusted to reflect the specific amount and timing of the future tax cash flows. For disclosure purposes pre-tax discount rate is 20.2%.

Impairment testing for intangible assets not yet available for use

Turkcell

As at 31 December 2015, impairment test for long-lived assets of Turkcell was performed on the assumption that Turkcell Turkey Mobile is a cash generating unit. As the recoverable amounts based on the value in use of cash generating units was higher than the carrying amount of cash-generating units of Turkcell, no impairment was recognized. The assumptions used in value in use calculation of Turkcell were:

A 14.0% post-tax discount rate and a 5.0% terminal growth rate were used to extrapolate cash flows beyond the 5-year forecasts based on the business plans. The pre-tax rate for disclosure purposes was 16.2%.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

14. Intangible assets (continued)

Cost	Balance at 1 January 2015	Additions	Disposals	Transfers	Effects of movements in exchange rates	Balance at 31 December 2015
GSM and other telecommunication operating licenses	2,334,822	9,092	(31,263)	1,653,536	(15,458)	3,950,729
Computer software	4,730,454	377,853	(4,155)	279,213	(41,309)	5,342,056
Transmission lines	62,789	8,717	-	-	-	71,506
Central betting system operating right	11,758	149	-	-	-	11,907
Indefeasible right of usage	42,132	-	-	-	-	42,132
Brand name	7,040	-	-	-	-	7,040
Customer base	15,512	-	-	-	-	15,512
Goodwill	32,834	-	-	-	-	32,834
Other	22,370	7,111	-	232	-	29,713
4.5G license not yet available for use	-	5,230,471	-	(1,245,517)	-	3,984,954
Construction in progress	3,414	736,817	-	(686,872)	(762)	52,597
Total	**7,263,125**	**6,370,210**	**(35,418)**	**592**	**(57,529)**	**13,540,980**
Accumulated amortization						
GSM and other telecommunication operating licenses	1,332,732	125,258	(31,263)	-	3,217	1,429,944
Computer software	3,393,650	406,652	(2,297)	-	(26,295)	3,771,710
Transmission lines	48,530	3,528	-	-	-	52,058
Central betting system operating right	8,786	877	-	-	-	9,663
Indefeasible right of usage	12,552	2,894	-	-	-	15,446
Brand name	4,400	704	-	-	-	5,104
Customer base	8,690	1,421	-	-	-	10,111
Other	6,390	7,917	-	-	-	14,307
Total	**4,815,730**	**549,251**	**(33,560)**	**-**	**(23,078)**	**5,308,343**
Total intangible assets	**2,447,395**	**5,820,959**	**(1,858)**	**592**	**(34,451)**	**8,232,637**

Amortization expenses on intangible assets other than goodwill for the years ended 31 December 2015, 2014 and 2013 are TL 549,251, TL 481,737 and TL 456,274 respectively including impairment losses and recognized in direct cost of revenues. The impairment losses on intangible assets for the years ended 31 December 2015, 2014 and 2013 are nil, TL 12,063 and TL 31,087 respectively and recognized in depreciation expense. Computer software includes internally generated capitalized software development costs that meet the definition of an intangible asset. The amount of internally generated capitalized cost is TL 123,067 for the years ended 31 December 2015 (31 December 2014: TL 110,391).

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

14. Intangible assets (continued)

Cost	Balance at 1 January 2014	Additions	Disposals	Transfers	Impairment	Acquisitions through business combinations	Effects of movements in exchange rates and hyperinflation	Balance at 31 December 2014
GSM and other telecommunication operating licenses	2,373,715	11,627	(1,228)	7,400	-	-	(56,692)	2,334,822
Computer software	4,244,677	395,998	(1,780)	159,509	-	146	(68,096)	4,730,454
Transmission lines	52,073	10,834	-	-	-	-	(118)	62,789
Central betting system operating right	11,465	604	-	-	-	-	(311)	11,758
Indefeasible right of usage	39,459	2,433	(86)	-	-	-	326	42,132
Brand name	7,040	-	-	-	-	-	-	7,040
Customer base	14,414	-	-	-	-	1,098	-	15,512
Goodwill	32,834	-	-	-	-	-	-	32,834
Other	5,557	7,208	-	10,663	-	-	(1,058)	22,370
Construction in progress	2,819	147,181	-	(145,597)	-	-	(989)	3,414
Total	**6,784,053**	**575,885**	**(3,094)**	**31,975**	**-**	**1,244**	**(126,938)**	**7,263,125**
Accumulated amortization								
GSM and other telecommunication operating licenses	1,259,472	104,943	(1,228)	-	11,087	-	(41,542)	1,332,732
Computer software	3,083,319	354,830	(389)	(761)	976	-	(44,325)	3,393,650
Transmission lines	47,766	868	-	-	-	-	(104)	48,530
Central betting system operating right	8,307	790	-	-	-	-	(311)	8,786
Indefeasible right of usage	9,404	2,825	-	-	-	-	323	12,552
Brand name	3,696	704	-	-	-	-	-	4,400
Customer base	7,320	1,370	-	-	-	-	-	8,690
Other	2,375	3,344	-	761	-	-	(90)	6,390
Total	**4,421,659**	**469,674**	**(1,617)**	**-**	**12,063**	**-**	**(86,049)**	**4,815,730**
Total intangible assets	**2,362,394**	**106,211**	**(1,477)**	**31,975**	**(12,063)**	**1,244**	**(40,889)**	**2,447,395**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

15. Investment property

The Group transferred various properties from owner occupied asset to investment property to earn rental income and/or for capital appreciation in 2015.

Determination of the fair value of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2015 has been arrived at on the basis of a valuation carried out on the respective dates by independent valuation companies which are authorized by the Capital Markets Board, and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value of these investment properties was determined using a variety of valuation methods which are: income approach methods, (direct capitalization approach and income capitalization approach), cost approach and market approach. In estimating the fair value of the properties, the highest and best use of the property is its current use.

The rental income obtained during the year ended 31 December 2015 is TL 1,836 (31 December 2014: TL 1,102). Total direct operating expense from investment property during the year ended 31 December 2015 is TL 126 (31 December 2014: TL 119).

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2015 and 2014 are as follows:

31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Valuation Method**
Investment properties in İstanbul:				
- Istanbul Tepebasi	-	-	310,070	Direct capitalization
- Kucukcekmece	-	-	12,240	Market approach & Cost approach
Investment properties in Gebze	-	-	11,802	Income capitalization
Investment properties in Izmir	-	-	39,867	Market approach
Other investment properties	-	-	22,281	Market approach
Other investment properties	-	-	5,199	Cost approach
Total	**-**	**-**	**401,459**	

31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Valuation Method**
Investment properties in Gebze	-	-	13,398	Income capitalization

(*) There were no transfers between Level 1 and Level 2 during the year.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

15. Investment property (continued)

Significant unobservable inputs and sensitivity of the respective investment properties based on the valuation method are as follows:

Fair value of the investment property which is measured based on the "direct capitalization" approach will increase / (decrease) significantly, when there is a significant decrease/ (increase) in capitalization rate and a significant increase/ (decrease) in current market rentals. Capitalization rate is calculated by dividing comparable properties' annual net operating income by the selling price of the respective properties.

In the "income capitalization" approach, a significant increase/ (decrease) in rentals will cause a significant increase/ (decrease) in the fair value. In addition, a slight decrease/ (increase) in risk premium and discount rate which are calculated by considering the current market conditions will cause a significant increase/ (decrease) in the fair value.

In the "cost approach", a significant increase/ (decrease) of construction costs and miscellaneous costs of any similar properties in the market will cause a significant increase/ (decrease) in the fair value.

In the "market approach", a significant increase/ (decrease) in the market value of any properties which are located in the similar areas with similar conditions will cause a significant increase (decrease) in the fair value.

	31 December 2015	31 December 2014
Cost value		
Opening balance	20,199	20,199
Transfer from tangible fixed assets (*)	144,268	-
Ending balance	164,467	20,199
Accumulated depreciation		
Opening balance	(6,801)	(3,895)
Transfer from tangible fixed assets	(101,634)	-
Charge for the year and impairment during the period (**)	(6,460)	(2,906)
Ending balance	(114,895)	(6,801)
Carrying value	**49,572**	**13,398**

(*) The real estates of the Group, which are held for obtaining rental or appreciation income as of 31 December 2015, are classified as investment property.
(**) The impairment losses on investment property for the year ended 31 December 2015 is TL 2,592 and recognized in depreciation expense.
(31 December 2014: TL 2,364)

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

16. Investments in equity accounted investees

The Group's share of profit in its equity accounted investees for the years ended 31 December 2015, 2014 and 2013 are TL 367,336, TL 207,287 and TL 297,260, respectively. Summary financial information for equity accounted investees adjusted for the accounting policy differences for the same events under similar circumstances and not adjusted for the percentage ownership held by the Group is as follows (The summarized of financial information is presented in USD):

	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Non-controlling interest	Equity attributable to parent	Total liabilities and equity
31 December 2015									
Fintur (associate)	41.45%	770,402	923,237	1,693,639	316,504	482,668	189,441	705,026	1,693,639
		770,402	923,237	1,693,639	316,504	482,668	189,441	705,026	1,693,639
31 December 2014									
Fintur (associate)	41.45%	659,282	1,577,070	2,236,352	434,472	910,381	334,584	556,915	2,236,352
		659,282	1,577,070	2,236,352	434,472	910,381	334,584	556,915	2,236,352

	Revenues	Profit/loss*	Other comprehensive income*	Total comprehensive income*
2015				
Fintur	1,325,535	327,194	(592,741)	(265,547)
	1,325,535	327,194	(592,741)	(265,547)
2014				
Fintur	1,801,432	227,988	(47,694)	180,294
A-Tel	-	4,191	-	4,191
	1,801,432	232,179	(47,694)	184,485
2013				
Fintur	2,035,678	375,748	(39,156)	336,592
A-Tel	-	(771)	-	(771)
	2,035,678	374,977	(39,156)	335,821

*The figures present the amounts attributable to the parent.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

16. Investments in equity accounted investees (continued)

Fintur

The Company's investment in Fintur Holdings BV ("Fintur") amounts to TL 981,939 as at 31 December 2015 (31 December 2014: TL 667,539).

In 2013, Fintur decided to distribute a dividend amounting to $105,000. The Company reduced the carrying value of investments in Fintur by the accrued dividend of $43,523 and this amount has been collected in July 2013.

In the General Assembly of Shareholders' Meeting of Fintur, it has been decided on 23 July 2014 to distribute a dividend amounting to $112,000. The Company reduced the carrying value of investments in Fintur by the accrued dividend of $46,424 and this amount has been collected in July 2014.

In April 2008, the privatization of the Republic of Azerbaijan's 35.7% ownership in Azercell Telecom B.M. ("Azercell"), a 51% owned consolidated subsidiary of Fintur, was completed. The non-controlling shareholders in Azercell acquired the 35.7% shares of Republic of Azerbaijan increasing their effective ownership in Azercell to 49%. At the same time, the non-controlling shareholders in Azertel increased their ownership to 49%. Fintur's effective ownership in Azercell therefore remained at 51%. One of the non-controlling shareholders was also granted a put option, giving the shareholder the right to sell its 42.2% stake to Fintur at fair value in certain deadlock situations regarding significant decisions at the General Assembly. Fintur has initially accounted for the present value of the estimated option redemption amount as a provision and derecognized the non-controlling interest and the amounts recognized in equity regarding the measurement of put option amounting to TL (633,351) is accounted under equity, in accordance with the Group's accounting policy.

On 17 September 2015, TeliaSonera, which is one of Company's major shareholders and also the shareholder of Fintur with a 58.55% stake, announced its intent to exit from its Euroasian assets. The Company has appointed a strategic and financial advisor for the potential acquisition of the remaining 58.55% stake in Fintur. As of 26 February 2016, the Company has submitted a binding offer to acquire TeliaSonera's 58.55% stake in Fintur and its 24% direct stake in Kcell JSC (Kazakhstan).

Reconciliation of the above summarized financial information to the carrying amount of the interest in Fintur recognized in the consolidated financial statements:

	2015	2014
Net assets of Fintur	2,049,934	1,291,430
Proportion of the Group's ownership interest in Fintur	849,697	535,297
Goodwill	132,242	132,242
Carrying amount of the Group's interest in Fintur	**981,939**	**667,539**

Significant restrictions

As at 31 December 2015, significant exchange restrictions and state controls exist in most jurisdictions in which Fintur operates. The local currencies of Fintur subsidiaries in Kazakhstan, Azerbaijan, Georgia and Moldova are not convertible outside of the respective countries. Future movements of exchange rates will affect the carrying values of the Fintur's assets and liabilities. The translation of underlying local currency amounts into USD in Fintur's consolidated financial statements should not be construed as a representation that such local currency amounts have been, could be or will in future be converted into USD at the exchange rates shown or at any other exchange rate.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

16. Investments in equity accounted investees (continued)

A-Tel

The Company accounted for its joint venture A-Tel by applying equity method accounting until 27 August 2014. The Company's investment in A-Tel amounts to TL 46,624 as at 31 December 2013. In accordance with Settlement Protocol signed with Bereket Holding A.Ş. (formerly known as Bilgin Holding A.Ş.) on 27 August 2014, it has been decided to pay a compensation amounting to TL 30,428 to A-Tel and TL 19,161 has been recorded as other income after the elimination as a result of the decline in initial provision accrued amount from TL 68,750 to TL 30,428. Bereket Holding A.Ş. and Savings Deposits Insurance Funds ("SDIF") have waived from the lawsuit regarding alleged loss occurred from termination of Service Provider Agreement.

Additionally, Turkcell's whole stake in A-tel has been transferred to Bereket Holding A.Ş. for a consideration of TL 31,025 within the context of the Share Sale Agreement signed on 27 August 2014. Loss on sale amounting to TL 902 was recognized in the statement of profit or loss as detailed below:

	31 December 2014
Share sale price	31,025
Less: carrying amount of investment on the date of sale	(31,927)
Loss recognized	**(902)**

17. Other investments

Current investments:

	2015	**2014**
Held to maturity financial assets:		
Corporate debt securities	-	11,207
Available for sale financial assets:		
Time deposits mature over 3 months	-	8,143
	-	**19,350**

As at 31 December 2014, corporate debt securities with a carrying amount of TL 11,207 have effective interest rates of 9.8% to 13.8%.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

18. Other non-current assets

	2015	2014
Prepaid expenses	175,543	131,964
VAT receivable	121,905	119,880
Receivables from Public Administration (Note 34)	72,848	-
Deposits and guarantees given	23,671	17,808
Advances given for fixed assets	7,972	236,042
Others	40,001	19,878
	441,940	**525,572**

19. Deferred tax assets and liabilities

Unrecognized deferred tax liabilities

At 31 December 2015, a deferred tax liability of TL 92,725 (31 December 2014: TL 64,436) for temporary differences of TL 463,623 (31 December 2014: TL 322,179) related to investments in subsidiaries was not recognized because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	31 December 2015	31 December 2014
Deductible temporary differences	80,910	107,896
Tax losses	457,271	362,420
Total unrecognized deferred tax assets	538,181	470,316

The deductible temporary differences do not expire under current tax legislation. Turkish tax legislation does not allow companies to file tax returns on a consolidated basis. Therefore, deferred tax assets have not been recognized in respect of these items resulting from certain consolidated subsidiaries because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

19. Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets (continued)

As at 31 December 2015, expiration of tax losses is as follows:

Expiration Date	Amount
2016	4,726
2017	172
2018	53
2019	74
2020	92
2021 - 2025	1,006,740
	1,011,857

As at 31 December 2015, tax losses which will be carried indefinitely are amounting to TL 1,438,300 (31 December 2014: TL 1,248,270).

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2015 and 2014 are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Property, plant & equipment and intangible assets	9,172	17,307	(303,063)	(244,987)	(293,891)	(227,680)
Investment	34,765	1,531	(69,502)	(45,411)	(34,737)	(43,880)
Provisions and employee terminaton benefit	70,206	90,627	-	-	70,206	90,627
Trade and other payables	36,632	54,790	-	(109)	36,632	54,681
Tax credit carry forwards (Investment tax credit)	29,799	27,369	-	-	29,799	27,369
Other items	142,344	99,745	(15,175)	(2,102)	127,169	97,643
Tax assets / (liabilities)	**322,918**	**291,369**	**(387,740)**	**(292,609)**	**(64,822)**	**(1,240)**
Net off of tax	(274,303)	(232,295)	274,303	232,295	-	-
Net tax assets / (liabilities)	**48,615**	**59,074**	**(113,437)**	**(60,314)**	**(64,822)**	**(1,240)**

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

19. Deferred tax assets and liabilities (continued)

Movement in temporary differences as at 31 December 2015 and 2014

	Balance at 1 January 2015	Recognized in the statement of profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Effect of movements in exchange rates	Balance at 31 December 2015
Property, plant & equipment and intangible assets	(227,680)	(73,248)	-	-	7,037	(293,891)
Investment	(43,880)	6,510	2,633	-	-	(34,737)
Provisions and employee termination benefit	90,627	(22,984)	2,563	-	-	70,206
Trade and other payables	54,681	(18,049)	-	-	-	36,632
Tax credit carry forward	27,369	2,430	-	-	-	29,799
Other items	97,643	29,526	-	-	-	127,169
Total	**(1,240)**	**(75,815)**	**5,196**	**-**	**7,037**	**(64,822)**

	Balance at 1 January 2014	Recognized in the statement of profit or loss	Recognized in other comprehensive income	Acquired in business combinations	Effect of movements in exchange rates	Balance at 31 December 2014
Property, plant & equipment and intangible assets	(209,294)	(33,956)	-	-	15,570	(227,680)
Investment	(33,866)	(6,368)	(3,646)	-	-	(43,880)
Provisions and employee termination benefit	87,286	3,145	196	-	-	90,627
Trade and other payables	51,600	3,081	-	-	-	54,681
Tax credit carry forward	42,484	(15,115)	-	-	-	27,369
Other items	69,437	28,206	-	-	-	97,643
Total	**7,647**	**(21,007)**	**(3,450)**	**-**	**15,570**	**(1,240)**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

20. Trade receivables and accrued income

	2015	2014
Undue assigned contracted receivables	2,216,010	1,828,618
Receivables from subscribers	1,218,126	1,101,091
Accounts and checks receivable	271,743	210,919
Accrued income	393,049	361,887
	4,098,928	**3,502,515**

Trade receivables are shown net of allowance for doubtful debts amounting to TL 816,071 as at 31 December 2015 (31 December 2014: TL 727,652). The change in allowance for trade receivables and due from related parties is disclosed in Note 35.

Letters of guarantee received with respect to the accounts and checks receivable are amounted to TL 134,798 and TL 162,204 as at 31 December 2015 and 2014, respectively.

The undue assigned contracted receivables are the remaining portion of the assigned receivables from the distributors related to the handset campaigns which will be collected from subscribers in instalments by the Company. When monthly instalment is invoiced to the subscriber, related portion is transferred to "receivables from subscribers". The Company measures the undue assigned contracted receivables at amortized cost, bears the credit risk and recognizes interest income throughout the contract period.

The accrued income represents revenue accrued for subscriber calls (air-time) which have not been billed and will be billed within one year. Due to the volume of subscribers, there are different billing cycles; accordingly, an accrual is made at each period end to accrue revenue for rendered but not yet billed. Contracted receivables related to handset campaigns, which will be invoiced after one year is presented under non-current trade receivables amounting to TL 834,833 (31 December 2014: TL 779,925).

The Group's exposure to currency risks and impairment losses related to trade receivables are disclosed in Note 31.

21. Other current assets

	2015	2014
VAT receivable	763,844	16,836
Restricted cash	349,243	-
Prepaid expenses	290,063	228,798
Prepayment for subscriber acquisition cost	98,656	85,311
Advances to suppliers	34,554	40,831
Special communication tax to be collected from subscribers	32,755	35,882
Amounts to be received from Ministry of Transport, Maritime Affairs and Communications	29,782	174,978
Receivables from personnel	10,054	5,248
Interest income accruals	2,769	23,712
Currency forward contracts (*)	216	-
Other	77,966	58,110
	1,689,902	**669,706**

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

21. Other current assets (continued)

The increase in VAT receivable mainly results from 4.5G license VAT payment made as at 26 October 2015 amounting to TL 933,447. Discount impact of VAT receivable amounting to TL 36,976 is recorded in finance costs (Note 11).

As at 31 December 2015, restricted cash amounting to TL 349,243 represents the amounts deposited at a bank as guarantees in connection with the loans utilized by Astelit (Note 26) (31 December 2014: None).

Prepaid expenses mainly comprises prepaid rent expenses and prepaid credit management fees.

The amount to be received from the Ministry of Transport, Maritime Affairs and Communications is related with the construction and operation of mobile communication infrastructure in rural areas ("Evrensel Project") as explained in Note 34. Receivables from Evrensel project have been presented on net basis with provision accrued amounting to TL 29,782.

Subscriber acquisition costs are subsidies paid to dealers for engaging a fixed term contract with the subscriber that require a minimum consideration.

(*) Details of currency forward contracts are given below:

Forward Currency contracts

	Buy			
Exchange Rate (TL)	Foreign currency	Notional Amount	Fair value	Maturity
2.9144	USD	57,732	216	4 January 2016

22. Cash and cash equivalents

	2015	2014
Cash in hand	453	246
Cheques received	3	79
Banks	2,912,741	9,026,576
- Demand deposits	572,895	574,005
- Time deposits	2,339,846	8,452,571
Investment funds, bonds and bills	5,599	4,980
Cash and cash equivalents in the statement of cash flows	**2,918,796**	**9,031,881**

As at 31 December 2015, the average maturity of time deposits is 27 days (31 December 2014: 67 days).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 31.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

23. Capital and reserves

Share capital

As at 31 December 2015, common stock represented 2,200,000,000 (31 December 2014: 2,200,000,000) authorized, issued and fully paid shares with a par value of TL 1 each. In accordance with the Law No. 5083 with respect to TL, on 9 May 2005, par value of each share is registered to be TL 1. In this respect, share capital presented in the consolidated financial statements refers to nominal amount of share capital registered by trade registry.

The holders of shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

As at 31 December 2015, total number of pledged shares hold by various institutions is 995,509 (31 December 2014: 995,509).

Capital contribution

Capital contribution comprises the contributed assets and certain liabilities that the government settled on behalf of the Group that do not meet the definition of a government grant which the government is acting in its capacity as a shareholder.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign and domestic operations from their functional currencies to presentation currency of TL.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or the asset is impaired.

Legal reserve

Under the Turkish Commercial Code, Turkish companies are required to set aside first and second level legal reserves out of their profits. First level legal reserves are set aside 5% of the distributable income per statutory accounts each year. The ceiling on the first legal reserves is 20% of the paid-up capital. The reserve requirement ends when the 20% of paid-up capital level has been reached. Second legal reserves correspond to 10% of profits actually distributed after the deduction of the first legal reserves and the minimum obligatory dividend pay-out (5% of the paid-up capital). There is no ceiling for second legal reserves and they are accumulated every year. In this respect, legal reserve presented in the consolidated financial statements refers to nominal amount of legal reserve.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

23. Capital and reserves (continued)

Reserve for non-controlling interest put option liability

The reserve for non-controlling interest put option liability includes the difference between the put option liability granted to the non-controlling shareholders in existing subsidiaries recognized and the amount of non-controlling interest derecognized. Since the current option relates to the business combinations before 1 January 2009, subsequent changes in the fair value of the put option liability other than unwind of discount and associated foreign exchange gains and losses are also recognized in this reserve.

Dividends

Turkcell:

On 25 March 2015, the Company's Board of Directors has proposed a dividend distribution for the year ended 31 December 2010, 2011, 2012, 2013 and 2014 amounting to TL 3,925,000 (equivalent to $1,535,903 as at 26 March 2015, date of Ordinary General Assembly Meeting), which represented 42.5% of distributable income. This represents a net cash dividend of full TL 1.784091 (equivalent to full $0.70 as at 26 March 2015, date of Ordinary General Assembly Meeting) per share. This dividend proposal was discussed and approved at the Ordinary General Assembly of Shareholders held on 26 March 2015. The dividend was paid in three installments on 6 April, 8 April and 13 April 2015 to the shareholders.

Due to the seizure on all receivables of Cukurova Holding AS. including its dividend receivables as detailed in Note 34, dividend payables to Çukurova Holdings AS. was paid to SDIF.

Azerinteltek:

In the Ordinary General Assembly of Shareholders' Meeting of Azerinteltek held on 25 February 2014, it had been decided to distribute dividends amounting to AZN 227 (equivalent to TL 424 as at
31 December 2015). The dividend was paid in two installments on 19 March 2014 and 27 March 2014 to the shareholders.

In the Ordinary General Assembly of Shareholders Meeting of Azerinteltek held on 25 February 2014, it has been decided to pay dividends to the Shareholders in proportion of their shares on interim basis in advance during 2014 financial year after fulfillment of liabilities arising from the Shareholder Agreement and payment of the current debts. According to the resolution of the General Assembly Meeting of the Company, on 17 April 2014 Azerinteltek's Board of Directors has decided to distribute the dividend accrued in the first quarter of 2014 financial year amounting to AZN 3,631 (equivalent to TL 6,777 as at 31 December 2015). Dividend payments have been completed as at 4 August 2014.

According to the resolution of the General Assembly Meeting of Azerinteltek, Azerinteltek's Board of Directors has decided to pay the dividend accrued in the second and third quarters of 2014 financial year amounting to AZN 2,146 (equivalent to TL 4,005 as at 31 December 2015) on 23 October 2014. Dividend payments have been completed as at 4 November 2014.

According to the resolution of the General Assembly Meeting of Azerinteltek, Azerinteltek's Board of Directors has decided on 22 January 2015 to pay the dividend accrued in the fourth quarter of 2014 financial year amounting to AZN 2,258 (equivalent to TL 4,214 as at 31 December 2015). Dividend payments have been completed as at 28 January 2015.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

23. Capital and reserves (continued)

Dividends

Azerinteltek (continued):

According to the resolution of the General Assembly Meeting of Azerinteltek, Azerinteltek's Board of Directors has decided on 30 April 2015 to pay the dividend accrued in the first quarters of 2015 financial year amounting to AZN 2,151 (equivalent to TL 4,015 as at 31 December 2015) and the remaining amount of AZN 134 (equivalent to TL 250 as at 31 December 2015) from 2014 financial year. Dividend payments have been completed as at 4 May 2015 and 5 May 2015.

According to the resolution of the General Assembly Meeting of Azerinteltek, Azerinteltek's Board of Directors has decided on 9 July 2015 to pay the dividend accrued in the second quarter of 2015 financial year amounting to AZN 530 (equivalent to TL 989 as at 31 December 2015). The dividend was paid in two installments on 10 July 2015 and 7 August 2015 to the shareholders.

According to the resolution of the General Assembly Meeting of Azerinteltek, Azerinteltek's Board of Directors has decided on 12 October 2015 to pay the dividend accrued in the third quarter of 2015 financial year amounting to AZN 822 (equivalent to TL 1,534 as at 31 December 2015). The dividend was paid in two installments on 16 October 2015 and 3 December 2015 to the shareholders.

Inteltek:

Furthermore, according to the resolution of the Ordinary General Assembly Meeting of Inteltek Internet Teknoloji Yatirim ve Danismanlik Ticaret A.S. ("Inteltek"), Inteltek's Board of Directors has decided on 25 June 2015 to pay the dividend accrued in 2012, 2013 and 2014 financial years amounting to TL 173,456. The dividend was paid in two installments on 29 July 2015 and 19 August 2015 to the shareholders.

Furthermore, according to the resolution of the Extraordinary General Assembly Meeting of Inteltek held on 11 November 2015, Inteltek's Board of Directors has decided on 13 November 2015 to pay the dividend accrued in the first nine months of 2015 financial year amounting to TL 32,192. Dividend payments have been completed as at 30 November 2015.

24. Earnings per share

The calculations of basic and diluted earnings per share as at 31 December 2015 were based on the profit attributable to ordinary shareholders for the years ended 31 December 2015, 2014 and 2013 of
TL 2,067,654, TL 1,864,640 and TL 2,325,914 respectively and a weighted average number of shares outstanding during the years ended 31 December 2015, 2014 and 2013 of 2,200,000,000 calculated as follows:

	2015	2014	2013
Numerator:			
Net profit for the period attributed to owners	2,067,654	1,864,640	2,325,914
Denominator:			
Weighted average number of shares	2,200,000,000	2,200,000,000	2,200,000,000
Basic and diluted earnings per share	**0.94**	**0.85**	**1.06**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

25. Other non-current liabilities

	2015	2014
Consideration payable in relation to acquisition of Belarusian Telecom	235,281	163,234
Deferred revenue	83,889	38,098
Deposits and guarantees taken from agents	47,500	38,583
Accrual for Evrensel Project (Note 34)	-	62,874
Other	-	6,762
	366,670	**309,551**

Consideration payable in relation to the acquisition of Belarusian Telecom represents the present value of the long-term contingent payment to the seller. Payment of $100,000 (equivalent to TL 290,760 as at 31 December 2015) is contingent on the financial performance of Belarusian Telecom, and based on management's estimations, expected to be paid during the first quarter of 2020 (31 December 2014: the first quarter of 2022).

26. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to foreign currency for interest bearing loans, see Note 31.

	2015	2014
Non-current liabilities		
Unsecured bank loans	2,086,871	1,204,833
Secured bank loans	4,262	6,986
Finance lease liabilities	36,449	36,049
Debt securities issued	1,360,204	-
	3,487,786	**1,247,868**
Current liabilities		
Unsecured bank facility	130,109	1,639,816
Secured bank facility	311,682	-
Current portion of unsecured bank loans	196,385	755,953
Current portion of secured bank loans	1,930	48,651
Current portion of finance lease liabilities	5,389	5,369
Debt securities issued	80,959	-
Currency swap contracts (*)	2,290	-
Option contracts used for hedging	-	837
	728,744	**2,450,626**

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

26. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

			31 December 2015			31 December 2014		
	Currency	Interest rate type	Nominal interest rate	Year of maturity	Carrying amount	Nominal interest rate	Year of maturity	Carrying amount
Unsecured bank loans	USD	Floating	Libor+2.6%	2017	189,542	Libor+0.7%-3.5%	2015-2018	2,844,757
Unsecured bank loans	EUR	Floating	Euribor+2.2%	2019-2025	1,585,939	-	-	-
Unsecured bank loans	USD	Fixed	-	-	-	2.4%-8.0%	2015-2016	281,157
Unsecured bank loans	TL	Fixed	8.3%-10.9%	2016-2017	507,775	8.3%-10.5%	2015-2017	474,688
Unsecured bank loans	UAH	Fixed	20%	2016	130,109	-	-	-
Secured bank loans*	UAH	Fixed	25%	2016	311,682	-	-	-
Secured bank loans**	BYR	Fixed	12%-16%	2016-2020	6,192	12%-16%	2020	9,521
Secured bank loans***	USD	Floating	-	-	-	Libor+3.5%	2015	46,116
Debt securities issued	USD	Fixed	5.8%	2025	1,441,163	-	-	-
Finance lease liabilities	EUR	Fixed	3.4%	2016-2024	41,750	3.4%	2015-2024	40,685
Finance lease liabilities	USD	Fixed	18%-28%	2016-2018	88	0.7%-8.0%	2015	733
					4,214,240			**3,697,657**

(*) Secured by the blocked deposit amounting to USD 120,114 (equivalent to TL 349,243), in connection with the loans utilized by Astelit.
(**) Secured by the Government of the Republic of Belarus
(***) Secured by System Capital Management Limited ("SCM").

26. Loans and borrowings (continued)

Following the acquisition of 44.96% interest in Euroasia from SCM Holdings Limited's ("SCM"), Astelit's borrowings obtained from and with guarantee of SCM Group have been repaid in July 2015. The Group converted a material portion of Astelit's borrowings to equity and restructured Astelit's remaining borrowings in order to mitigate the foreign exchange risks associated with borrowings denominated in foreign currency. Astelit's capital has been increased by $686,000 (equivalent to TL 1,994,614 as at 31 December 2015) and Astelit obtained $66,000 (equivalent to TL 191,902 as at 31 December 2015) subordinated loan directly from the Company in the third quarter of 2015. Additionally, under the guarantee of Turkcell, Astelit utilized loans fully denominated in local currency which is UAH 3.55 million (equivalent to TL 430,071 as at 31 December 2015). Regarding UAH 2.5 million (equivalent to TL 302,867 as at 31 December 2015) of these loans, a cash collateral of $120,114 (equivalent to TL 349,243 as at 31 December 2015) has been provided by Turkcell and recognised in other currents assets in the financial statements as at 31 December 2015.

In line with the Group's strategic priority of improving balance sheet structure, the Company has restructured the outstanding debt of Belarusian Telecom. As part of the restructuring, Belarusian Telecom's total existing intragroup loans were converted into a EUR 610,213 (equivalent to TL 1,939,013 as at 31 December 2015) subordinated loan, provided directly by Turkcell.

The Company signed a loan agreement with BNP Paribas, Citibank, HSBC, ING and Intesa Sanpaolo SpA for an amount of $500,000 (equivalent to TL 1,453,800 as at 31 December 2015) and EUR 445,315 (equivalent to TL 1,415,033 as at 31 December 2015) with an availability period until 30 June 2016 to be utilized by the Company and its subsidiaries for the purpose of funding infrastructure investments and any other potential investment opportunities. Each respective unsecured loan has 2 years grace period, 5 years maturity, principal repayment every 6 months and an annual interest rate of 3 month LIBOR/EURIBOR+ 2%. As at 31 December 2015, the Company has not utilized any amount under this agreement.

Additionally, as at 23 October 2015 the Company signed a loan agreement package with China Development Bank (CDB) for an amount of up to EUR 500,000 (equivalent to TL 1,588,800 as at 31 December 2015) with 2 years availability period to refinance the Group's existing loans and for an amount of up to EUR 750,000 (equivalent to TL 2,383,200 as at 31 December 2015) with 3 years availability period to finance the Group's procurements from China in relation to infrastructure investments. The total loan package has 10 years final maturity with 3 years grace period and will be paid back in equal installments. The annual interest rate of the loan is EURIBOR + 2.2%. As at 26 October 2015, the Company utilized EUR 500,000 (equivalent to TL 1,588,800 as at 31 December 2015) under this agreement.

The Company has completed the sale process of its debt securities issuance on 15 October 2015; for an aggregate principal amount of USD 500,000 (equivalent to TL 1,453,800 as at 31 December 2015) with 10 years maturity, a redemption date of 15 October 2025 and a coupon rate of 5.75% being paid semi-annually, priced on a 5.95% reoffer yield to qualified investors domiciled outside of Turkey. The notes are listed on the official list of the Irish Stock Exchange and the proceeds have been transferred to the Company's accounts on 15 October 2015.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

26. Loans and borrowings (continued)

Finance lease liabilities are payable as follows:

	31 December 2015			31 December 2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	6,627	1,238	5,389	6,574	1,205	5,369
More than one year	42,357	5,908	36,449	42,423	6,374	36,049
	48,984	**7,146**	**41,838**	**48,997**	**7,579**	**41,418**

Currency swap contracts:

	Currency Swap Contracts					
	Buy		Sell			
Exchange Rate	Foreign currency	Notional Amount	Foreign currency	Notional Amount	Fair value	Maturity
1.0942	EUR	180,000	USD	196,961	(769)	4 January 2016
1.0947	EUR	277,000	USD	303,218	(1,521)	4 January 2016
		457,000		**500,179**	**(2,290)**	

Interest collars:

Under interest rate collar contracts, the Group agrees to exchange the difference between the collar (1.25% - 4%) and floating rate (LIBOR) interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate collar at the end of the reporting period is determined by the quotations by the financial institutions and is disclosed below.

The following tables detail the notional principal amounts outstanding at the end of the reporting period.

	Currency	Notional amount		Fair value asset / (liability)	
		2015	2014	2015	2014
Interest collar	US$	-	86,000	-	(837)

All interest rate collar contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate collars and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

27. Employee benefits

International Accounting Standard No 19 "*Employee Benefits*" ("IAS 19") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. As detailed in Note 10, such actuarial gains/losses are recognized within other comprehensive income starting from 31 December 2012. The liability for this retirement pay obligation is recorded in the accompanying consolidated financial statements at its present value using a discount rate between 4.55% and 4.80% depending on the expected payout date (31 December 2014: between 3.46% and 3.82%).

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

27. Employee benefits (continued)

Movement in the reserve for employee termination benefits as at 31 December 2015 and 2014 are as follows:

	2015	2014
Opening balance	96,278	82,617
Provision set/reversed during the period	26,403	28,110
Actuarial loss	13,466	819
Unwind of discount	4,190	4,325
Payments made during the period	(25,468)	(19,593)
Closing balance	114,869	96,278

Actuarial loss amounting to TL 13,466 has been reflected in other comprehensive income for the year ended 31 December 2015 (31 December 2014: TL 819 actuarial loss).

The liability is not funded, as there is no funding requirement.

Obligations for contributions to defined contribution plans are recognized as an expense in the consolidated statement of profit or loss as incurred. The Group incurred TL 8,364, TL 7,876 and
TL 6,576 in relation to defined contribution retirement plan for the years ended 31 December 2015, 2014 and 2013, respectively.

28. Deferred income

Deferred income primarily consists of right of use sold but not used by prepaid subscribers and it is classified as current as at 31 December 2015 and 2014. The amount of deferred income is TL 121,078 and TL 164,423 as at 31 December 2015 and 2014, respectively.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

29. Provisions

Non-current provisions:

	Legal	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2014	155,486	133,762	289,248
Provision made/ used during the year	574	(4,603)	(4,029)
Unwind of discount	4,784	4,233	9,017
Transfer from current provision	449	-	449
Effect of change in foreign exchange rate	-	(16,299)	(16,299)
Balance at 31 December 2014	161,293	117,093	278,386

	Legal	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2015	161,293	117,093	278,386
Provision made/ used during the year (*)	(155,792)	12,622	(143,170)
Unwind of discount	-	3,308	3,308
Transfer to current provision	(1,398)	-	(1,398)
Effect of change in foreign exchange rate	-	(6,507)	(6,507)
Balance at 31 December 2015	4,103	126,516	130,619

(*) Regarding the settlement made with Turk Telekom Group (Note 34), the Company has reversed legal provision amounting to TL 156,864 as at 31 December 2015.

Legal provisions are set for the probable cash outflows related to legal disputes.

The Group is required to incur certain costs in respect of a liability to dismantle and remove assets and to restore sites on which the assets were located. The dismantling costs are calculated according to best estimate of future expected payments discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The above mentioned additions to obligations for dismantling, removing and site restoration during the period are non-cash transactions recorded against property, plant and equipment.

Current provisions:

	Legal	Bonus	Total
Balance at 1 January 2014	49,392	126,259	175,651
Provision made/ (reversed) during the year	108,033	128,799	236,832
Provisions used during the year	(145,724)	(130,842)	(276,566)
Unwind of discount	367	-	367
Transfer to non-current provision	(449)	-	(449)
Effect of change in foreign exchange rate	(3,508)	(2,753)	(6,261)
Balance at 31 December 2014	8,111	121,463	129,574

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

29. Provisions (continued)

	Legal	Bonus	Total
Balance at 1 January 2015	8,111	121,463	129,574
Provision made/ (reversed) during the year	2,811	178,416	181,227
Provisions used during the year	(1,861)	(155,491)	(157,352)
Unwind of discount	13	126	139
Transfer from non-current provision	1,398	-	1,398
Effect of change in foreign exchange rate	(212)	(2,659)	(2,871)
Balance at 31 December 2015	10,260	141,855	152,115

Legal provisions are set for the probable cash outflows related to legal disputes. In Note 34, under legal proceedings section, detailed explanations are given with respect to legal provisions.

The bonus provision totaling to TL 141,855 comprises mainly the provision for the year ended 31 December 2015 and is planned to be paid in March 2016.

30. Trade and other payables

The breakdown of trade and other payables as at 31 December 2015 and 2014 is as follows:

	2015	2014
4.5G license payable	2,591,235	-
Payables to suppliers	1,555,767	1,158,374
Taxes and withholdings payable	319,542	377,710
Payables regarding the legal settlement with Turk Telekom Group	309,250	-
License fee and ICTA share accrual	216,602	192,147
Selling and marketing expense accrual	68,531	137,437
Accrual for Evrensel Project (Note 34)	39,767	-
Other	182,376	201,461
	5,283,070	2,067,129

4.5G license payables are related to the frequency bands which the Company has been awarded with, from Authorization Tender on IMT Services and Infrastructure tender. Non-current trade and other payables consist of 4.5G license payable amounting to TL 1,270,610 as at 31 December 2015 (Note 1 and 14).

Balances payables to suppliers are arising in the ordinary course of business.

Taxes and withholdings include VAT payable, special communications tax, frequency usage fees payable to ICTA and personnel income taxes.

Turkcell and Turk Telekom Group agreed to settle ongoing lawsuits and disputes as at 31 December 2015. In this regard, Turkcell agreed to make a payment of TL 309,250 (including VAT and special communication tax) to Turk Telekom Group. The payment was made on 14 January 2016.

In accordance with the license agreement, Turkcell pays 90% of the treasury share, which equals 15% of its gross revenue, to the Turkish Treasury and 10% of the treasury share as universal service fund to the Turkish Ministry.

Selling and marketing expense accrual is mainly resulted from services received from third parties related to marketing activities of the Group which are not yet invoiced.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments

Credit risk

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		2015	2014
Trade receivables	20	4,935,184	4,282,440
Cash and cash equivalents*	22	2,918,343	9,031,635
Other current assets**	21	394,089	41,334
Other non-current assets**	18	12,687	9,777
Due from related parties-current	35	11,760	12,938
Held-to-maturity	17	-	11,207
Available for sale	17	-	8,143
		8,272,063	13,397,474

* Cash on hand is excluded from cash and cash equivalents.

** Non-financial instruments such as prepaid expenses and advances given are excluded from other current assets and other non-current assets.

The maximum exposure to credit risk for trade receivables arising from sales transactions including those classified as due from related parties at the reporting date by type of customer is:

	2015	2014
Receivable from subscribers	4,600,214	4,029,290
Receivables from distributors and other operators	283,095	210,380
Other	63,635	55,708
	4,946,944	4,295,378

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments

Credit risk (continued)

The aging of trade receivables and due from related parties as at 31 December 2015 and 2014:

	2015	2014
Not past due	4,508,081	3,897,333
1-30 days past due	197,250	159,946
1-3 months past due	125,497	124,008
3-12 months past due	116,116	114,090
	4,946,944	4,295,377

Impairment losses

The change in allowance for trade receivables and due from related parties as at 31 December 2015 and 2014 is as follows:

	2015	2014
Opening balance	727,732	691,550
Impairment loss recognized	196,588	155,931
Acquisition through business combination	-	2,316
Effect of change in foreign exchange rate	(2,563)	(7,372)
Amounts written-off	(105,384)	(114,693)
Closing balance	816,373	727,732

The impairment loss recognized of TL 196,588 for the year ended 31 December 2015 relates to its estimate of incurred losses in respect of trade receivables and due from related parties (31 December 2014: TL 155,931).

Trade receivables and due from related parties are reserved in an allowance account until the Group can determine that the amounts are no longer collectible. When this becomes probable the Group reverses the allowance and writes-off the receivable.

Liquidity risk

Current cash debt coverage ratio as at 31 December 2015 and 2014 is as follows:

	2015	2014
Cash and cash equivalents	2,918,796	9,031,881
Current liabilities	6,304,417	4,991,169
Current cash debt coverage ratio (*)	46%	181%

(*) Fluctuation between cash debt coverage ratios as at 31 December 2015 and 2014 resulted from the dividend paid in 2015, current portions of 4.5G license payable and debt securities issued (Note 23, 30 and 26 respectively).

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments (continued)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	31 December 2015							31 December 2014						
	Carrying Amount	Contractual cash flows	6 months or less	6-12 Months	1-2 years	2-5 years	More than 5 Years	**Carrying Amount**	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 Years
Non-derivative financial liabilities														
Secured bank loans	317,874	(327,188)	(319,116)	(1,050)	(1,997)	(5,025)	-	55,637	(63,433)	(51,120)	(1,352)	(2,586)	(6,583)	(1,792)
Unsecured bank Loans	2,413,365	(2,753,323)	(311,931)	(27,032)	(647,846)	(523,845)	(1,242,669)	3,600,602	(3,781,992)	(1,297,483)	(1,099,495)	(788,131)	(596,883)	-
Finance lease Liabilities	41,838	(48,985)	(6,622)	(5)	(5,300)	(15,897)	(21,161)	41,418	(48,997)	(6,514)	(68)	(4,754)	(14,181)	(23,480)
Debt securities issued	1,441,163	(2,289,736)	(41,797)	(41,797)	(83,594)	(250,780)	(1,871,768)	-	-	-	-	-	-	-
Trade and other payables*	5,726,862	(5,825,730)	(3,195,806)	(1,314,962)	(1,314,962)	-	-	1,158,374	(1,165,748)	(1,165,748)	-	-	-	-
Due to related parties	6,555	(6,555)	(6,555)	-	-	-	-	24,632	(24,687)	(24,687)	-	-	-	-
Consideration payable in relation to acquisition of Belarusian Telecom (Note 25)	235,281	(290,760)	-	-	-	(290,760)	-	163,234	(231,890)	-	-	-	-	(231,890)
Derivative financial liabilities														
Currency swap contracts	2,290	(2,159)	(2,159)	-	-	-	-	-	-	-	-	-	-	-
Buy	-	1,452,163	1,452,163	-	-	-	-	-	-	-	-	-	-	-
Sell	-	(1,454,322)	(1,454,322)	-	-	-	-	-	-	-	-	-	-	-
Option contracts	-	-	-	-	-	-	-	837	(837)	(837)	-	-	-	-
Currency forward contracts	(216)	(390)	(390)	-	-	-	-	-	-	-	-	-	-	-
Buy	-	167,862	167,862	-	-	-	-	-	-	-	-	-	-	-
Sell	-	(168,252)	(168,252)	-	-	-	-	-	-	-	-	-	-	-
TOTAL	10,185,012	(11,544,826)	(3,884,376)	(1,384,846)	(2,053,699)	(1,086,307)	(3,135,598)	5,044,734	(5,317,584)	(2,546,389)	(1,100,915)	(795,471)	(617,647)	(257,162)

* Advances taken, license fee accruals, taxes and withholding payable are excluded from trade and other payables.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	31 December 2014	
	USD	**EUR**
Foreign currency denominated assets		
Other non-current assets	57	2,131
Due from related parties-current	4,519	190
Trade receivables and accrued income	31,901	30,557
Other current assets	10,852	4,215
Cash and cash equivalents	1,556,596	4,466
	1,603,925	41,559
Foreign currency denominated liabilities		
Loans and borrowings-non current	(362,578)	(14,983)
Other non-current liabilities	(88,021)	-
Loans and borrowings-current	(990,122)	(2,093)
Trade and other payables	(139,005)	(23,912)
Due to related parties	(2,107)	(3,390)
	(1,581,833)	(44,378)
Net exposure	**22,092**	**(2,819)**

	31 December 2015	
	USD	**EUR**
Foreign currency denominated assets		
Other non-current assets	2,576	2,131
Due from related parties-current	3,553	207
Trade receivables and accrued income	21,536	29,947
Other current assets	141,385	6,200
Cash and cash equivalents	618,831	17,911
	787,881	56,396
Foreign currency denominated liabilities		
Loans and borrowings-non current	(63,152)	(499,911)
Debt securities issued-non- current	(467,810)	-
Other non-current liabilities	(96,481)	-
Loans and borrowings-current	(2,066)	(12,328)
Debt securities issued-current	(27,844)	-
Trade and other payables-current	(264,091)	(833,791)
Trade and other payables-non-current	-	(399,865)
Due to related parties	(312)	(141)
Currency swap contracts	(500,179)	457,000
Buy	-	457,000
Sell	(500,179)	-
Currency forward contracts	57,732	-
Buy	57,732	-
	(1,364,203)	(1,289,036)
Net exposure	**(576,322)**	**(1,232,640)**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments (continued)

Exposure to currency risk (continued)

The following significant exchange rates are applied during the period:

	Average Rate		Closing Rate	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
USD/TL	2.7271	2.1850	2.9076	2.3189
EUR/TL	3.0219	2.9004	3.1776	2.8207
USD/BYR	15,917	10,255	18,569	11,850
USD/UAH	21.7893	11.8661	24.0007	15.7686

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies. The analysis excludes net foreign currency investments.

10% strengthening of the TL, UAH, BYR against the following currencies as at 31 December 2015 and 2014 would have increased / (decreased) profit or loss before by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2015	2014
USD	167,572	(5,123)
EUR	391,683	795

10% weakening of the TL, UAH, BYR against the following currencies as at 31 December 2015 and 2014 would have increased / (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	2015	2014
USD	(167,572)	5,123
EUR	(391,683)	(795)

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments (continued)

Interest rate risk

As at 31 December 2015 and 2014 the interest rate profile of the Group's interest-bearing financial instruments was:

		31 December 2015		31 December 2014	
	Note	Effective Interest Rate	Carrying Amount	Effective interest rate	Carrying Amount
Fixed rate instruments					
Time deposits	22				
USD		2.6%	1,787,190	2.6%	3,696,607
EUR		2.6%	54,814	1.0%	11,155
TL		12.8%	481,264	11.2%	4,708,441
Other		16.6%	16,578	18.3%	36,368
Restricted cash	21				
USD		2.3%	349,243	-	-
Held-to-maturity securities	17				
TL corporate securities		-	-	10.1%	2,965
Finance lease obligations	26				
USD		20.5%	(88)	2.2%	(733)
EUR		3.4%	(41,750)	3.4%	(40,685)
Unsecured bank loans	26				
USD fixed rate loans		-	-	6.0%	(281,157)
TL fixed rate loans		10.2%	(507,775)	9.8%	(474,688)
UAH fixed rate loans		24.4%	(130,109)	-	-
Secured bank loans					
BYR fixed rate loans		11.9%	(6,192)	11.9%	(9,521)
UAH fixed rate loans		29.1%	(311,682)	-	-
Trade and other payables (*)					
EUR fixed rate payables	30	2.6%	(3,861,845)	-	-
Debt securities issued				-	-
USD	26	5.8%	(1,441,163)	-	-
Variable rate instruments					
Held-to-maturity securities	17				
TL corporate securities		-	-	12.1%	8,242
Secured bank loans	26				
USD floating rate loans		-	-	6.3%	(46,116)
Unsecured bank loans	26				
USD floating rate loans		3.1%	(189,542)	2.1%	(2,844,757)
EUR floating rate loans		2.4%	(1,585,939)	-	-

(*) Includes 4.5G license payables related to the frequency bands which the Company has been awarded with.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments (continued)

Sensitivity analysis

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates as at 31 December 2015 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis as at 31 December 2015 and 2014.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 December 2015				
Variable rate instruments	(17,755)	17,755	-	-
Cash flow sensitivity (net)	(17,755)	17,755	-	-
31 December 2014				
Variable rate instruments	(9,632)	9,632	-	-
Cash flow sensitivity (net)	(9,632)	9,632	-	-

Fair values

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair values			
	31 December 2015	31 December 2014	Fair Value hierarchy	Valuation Techniques
Currency swap contracts	(2,290)	-	Level 3	Pricing models based on discounted cash flow analysis using the applicable yield curve
Currency forward contracts	216	-	Level 3	Pricing models based on discounted cash flow analysis using the applicable yield curve
Option contracts used for hedging	-	(837)	Level 2	Quoted bid prices in financial institutions
Consideration payable in relation to acquisition of Belarusian Telecom	(235,281)	(163,234)	Level 3	Net present value (*)

There were no transfers between Level 2 and 3 in the period.

(*) Discount rate of 5.1% used for the present value calculation for the consideration payable in relation to acquisition of Belarusian Telecom as of 31 December 2015 (31 December 2014: 5.0%). Company management expects consideration payable to be paid during the first quarter of 2020 (31 December 2014: the first quarter of 2022).

Relationship of unobservable inputs to fair value is the higher the discount rate, the lower the fair value.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

31. Financial instruments (continued)

Fair values (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

The categories of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) are stated below:

		31 December 2015		31 December 2014	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets carried at amortized cost					
Other non-current assets**	18	12,687	12,687	9,777	9,777
Due from related parties-short term	36	11,760	11,760	12,938	12,938
Trade receivables and accrued income*	20	4,935,184	4,935,184	4,282,440	4,282,440
Other current assets**	21	393,873	393,873	41,334	41,334
Currency forward contract	21	216	216	-	-
Held-to-maturity	17	-	-	11,207	11,207
Available for sale	17	-	-	8,143	8,143
Cash and cash equivalents***	22	2,918,796	2,918,796	9,031,881	9,031,881
		8,272,516	8,272,516	13,397,720	13,397,720
Liabilities carried at amortized cost					
Loans and borrowings-long term	26	(2,127,582)	(2,127,582)	(1,247,868)	(1,247,868)
Loans and borrowings-short term	26	(645,495)	(645,495)	(2,449,789)	(2,449,789)
Debt securities issued	26	(1,441,163)	(1,430,409)	-	-
Trade and other payables****	30	(5,726,862)	(5,726,862)	(1,158,374)	(1,158,374)
Due to related parties	36	(6,555)	(6,555)	(24,632)	(24,632)
Currency swap contracts	26	(2,290)	(2,290)	-	-
		(9,949,947)	(9,939,193)	(4,880,663)	(4,880,663)

* Includes non-current trade receivables amounting to TL 836,256 (31 December 2014: TL 779,925).
** Non-financial instruments such as prepaid expenses and advances given are excluded from other current assets and other non-current assets.
***Cash and cash equivalents are the only level 1 item on above stated tables all other items are level 2.
**** Advances taken, taxes, withholdings payable and accruals are excluded from trade and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

Reconciliation of Level 3 fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring base is stated below:

Consideration payable in relation to acquisition of Belarusian Telecom:

	2015	2014
Opening balance	163,234	147,382
Total gains or losses:		
in profit or loss	72,047	15,852
Closing balance	**235,281**	**163,234**

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

32. Operating leases

The lease contracts, which mainly comprise leases of radio, transmission, office and internet capacity, expire on various dates. The Group does not have right to purchase the leased asset at the end of the lease period. Price escalation clauses of renewal conditions in operational lease agreements differ according to various conditions.

The future minimum lease payments under non-cancellable leases are as follows:

	2015	2014
Less than one year	163,526	128,840
Between one and five years	206,030	118,564
More than five years	7,478	17,375
	377,034	**264,779**

Payments recognized as an expense:

	2015	2014	2013
Minimum lease payments	751,816	573,973	616,771
Contingent lease payments	1,733	2,848	-
Total	**753,549**	**576,821**	**616,771**

33. Guarantees and purchase obligations

As at 31 December 2015, outstanding purchase commitments with respect to the acquisition of property, plant and equipment, inventory and purchase of sponsorship, rent and advertisement services amount to TL 2,752,139 (31 December 2014: TL 3,793,226). Payments for these commitments are going to be made in a 5 year period.

As at 31 December 2015, the Group is contingently liable in respect of bank letters of guarantee obtained from banks given to customs authorities, private companies and other public organizations, provided guarantees to private companies and financial guarantees to subsidiaries totaling to TL 2,058,810 as at 31 December 2015 (31 December 2014: TL 3,789,979).

As at 31 December 2015, the amounts the Company has commitments regarding Astelit's 3G license purchases amounted to UAH 426,311 (equivalent to TL 51,646 as of 31 December 2015) (Note 14).

At 31 December 2015, the total amount of guarantee obtained from banks and provided to Spor Toto amounted to TL 184,752 (31 December 2014: TL 188,739). The targeted payout is 50% of the turnover balance, including the VAT. The fact that Inteltek is obliged to pay the difference between the realized and the targeted payout balances, whenever the pool balance falls negative, creates an excess payment risk.

34. Commitments and Contingencies

License Agreements

Turkcell:

On 27 April 1998, the Company signed the Agreement for grant of concession for the establishment and Operation of the Pan-European Mobile Telephone System, GSM (hereinafter referred to as the "License Agreement") with the Turkish Ministry. In accordance with the License Agreement, the Company was granted a 25 year license for the provision of GSM services for a license fee of $500,000. The License Agreement permits the Company to operate as a stand-alone GSM operator. Under the License, the Company collects all of the revenue generated from the operations of its GSM network and pays the Turkish Treasury a treasury share and universal service fund, respectively, equal to 15% of its gross revenues from Turkish GSM operations. In February 2002, the GSM License of the Company was renewed under provisions of the new License Agreement signed with the ICTA and in accordance with the License Agreement, the Company became obliged to pay 0.35% of its yearly gross revenue once a year as ICTA Fee. Moreover on 25 June 2005, the Turkish government declared that GSM operators are required to pay 10% of their existing monthly treasury share to the Turkish Ministry as a universal service fund contribution in accordance with Law No: 5369. As a result, starting from 30 June 2005, the Company pays 90% of the treasury share to the Turkish Treasury and 10% to the Turkish Ministry as universal service fund. The Company is authorized to, among other things, set its own tariffs within certain limits, charge peak and off-peak rates, offer a variety of service and pricing packages, issue invoices directly to subscribers, collect payments and deal directly with subscribers.

In accordance with the renewed License Agreement signed with the ICTA in February 2002, the Company became subject to a number of new requirements, including those regarding the build-out, operation, quality and coverage of the Company's GSM network, prohibitions on anti-competitive behaviour and compliance with national and international GSM standards. Failure to meet any requirement in the renewed License, or the occurrence of extraordinary unforeseen circumstances, can also result in revocation of the renewed License, including the surrender of the GSM network without compensation, or limitation of the Company's rights thereunder, or could otherwise adversely affect the Company's regulatory status. Thereafter, the provisions of the License granted to the Company was revised and updated twice under the subsequent License Agreements signed between the Company and the ICTA in 2006 and in 2009. As of the date of this report, the License Agreement dated 21 February 2009 is still in effect.

Certain conditions of the current License Agreement include the following:

Coverage: The Company had to achieve population coverage of 50% with certain exceptions within the first three years, and 90% of the population of Turkey within five years from the effective date of the first License granted to the Company.

Service offerings: The Company must provide certain services in addition to general GSM services, including free emergency calls and technical assistance for subscribers, free call forwarding to police and other public emergency services, receiver-optional short messages, video text access, calling and connected number identification and restrictions, call forwarding, call waiting, call hold, multi-party and third-party conference calls, billing information and barring of a range of outgoing and incoming calls.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

License Agreements (continued)

Turkcell (continued)

Service quality: In general, the Company must meet all national and international service quality standards determined and updated by both the ICTA and the European Telecommunications Standards Institute and Secretariat of the GSM MoU. Service quality requirements include that call blockage cannot exceed 5% and unsuccessful calls cannot exceed 2%.

Tariffs: ICTA sets the initial maximum retail tariffs in TL and USD. Thereafter, the revised License provides that the ICTA will adjust the maximum tariffs at most every six months or, if necessary, more frequently. The Company is free to set its own tariffs up to the maximum tariffs.

Rights of the ICTA, Suspension and Termination:

The revised License is not transferable without the prior approval of the ICTA. In addition, the License Agreement gives the ICTA certain monitoring rights and access to the Company's technical and financial information and allows for inspection rights, and gives certain rights to suspend operations under certain circumstances. Also, the Company is obliged to submit financial statements, contracts and investment plans to the ICTA.

The ICTA may suspend the Company's operations for a limited or an unlimited period if necessary for the purpose of public security and national defence etc. During period of suspension, the ICTA may operate the Company's GSM network itself.

The License term will be extended by the period of any suspension. The revised License may also be terminated upon a bankruptcy ruling against the Company or for other license violations, such as operating outside of its allocated frequency ranges, and the penalties for such violations can include fines, loss of frequency rights, revocation of the license and confiscation of the network management centre, the gateway exchanges and central subscription system, including related technical equipment, immovables and installations essential for the operation of the network.

Based on the law enacted on 3 July 2005 with respect to the regulation of privatization, gross revenue description used for the calculation of treasury share has been changed. According to this new regulation, accrued interest charges for the late payments, taxes such as indirect taxes, and accrued revenues are excluded from the description of gross revenue. Calculation method of gross revenue for treasury share stipulated in the law according to the new regulation shall be valid as of the application date of the Company with the claim of amendment of its license agreement in compliance with the said Law. In the meanwhile, the Company realized the payments including above-mentioned items between 21 July 2005 and 10 March 2006, when the amendment in license agreement was effective.

34. Commitments and Contingencies (continued)

License Agreements (continued)

Turkcell (continued)

Rights of the ICTA, Suspension and Termination (continued):

On 9 June 2008, the Company filed a lawsuit before Administrative Court for the difference between the aforementioned period amounting to TL 102,649 and interest amounting to TL 68,276 (equivalent to till to the date the case is filed. The Administrative Court rejected the case with the reason that there is not any definite and executable process and the Company appealed the decision. The Council of State rejected the appeal request. The Company requested correction of the decision. The Council of State rejected the Company's request for the correction of the decision.

On 26 August 2013, the Company filed a lawsuit before ICC against Undersecretariat of Treasury. The lawsuit is still pending. The arbitral tribunal accepted the case with respect to all claims and ruled Treasury to pay Turkcell amounting to TL 102,649 together with its interest from date of the each payment made between 2005 and 2006 till the date of refund. Treasury filed a lawsuit for cancellation of the Final Award.

3G License

On 30 April 2009, the Company signed a separate License Agreement with ICTA which provides authorization for providing IMT 2000/UMTS services and establishment and operation of the required infrastructure. Turkcell acquired the A license providing the widest frequency band for a consideration of EUR 358,000 (excluding VAT). The license is effective for duration of 20 years starting from 30 April 2009. According to the agreement, operators have provided IMT 2000/UMTS services starting from 30 July 2009.

In accordance with the 3G License Agreement, the Company must cover the population within the borders of all metropolitan municipalities and borders of all cities and municipalities in three and six years, respectively. Moreover, the Company must cover the population in all settlement areas with a population higher than 5,000 and 1,000 within eight and ten years, respectively following the effective date of the IMT 2000/UMTS License agreement.

4.5G License

In the 4.5G (IMT) tender held on 26 August 2015, the Company purchased a total of 172.4 MHz, the broadest 4.5G (IMT) spectrum allocation of any operator in Turkey (including widest frequency bands on 1800 MHz and 2600 MHz) for EUR 1,623,460 (equivalent to TL 5,158,706 as at 31 December 2015). (excluding VAT of 18%) will be paid semi-annually by four equal installments total of which amount EUR 1,655,290 (equivalent to TL 5,259,850 as at 31 December 2015) including interest and excluding VAT of 18%. As at 26 October 2015, the Company made a payment of TL 1,321,873 for the original amount of EUR 413,823 as first installment and total VAT amounting to TL 933,447 for the original amount of EUR 292,223 in cash. Last installment will be paid on 27 April 2017.

The 4.5 licensing process is finalized by signing of IMT License Commitments Document by Turkcell and therefore, ICTA granted Turkcell 4.5G License on 27 October 2015. The 4.5G License is effective for 13 years until 30 April 2029. According to the License, Turkcell expect to commence providing 4.5G services from 1 April 2016.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

License Agreements (continued)

Turkcell (continued)

4.5G License (continued)

According to the IMT License Commitments Document, the Company;

a) must achieve population coverage of 95% of the population of Turkey and coverage of 90% of the population within the borders of all cities and all city districts within eight years,

b) must cover 99% of highways, high speed railroads and tunnels with lengths more than one kilometers within three years, 95% of double roads within six years and 90% of conventional railroads within ten years and,

c) is obliged to share actively with other mobile operators, any new 3G or 4.5G site which it will decides to build within settlement areas with a population of less than 10,000 and highways, double roads, tunnels, high speed railroads and conventional railroads.

from the effective date of the first License granted to the Company.

Also, Turkcell must to only purchase locally produced network equipment and purchase up to 45% of the network equipment and services from vendors with local research and development centers while building its infrastructure for 4.5G networks.

Belarusian Telecom:

Belarusian Telecom owns a license issued on 28 August 2008 for a period of 10 years and was valid till 28 August 2018. According to the Sale and Purchase Agreement signed, the State Property Committee of the Republic of Belarus committed to grant the license from the acquisition date of 26 August 2008 for a period of 10 years. In accordance with the Edict of the President of the Republic of Belarus dated 26 November 2015, numbered 475, the license is now issued without limitation of the period of validity. Starting from 1 March 2016, the license is valid from the date of the licensing authority's decision on its issue and for an unlimited period. Under the terms of its license, Belarusian Telecom is required to gradually increase its geographical coverage until the end of 2017. Belarusian Telecom has fulfilled all coverage requirements except covering all Belarusian settlements. The number of uncovered settlements is 648 out of a total of 22,552 settlements.

34. Commitments and Contingencies (continued)

License Agreements (continued)

Astelit:

Astelit owns three activity licenses: GSM 900, GSM 1800 and a technology neutral license, issued for 3G. As at December 31, 2015, Astelit owned 26 frequency use licenses for UMTS 2100, GSM 900, GSM 1800, CDMA and microwave Radiorelay, which are regional and national. In addition to the GSM licenses, Astelit owns one license for international and long-distance calls and eight PSTN licenses for eight regions in Ukraine. Additionally, Astelit holds a specific number range—three NDC codes for mobile networks, four permissions on a number of resources for short numbers, eleven permissions on a number of resources for SS-7 codes (7 regional and 4 international), one permission on a number of resources for Mobile Network Code and sixteen permissions on a number of resources for local ranges for PSTN licenses.

According to the licenses, Astelit must adhere to state sanitary regulations to ensure that the equipment used does not injure the population by means of harmful electromagnetic emissions. Licenses require Astelit to inform authorities of the start/end of operations within four months and changes in the incorporation address within 30 days.

Also, Astelit must present all the required documents for inspection by the NCCIR by their request. The NCCIR may suspend the operations of Astelit for a limited or an unlimited period if necessary due to the expiration of the licenses, upon mutual consent, or in the case of a violation of the terms regarding the use of radio frequencies. If such a violation is determined, the Ukrainian Telecommunications Authority will notify Astelit of the violations and will set the deadline for recovery. If the deadline is not met, the licenses may be terminated.

Inteltek:

Inteltek, following an international bidding process, signed a contract on 30 July 2002 which provides for the installation, support and operation of an on-line central betting system as well as maintenance and support for the provision of football games. The Central Betting System Contract was scheduled to expire on 30 March 2008.

Inteltek signed another contract with General Directorate of Youth and Sports ("GDYS") on 2 October 2003 which authorized Inteltek to establish and operate a risk management center and become head agent for fixed odds betting. The Fixed Odds Betting Contract was scheduled to expire in October 2011. However, in relation to the lawsuits related to the operations of Inteltek, GDYS ceased the implementation of the Fixed Odds Betting Contract starting from March 2007. Following this annulment decision, Spor Toto and Inteltek signed a new Fixed Odds Betting Contract on 15 March 2007, with less-advantageous conditions compared to previous contract signed in 2003, which expired on 1 March 2008.

Inteltek signed a new Fixed Odds Betting Contract with Spor Toto, having the same terms and conditions with the latest contracts signed with Spor Toto which took effect on 1 March 2008. At the same time, Inteltek signed a new Central Betting System Contract with Spor Toto, which took effect on 31 March 2008 as having the same conditions with the current contract and both contracts were to be valid for one year almost until the operation started as a result of the new tender.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

License Agreements (continued)

Inteltek (continued)

On 12 August 2008, Spor Toto conducted a tender which allowed private companies to organize fixed odds and paramutual betting games based on sports competitions. Inteltek gave the best offer for the tender. On 29 August 2008, Inteltek signed a contract with Spor Toto, receiving the rights to operate the fixed odds and paramutual betting games based on sports competitions for the next ten years. New commission rate, which is 1.4% of the takings arising from the operation of the fixed odds and paramutual betting games based on sports competitions (until 1 March 2009, commission rate was 7% of gross takings), is applicable starting from March 2009. As of December 31, 2015, Inteltek has a letter of guarantee of TL 159,752 (31 December 2014: TL 159,752) provided to Spor Toto.

Inteltek has a mobile agency agreement with Spor Toto, receiving the rights to assign mobile sub agencies to operate the fixed odds and paramutual betting games based on sports competitions. Inteltek has mobile agency commission revenue by applying commission rate between % 2.24 - % 3.62 of mobile agency turnover after deducting VAT and Gaming Tax. As of 31 December 2015, Inteltek has a letter of guarantee of TL 25,000 (31 December 2014: TL 28,987) provided to Spor Toto for mobile agency agreement. The targeted payout is 50% of the turnover balance including VAT. The fact that Inteltek is obliged to pay the difference between the realized and the targeted payout balances, whenever the pool balance falls negative, creates an excess payment risk.

Kibris Telekom:

On 27 April 2007, Kibris Telekom signed the License Agreement for Installation and Operation of a Digital, Cellular, Mobile Telecommunication System ("Mobile Communication License Agreement") with the Ministry of Communications and Public Works of the Turkish Republic of Northern Cyprus which is effective from 1 August 2007, replacing the previous GSM-Mobile Telephony System Agreement dated 25 March 1999. In accordance with the Mobile Communication License Agreement, Kibris Telekom was granted an 18 year GSM 900, GSM 1800 and IMT 2000/UMTS license for GSM 900, GSM 1800 frequencies while the usage of IMT 2000/UMTS frequency bands is subject to the fulfillment of certain conditions.

On 14 March 2008, Kibris Telekom was awarded a 3G infrastructure license at a cost of $10,000.000 including VAT, which was paid at the end of March 2008. Under the terms of the license, the system had to be operational by mid-October 2008. In 2010, Kibris Telekom has completed the radio transmission (air link) project providing direct international voice and data connection with mainland and started using it from the third quarter of 2010. The Project is the only direct connection in Turkish Republic of Northern Cyprus besides Telecommunication Authority.

Under the Mobile Communication License Agreement, Kibris Telekom also pays the tax authorities of Turkish Republic of Northern Cyprus a treasury share on monthly basis equal to 15% of gross revenues excluding accrued interest charges for the late payments, indirect taxes and accrued revenues for reporting purposes, payments made to third parties for value added services, interconnection revenues, roaming income from own subscribers after the related payment made to other operators.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

License Agreements (continued)

Turkcell Superonline:

Turkcell Superonline was authorized as a Fixed Telephony, Satellite Communication Service, Infrastructure, Internet Service Provider, Cable Broadcast Service and Mobile Virtual Network Operator.

Authorization By-Law for Telecommunication Services and Infrastructure published in Official Gazette on dated 26 August 2004 abrogated the By-Law on Authorization for Electronic Communications Sector dated 28 May 2009. According to this abrogation, Superonline's "License" on, Infrastructure Operating Service, Internet Service Provision, Satellite Communication Service has been changed to "Authority" on, Infrastructure Operating Service, Internet Service Provision, Satellite Communication Service, Cable Broadcast Service and Superonline's "License" on Long Distance Telephony Services License has been changed to "Authority" relevant to the Fixed Telephony Services.

In accordance with the new legislation issued by ICTA, the infrastructure operator authorization right of Superonline has become infinite. As a result, Superonline revised the expected useful lives of its operating license and related fixed network equipment from 15 years to 25 years.

Superonline was authorized as Platform Operator and Infrastructure Operator, according to the Radio and Television Supreme Council's decision numbered 24, dated 26 March 2014.

Such Authorizations have been provided by the Radio and Television Supreme Council, according to the rules of the Media Law and also the Radio and Television Supreme Council By-Law on Broadcasting via Cable Networks.

In accordance with the Media Law and its regulations, the Platform Operator Authorization and Infrastructure Operator Authorization are provided annually.

Within the scope of the Platform Operator Authorization and Infrastructure Operator Authorization, Superonline has the right to operate the platform and Infrastructure of TV services.

Azerinteltek:

Azerinteltek, in which Inteltek's shareholding is 51%, was established on 19 January 2010, and authorized to organize, operate, manage and develop the fixed-odds and para-mutual sports betting games by the Ministry of Youth and Sports of Azerbaijan for a period of 10 years. The agreement signed with Azeridmanservis which is founded by the Ministry of Youth and Sports of Azerbaijan is renewed with the same terms and conditions in accordance with the new legislation enforced in Azerbaijan regarding the betting games based on sports on 30 September 2010. Azerinteltek officially commenced sports betting games on 18 January 2011. On 4 March 2015, Azerinteltek authorization of organizing, operating, managing and developing the fixed-odds and para-mutual sports betting games of was extended till 2 March 2025.

Starting from 1 January 2013, Azerinteltek has been authorized for 3 years regarding the sales of Lottery tickets by Azerlotereya. On 1 January 2016, Azerinteltek authorization regarding the sales of Lottery tickets was extended for 1 year.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Interconnection Agreements

The Company has entered into interconnection agreements with a number of operators in Turkey and overseas including Turk Telekom, Vodafone Telekomunikasyon AS ("Vodafone"), Avea Iletisim Hizmetleri AS ("Avea"), Milleni.com GmbH and Globalstar Avrasya Uydu Ses ve Data Iletisim AS ("Globalstar").

The initial Access and Interconnection Regulation became effective when it was first issued by the ICTA on 23 May 2003, on 14 June 2007 and 8 September 2009, two subsequent Access and Interconnection Regulations were issued by the ICTA which repealed the previous Regulation. As of the date of this report, the Access and Interconnection Regulation dated 8 September 2009 (the "Regulation") is still in effect.

The Regulation is driven largely by a goal to improve the competitive environment. Under the Regulation, the ICTA may compel all telecommunications operators to accept another operator's request for use of and access to its network. All telecommunications operators in Turkey may be required to provide access to other operators on the same terms and qualifications provided to their shareholders, subsidiaries and affiliates.

In accordance with the Regulation, the Company entered into access and interconnection agreements with 53 different operators.

In addition, the ICTA has required operators holding significant market power, as well as Turk Telekom, to share certain facilities with other operators under certain conditions and to provide co-location on their premises for the equipment of other operators at a reasonable price. The ICTA has also required telecommunications operators to provide number portability, which means allowing users to keep the same phone numbers even after they switch from one network to another starting from 9 November 2008.

Under a typical interconnection agreement, each party agrees, among other things to permit the interconnection of its network with the Company's network to enable calls to be transmitted to, and received from, the GSM system operated by each party in accordance with technical specifications set out in the interconnection agreement. Typical interconnection agreements also establish understandings between the parties relating to a number of key operational areas, including call traffic management, quality and performance standards, interconnection interfaces and other technical, operational and procedural aspects of interconnection.

There are no minimum payment obligations under the interconnection agreements; however, failure to carry the counterparty's traffic may expose the Company to financial and other penalties or loss of interconnection privileges for its own traffic. On the other hand, ICTA regulates "Standard Interconnection Tariffs" for domestic traffic.

As at 31 December 2014 the management believes that Turkcell is in compliance with the above mentioned license and interconnection agreements' conditions and requirements in all material respects.

34. Commitments and Contingencies (continued)

Commitments and Contingencies related to Turkcell

Onerous contracts

The Company won the tender regarding the construction and operation of mobile communication infrastructure in rural areas ("Evrensel Project") with the Ministry of Transport, Maritime Affairs and Communications on 17 January 2013. The Company is liable to complete the construction for a predetermined amount in TL while most of the expenditures are in foreign currencies. The appreciation in the foreign exchange rates has resulted in the unavoidable costs of meeting the obligations to exceed the economic benefits expected to be received. Therefore, the Company accrued a provision amounting to TL84,693 for the difference between the unavoidable costs and benefits expected to be received for this onerous contract. However, the Company has also increased their foreign currency denominated bank deposits position within the period of undertaking the project in order to hedge against the currency risk associated with the contract and additionally recognized accumulated foreign exchange gains over these deposits as a result of the appreciation in the foreign exchange rates in the consolidated financial statements as of 31 December 2015.

In the consolidated financial statements as of 31 December 2015, TL 44,925 of the respective amount was netted off with expenses paid upfront in relation to "Evrensel Project" under short-term prepaid expenses

Legal Proceedings

The Group is involved in various claims and legal actions arising in the ordinary course of business described below.

Concession Agreement

Dispute on treasury share in accordance with the amended license agreement

Based on the law enacted on 3 July 2005 with respect to the regulation of privatization, the calculation basis for the treasury share has been changed. According to this new regulation, accrued interest charges for the late payments, taxes such as indirect taxes, and accrued revenues are excluded from the calculation basis. Calculation method of gross sales for treasury share stipulated in the law according to the new regulation shall be valid as of the application date of Turkcell with the claim of amendment of its license agreement in compliance with the said Law. In the meanwhile, Turkcell realized the payments including above-mentioned items between 21 July 2005 and 10 March 2006, when the amendment in license agreement was effective.

On 9 June 2008, Turkcell filed a lawsuit before Administrative Court for the difference between the aforementioned period amounting to TL 102,649 and interest amounting to TL 68,276 till to the date the case is filed. The Administrative Court rejected the case without any examination and reasoned that the case shall be settled by arbitration. Turkcell appealed the decision. The Council of State rejected the appeal request. Turkcell requested correction of the decision. The Council of State rejected the Turkcell's request for the correction of the decision.

On 26 August 2013, Turkcell filed a lawsuit before International Chamber of Commerce ("ICC") Court of Arbitration against the Undersecretariat of Treasury. The arbitral tribunal accepted the case with respect to all claims and ruled Treasury to pay Turkcell amounting to TL 102,649 together with its interest from date of the each payment made between 2005 and 2006 till the date of refund. Undersecretariat of Treasury filed a lawsuit for cancellation of the Final Award.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

Disputes regarding the contribution share payments arising after the amendments made to the Concession Agreement in accordance with the Code numbered 5398

Based on the 9th article of the license agreement dated 10 March 2006, Turkcell has been obliged to pay 0.35% of its yearly gross revenue once a year as ICTA Fee.

However, in the previous license agreement, Turkcell was obliged to pay 0.35% of its yearly gross revenue after deducting treasury share, universal service fund and other indirect taxes from the calculation base whereas in the new agreement, these aforementioned payments are not deducted from the base of the calculation. Therefore, on 12 April 2006, Turkcell filed a lawsuit for the cancellation of the 9th article of the new license agreement.

On 10 March 2009, the Court rejected the case. Turkcell appealed the decision. The Council of State decided to approve the decision of the First Instance Court. Turkcell applied for the correction of the decision. The correction of the decision process is still pending.

On 21 June 2006, ICTA notified Turkcell that the ICTA fee for the year 2005 which had been already paid in April 2006 should have been calculated according to the new license agreement dated10 March 2006 instead of the previous license agreement which was effective in the year 2005. Therefore, ICTA requested Turkcell to pay additional TL 4,011 and its accrued interest. Turkcell made the payment and filed a lawsuit for the stay of execution and cancellation of the aforesaid decision of ICTA on 28 August 2006. On 24 July 2009, the Court decided in favor of Turkcell and annulled additional payment request of ICTA. The ICTA appealed the decision. The Council of State reversed the decision with the reason that the case shall be settled by arbitration. ICTA applied for the correction of the decision. The Council of State rejected ICTA's request for the correction of the decision. The First Instance Court granted its decision in line with the reversal decision and rejected the case. Both Turkcell and ICTA appealed the decision. Turkcell replied this request. The Council of State approved the First Instance Court decision. Turkcell requested for the correction of decision in due time. The correction of the decision process is still pending.

Turkcell received the related principal amount of TL 4,011 on 8 February 2010 and recorded income in the consolidated financial statements as at and for the year ended 31 December 2009. Upon the reversal decision of the Council of State, ICTA re-claimed the aforementioned amount which returned to Turkcell in accordance with the first instance court decision. Turkcell paid back the aforementioned amount with its accrued interest on 24 January 2013.

On the other hand, as the interest was not paid with the payment that ICTA made on 8 February 2010, Turkcell initiated a lawsuit on 17 March 2010, for the accrued interest amounting to TL 3,942 for the time being devoid of the amount which was paid to ICTA. The Court decided in favor of Turkcell for the part of TL 1,392 of the compensation request. ICTA appealed the decision. Turkcell also appealed the decision's rejected part. The appeal process is still pending. Turkcell received the aforementioned amount on 18 May 2011 and recorded as income in the consolidated financial statements as at and for the year ended 31 December 2011. Upon the re-pay request of the ICTA, Turkcell paid back the aforementioned amount on 24 January 2013.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

Dispute on the discounts which are paid over the treasury share and ICTA fee

At the end of 2006, Tax Auditors of Turkcell claimed that gross revenue in the statutory accounts should include discounts granted to distributors although Turkcell recorded these discounts in a separate line item as sales discounts.

Starting from 1 January 2007, Turkcell started to deduct discounts granted to distributors from gross revenue and present them on a net basis. Accordingly, Turkcell decided that, it has paid excess treasury share and universal service fund for the year 2006 totaling TL 51,254.

Through the letter dated 23 February 2007, Turkcell requested treasury share amounting to TL 46,129 and interest accrued amounting to TL 5,020 from Turkish Treasury and universal service fund amounting to TL 5,125 and interest accrued amounting to TL 558 from Turkish Ministry to be paid in 10 days. Since Turkish Treasury and Turkish Ministry have not made any payment, Turkcell started to deduct these amounts from ongoing monthly payments. As at 31 December 2007, Turkcell deducted TL 51,254 from monthly treasury share and universal service fund payments.

Turkish Treasury sent a letter to Turkcell dated 17 July 2007 and objected the deduction of the discounts granted to the distributors from the treasury share payments. Accordingly, Turkcell is asked to return TL 2,960 that is deducted from treasury share payment for May 2007. Turkcell has not made the related payment and continued to deduct such discounts treasury share and universal service fee amount related to discounts granted to distributors for the year 2006.

Management believes that Turkcell has the legal right to make deductions with respect to this issue. Accordingly, the Company has not recorded any provisions with respect to this matter in its consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Turkcell filed two lawsuits before ICC claiming that Turkcell is not obliged to pay treasury share and ICTA Fee in accordance with the 8th and 9th Articles of the Concession Agreement, respectively, on discounts granted to distributors. On the both lawsuits, ICC has decided in favor of Turkcell. As stated in both of the Final Awards, Turkcell is not under obligation of paying Treasury Share and the Contribution to the expenses of Authority pursuant to Article of 8 and 9 of the Concession Agreement dated 10 March 2006. ICTA filed lawsuits for cancellation of these Final Awards. In both lawsuits, the Court decided in favor of Turkcell. ICTA appealed the decisions. Turkcell replied to the appeal requests. The Court of Cassation reversed the decisions of the First Instance Court. Turkcell has applied for the correction of the decision. The Court of Cassation rejected the request for correction of the decision of Turkcell. On the hearing dated 28 November 2012, the Local Court decided to accept the lawsuit in accordance with the reversal decision of The Court of Cassation. Full decisions are notified to Turkcell. Turkcell appealed the decisions. Appeal process is still pending.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

Dispute on payments of additional treasury share payment for the period between 1 June 2004 and 9 March 2006

Turkish Treasury, through a letter which is based on the Report of the Treasury Controller's Board following the examinations covering the period between 1 June 2004 and 9 March 2006, requested additional treasury share payment regarding the mentioned period. Turkcell initiated a lawsuit before ICC on 18 December 2009 in order to obtain a declaratory judgment that Turkcell is not obliged to pay TL 3,320 of the requested amount and treasury share over the exchange differences arising from roaming revenue. The arbitral tribunal partially accepted Turkcell's claims and decided that Turkcell is not obliged to pay TL 885. ICTA filed a lawsuit for cancellation of the in favor parts of the Final Award. Subsequently Turkcell filed a lawsuit for cancellation of the disadvantageous part of the Final Award. The lawsuit filed by Turkcell has been dismissed. The final award is appealed by ICTA. Turkcell submitted its responses to the appeal. Appeal process is still pending.

ICTA, through a letter dated 14 May 2010 which is based on the Report of the Treasury Controller's Board following the examinations covering the period between 1 June 2004 to 9 March 2006, requested additional treasury share payment of TL 4,909 together with the penalty of TL 12,171 on the ground that the treasury share and treasury share over the exchange differences arising from roaming revenue are not paid entirely.

On 26 May 2010, Turkcell, in order to provide the suspension of the payment, requested a preliminary injunction from the Civil Court of First Instance based on the grounds that the payment of additional treasury share payment of TL 4,909 together with the penalty of TL 12,171 is a pending case before ICC Arbitration Court. The Civil Court of First Instance accepted Turkcell's request. ICTA raised an objection to the preliminary injunction and this objection has been rejected.

Turkcell filed a lawsuit before ICC on 27 January 2012 claiming the contradiction to law of the penalty of TL 12,171. ICC Arbitration Court decided in favor of Turkcell, accepting all its claims. ICTA filed a lawsuit for cancellation of the final award in the Ankara Civil Court of First Instance. The Court held its award rejecting ICTA's claim of cancellation. ICTA appealed the decision. The appeal process is still pending.

The ICTA, through a letter dated 19 October 2010 which is based on the Report of the Treasury Controller's Board following the examinations covering the period between 10 March 2006 and 31 December 2008, requested treasury share of TL 72,527 and conventional penalty of TL 205,594. Turkcell paid TL 1,535 of the aforementioned amount.

On 13 December 2010, Turkcell, seeking to suspend the payment, requested a preliminary injunction from the Civil Court of First Instance based on the grounds that the payment of treasury share of TL 70,992 and conventional penalty of TL 205,594 was a pending case before ICC Arbitration Court. The Court accepted Turkcell's request. The ICTA's objection against the decision has been rejected.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

Dispute on payments of additional treasury share payment for the period between 1 June 2004 and 9 March 2006 (continued)

Turkcell filed lawsuit request for arbitration before ICC on 12 January 2011 regarding the allegedly underpaid treasury share payments over certain revenue items as discussed in the Treasury Controller's Report dated 30 May 2010, and corresponding purported penalty in amount of TL 205,594. Turkcell requested the Arbitral Tribunal to award that TL 68,365 of the total amount requested in the Treasury Controller's Report has either been paid or is the subject matter of other arbitration cases. Turkcell further requested the Tribunal to declare that the request for treasury share payment of the remaining TL 4,163 is unfounded, together with a declaration that Turkcell should not be obliged to make treasury share payment over certain revenue items as discussed in the Treasury Controller's Report. Finally, Turkcell requested the Tribunal to award that it is not obliged to pay the requested penalty and declare that penalty cannot be accrued where the basis of the penalty request is disputed. On 18 March 2013, the Tribunal awarded that Turkcell is not obliged to pay TL 1,351 of the remaining amount requested by the Treasury (The relief sought by Turkcell for the treasury share payment of TL 2,812 requested over SIM card and equipment sales abroad was rejected). The Tribunal declared that Turkcell is not obliged to pay penalty in amount of TL 205,594; but dismissed (without prejudice) the requests for declaration that Turkcell should not be obliged to make treasury share payment over certain revenue items as discussed in the Treasury Controller's Report, and that penalty cannot be accrued where the basis of the penalty request is disputed. The ICTA, Undersecretariat of Treasury and the Ministry of Transport, Maritime Affairs, and Communications filed two separate lawsuits for cancellation of the Final Award. Subsequently Turkcell filed a lawsuit for cancellation of the disadvantageous part of the Final Award. The Court has decided to consolidate the lawsuits under the lawsuit filed by Undersecretariat of Treasury and the Ministry of Transport. The Court decided to appoint an expert committee for examination of the file. The expert report which is in favor of Turkcell was submitted to the file.

The Court decided to obtain an additional expert report. The additional report is in favor of Turkcell. The lawsuits are still pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is not probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Dispute on treasury share amounts which are absorbed due to retrospective board decisions taken by ICTA

In consequence of collection of treasury share from Turkcell without considering its payments to the other operators and some subscribers due to the retrospective procedure amendments of ICTA on both interconnection fees and some tariffs; Turkcell commenced a lawsuit on 5 August 2010 before ICC on the ground that treasury share which collected from diminishing returns are unlawful and deductions committed by Turkcell between the years 2006 - 2010 from the treasury share are rightful and claimed payment of TL 1,600 and its interest to the overpayment amount which is paid under the name of treasury share, against ICTA due to its administrative act leading to this case and against Turkish Undersecretariat of Treasury and Turkish Ministry of Transport, Maritime Affairs, and Communications due to making benefit from aforementioned amount.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

Dispute on treasury share amounts which are absorbed due to retrospective board decisions taken by ICTA (continued)

ICC Arbitration Court decided partially in favor of Turkcell in March 2012 and ordered that deductions committed by Turkcell between the years 2006 - 2010 from the Treasury Share are rightful, and ICTA should refund TL 1,371 paid by Turkcell in this respect as Treasury Share and ICTA fee and reject Turkcell's claim to refund TL 273 paid as ICTA fee between 2006 - 2008. ICTA, Undersecretariat of Treasury and the Ministry of Transport, Maritime Affairs, and Communications filed a lawsuit for cancellation of the Final Award. The lawsuit initiated by ICTA has been consolidated by the court with the lawsuit initiated by Undersecretariat of Treasury and the Ministry of Transport, Maritime Affairs, and Communications. The court rejected both lawsuits. ICTA and Undersecretariat of Treasury and the Ministry of Transport, Maritime Affairs, and Communications appealed the decision. Turkcell replied the appeal request. Appeal process is still pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements prepared as at and for the period ended 31 December 2015 (31 December 2014: None).

The allegation of deficient treasury share payment and the penalty imposed within the context of 2G Concession Agreement

The Treasury Controller's Board under the Undersecretariat of Treasury, for the period of 1 January 2009 – 31 December 2009 and 10 March 2006 – 31 December 2008, requested additional treasury share payment in the amount of TL 16,387 by alleging that Turkcell paid the treasury share deficient in accordance with the 2G Concession Agreement. Turkcell has objected to the amount of TL 16,121 of the requested amount on the ground that it was contrary to the Concession Agreement, and paid the remaining portion of it with reservation. ICTA by its letter dated 1 August 2013, imposed a penalty in the amount of TL 47,648 according to the Concession Agreement over the Treasury Share amount which was alleged that was paid deficient by Turkcell. Undersecretariat of Treasury revised the unpaid treasury share amount as TL 16,062 by its letter dated 16 August 2013 and consequently ICTA by its letter dated 4 September 2013 revised the amount of penalty as TL 47,505.

Turkcell requested a preliminary injunction from the Ankara Civil Court of First Instance in order to provide the suspension of the payment of treasury share of TL 16,062 and the penalty of TL 47,505 until the end of the case to be filed before ICC Arbitration Court. The Court accepted Turkcell's request. ICTA and Undersecretariat of Treasury and the Ministry of Transport objected the decision of the Court. The Court rejected ICTA's objections. ICTA and Undersecretariat of Treasury and the Ministry of Transport appealed the decision. The Court of Appeal rejected the request for appeal and upheld the decision in favor of Turkcell.

Turkcell requested a preliminary injunction from the Ankara Civil Court of First Instance in order to provide the suspension of the payment of treasury share of TL 16,062 and the penalty of TL 47,505 until the end of the case to be filed before ICC Arbitration Court. The Court accepted Turkcell's request. ICTA and Undersecretariat of Treasury and the Ministry of Transport objected the decision of the Court. The Court rejected ICTA's objections. ICTA and Undersecretariat of Treasury and the Ministry of Transport appealed the decision. The Court of Appeal rejected the request for appeal and upheld the decision in favor of Turkcell.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

The allegation of deficient treasury share payment and the penalty imposed within the context of 2G Concession Agreement (continued)

ICTA also by its letter dated 5 August 2013 requested additional contribution share payment in the amount of TL 382 for the period of 1 January 2009 – 31 December 2009 and 10 March 2006 – 31 December 2008 based on the Report of the Treasury Controller's Board by alleging that it was paid deficient. ICTA by its letter dated 13 September 2013 has revised the amount of additional contribution share payment as TL 381 and requested it to be paid.

Turkcell requested a preliminary injunction from the Ankara Civil Court of First Instance in order to provide the suspension of the payment of contribution share until the end of the case to be filed before ICC Arbitration Court. The Court accepted Turkcell's request. ICTA objected the decision of the Court. The Court rejected ICTA's objections. ICTA appealed the decision. Turkcell submitted its reply to the appeal request of ICTA. The Court of Appeal rejected the request for appeal and upheld the decision in favor of Turkcell.

Turkcell commenced a lawsuit on 2 October 2013 before ICC, claiming that Turkcell is not obliged to pay treasury share in the amount of TL 16,062 and contribution share in the amount of TL 381 requested based on the Treasury Auditors Board Report relating Turkcell's Treasury Share calculations during 1 January 2009 - 31 December 2009 in respect of the 2G Concession Agreement, which was revised by the letter of Undersecretariat of Treasury dated 16 August 2013 and conventional penalty in the amount of TL 47,505 requested by the letter of ICTA dated 20 August 2013. The hearings were held in April and September 2014. The arbitral tribunal, with respect to all claims, awarded in favor of Turkcell. ICTA and Undersecretariat of Treasury and The Ministry of Transport filed two separate lawsuits for cancellation of the Final Award. The cases filed by the Undersecretariat of Treasury are rejected in favor of Turkcell.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

The allegation of deficient treasury share and contribution share payment and the penalty imposed within the context of 3G Concession Agreement

The Treasury Controller's Board under the Undersecretariat of Treasury requested additional treasury share payment, for the period of 30 April 2009 – 31 December 2009, in the amount of TL 1,193 by alleging that Turkcell, contrary to the 3G Concession Agreement, paid the treasury share deficient. Turkcell objected to TL 1,184 of the requested amount, on the grounds that this request is contrary to the Concession Agreement. Turkcell paid the remaining part of this request, with reservation. Turkcell filed a lawsuit against Undersecretariat of Treasury, ICTA and Ministry of Transportation, Maritime Affairs and Communications, for the cancellation of the Undersecretariat of Treasury's administrative act, which is related to the additional treasury share request of the Undersecretariat of Treasury and also for the cancellation of the Treasury Report which is the legal basis of the aforementioned administrative act. The Concil of State rejected the Turkcell's stay of execution request. Turkcell objected to this decision. Objection was rejected. The case is still pending.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

The allegation of deficient treasury share and contribution share payment and the penalty imposed within the context of 3G Concession Agreement (continued)

ICTA by its letter dated 1 August 2013 imposed a penalty in the amount of TL 3,119 according to the Concession Agreement over the Treasury Share amount which was alleged that paid deficient. Turkcell filed a lawsuit against ICTA and Undersecretariat of Treasury for the cancellation of ICTA's decision which is the legal basis of the aforementioned penalty, before the Council of State. The Council of State rejected the stay of execution request of Turkcell. Turkcell objected to this decision. Objection was rejected. The case is still pending.

ICTA by its letter dated 5 August 2013 requested additional contribution share payment according to the 3G Concession Agreement in the amount of TL 28 for the period of 30 April 2009 – 31 December 2009 based on the Report of the Treasury Controller's Board by alleging that it was paid deficient. Turkcell filed a lawsuit against ICTA for the cancellation of ICTA's decision and administrative act related to ICTA's additional contribution payment request, before the Council of State. The case is still pending.

The total amount of TL 5,195 mentioned on the letters of ICTA dated 1 August 2013 and 5 August 2013, were paid to ICTA on 12 September 2013 and recognized as expense in the consolidated financial statements as at and for the period ended 31 December 2013.

The Treasury Controller's Board under the Undersecretariat of Treasury requested additional treasury share payment, for the years 2010 and 2011, in the amount of TL 13,034; by alleging that Turkcell, contrary to the 3G Concession Agreement, paid the treasury share deficient. Turkcell filed a lawsuit for the stay of execution and the cancellation of the aforementioned administrative act and the Treasury Report which is the legal basis of the respective act, against Undersecretariat of Treasury, ICTA and Ministry of Transportation, Maritime Affairs and Communications.

In addition to this, ICTA Board's decision dated 3 February 2016 was received on 25 February 2016, requesting the payment of additional treasury share payment in the amount of TL 13,034 and the penalty fee in the amount of TL 36,896 to be paid within one month. The Company shall file a lawsuit in due time, for the stay of execution and the cancellation of the aforementioned Board decision and related administrative act.

On 23 February 2016, ICTA also requested additional ICTA contribution payment over the same basis in the amount of TL 304 (interest to be calculated) to be paid within one month. The Company shall also file a lawsuit in due time, for the cancellation of the respective administrative act.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is not probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015.

Dispute regarding the ICTA decision increasing The Turkcell's 3G coverage obligations

By the amendment of the Law for Metropolitan Municipalities, the number of metropolitan municipalities increased and the borders of some metropolitans were extended. On the grounds of this law amendment, ICTA increased the Turkcell's coverage obligations, defined in the Turkcell's concession agreement, by its decision dated 21 July 2014 and numbered 2014/DK-YED/376. Turkcell filed a lawsuit for the stay of execution and the cancellation of the aforesaid decision. The Court proposed the stay of the execution. ICTA objected to this decision. The objection is rejected. The case is pending.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Concession Agreement (continued)

Dispute on Turk Telekom Group

Turkcell Group and Turk Telekom Group reached an agreement to mutually settle the ongoing lawsuits, enforcement procedures and disputes between Turkcell companies including Turkcell İletişim Hizmetleri AS, Superonline İletişim Hizmetleri AS, Kule Hizmet ve İşletmecilik AS. and Turk Telekom Group companies including Türk Telekomünikasyon AS, Avea İletişim Hizmetleri AS and TTNet AS.

In this regard, the Company made a payment of TL 225,000 to Turk Telekom Group which is the net of right, receivables and claims of both parties (excluding VAT and special communication tax, including all other tax and financial obligations and interest) on 14 January 2016 (Note 7).

The provision amounting to TL 156,864 in the consolidated financial statements as at and for the period ended 31 December 2014 has been presented in trade and other payables in the consolidated financial statements as at and for the period ended 31 December 2015 together with the additional charges and taxes payable due to the settlement.

Disputes regarding the Law on the Protection of Competition

Dispute regarding the fine applied by the Competition Board

The Competition Board commenced an investigation of business dealings between the Company and the mobile phone distributors in October 1999. The Competition Board decided that the Company disrupted the competitive environment through an abuse of a dominant position in the Turkish mobile market and infringements of certain provisions of the Law on the Protection of Competition.

As a result, the Company was fined a nominal amount of approximately TL 6,973 and was enjoined to cease these infringements. The Company initiated a lawsuit before Council of State for the injunction and cancellation of the decision. On 15 November 2005, the Court cancelled the Competition Board's decision.

After the cancellation of the Competition Board's decision, the Competition Board has given the same decision again on 29 December 2005. On 10 March 2006, the Company initiated a lawsuit before Council of State for the injunction stay of execution and the cancellation of the Competition Board's decision dated 29 December 2005. On 13 May 2008, Council of State rejected the case. The Company appealed the decision. The Council of State rejected the Company's request for appeal. The Company applied for the correction of the decision. The correction of the decision request is rejected. So that, the first instance court decision, given against the Company, is finalized. Based on the decision of Competition Board, Ankara Tax Office requested Turkcell to pay TL 6,973 through the payment order dated 4 August 2006. On 25 September 2006, Turkcell made the related payment and initiated a lawsuit for the cancellation of this payment order. The Court dismissed the lawsuit. Thereupon Turkcell appealed this decision. On 17 March 2009, Council of State reversed the judgment of the Local Court. Local Court decided in line with the decision of Council of State. On 18 December 2009, the Court rejected the case and Turkcell appealed this decision. Council of State reversed the judgment of the First Instance Court. First Instance Court decided in line with the decision of Council of State. On 15 June 2011, the Court rejected the case again.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Disputes regarding the Law on the Protection of Competition (continued)

Dispute regarding the fine applied by the Competition Board (continued)

Turkcell also appealed this decision. Council of State accepted Turkcell's stay of execution request made during the appeal phase. Council of State reversed the judgment of the Instance Court again. The Inheritance and Charges Tax Office applied for the correction of the decision. Turkcell replied this request. The Council of State rejected the correction of the decision request of The Inheritance and Charges Tax Office. The Court of First Instance decided to comply with the Council of State's reversing decision and decided to cancel the payment order. The Inheritance and Charges Tax Office appealed the decision. Turkcell replied this request. The appeal process is still pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Dispute regarding the fine applied by the Competition Board regarding mobile marketing activities

On 23 December 2009, as a result of an investigation initiated by the Competition Board, Turkcell was fined amounting to TL 36,072, based on the grounds that Turkcell violated competition rules in GSM and mobile marketing services markets. The payment was made within 1 month following the notification of the decision of the Competition Board. Therefore, 25% discount was applied and TL 27,054 is paid as the monetary fine on 25 May 2010. Turkcell filed a legal case on 25 June 2010 for the stay of execution and cancellation of the aforementioned decision. The Court rejected the Turkcell's stay of execution request. Turkcell objected to the decision. The objection was rejected. The Court rejected the case. Turkcell appealed the decision. The appeal process is still pending.

Avea, depending on the Competition Board decision, initiated a lawsuit against Turkcell claiming a compensation from Turkcell for its damages amounting to TL 1,000, with reservation of further claims, on the ground that Turkcell violated the competition. During the judgment, Avea increased its request of material compensation to TL 5,000 and in addition requested TL 1,000 for non-pecuniary damages. The Court decided to separate these requests and to reject the lawsuits demanding compensation and moral damages. Avea appealed the case. Turkcell has submitted its response to appeal. The Court of Appeal rejected Avea's request for appeal and upheld the decision in favor of Turkcell. Avea applied for the correction of decision. The Supreme Court of Appeals reversed the decision of the court of first instance. The first Instance Court insisted on the decision and rejected the case in the favor of Turkcell aspects of both cases.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Dispute with the Competition Board regarding the business practices with sub-distributors

On 1 December 2009, Competition Board decided to initiate an investigation against Turkcell whether Turkcell, violated the related clauses of the Competition Act numbered 4054 by its applications on its sub-distributors.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Disputes regarding the Law on the Protection of Competition (continued)

Dispute with the Competition Board regarding the business practices with sub-distributors (continued)

As a result of the respective investigation, on 9 June 2011 the Competition Board imposed an administrative fine on Turkcell amounting to TL 91,942 on the grounds that Turkcell violates its dominant position in GSM services market. On 8 December 2011, Turkcell filed a lawsuit for annulment of the decision. Turkcell requested stay of execution for the aforementioned Competition Board decision. The Council of State accepted the request of Turkcell for stay of execution for the part of the Competition Board decision fining Turkcell amounting to TL 91,942 but rejected the request for the parts of the decision determining that Turkcell abused its dominant position with its practices subject to the Competition Board decision and have to end the violation. The Competition Board objected to the decision. Turkcell objected to the decision for the rejected part. The Plenary Session of Administrative Law Divisions of the Council of State cancelled the stay of execution decision and decided to send the file back to the First Instance Court to be examined with respect to the reasons related to the basis of the Competition Board's decision. Upon this decision, The Council of State rejected the Turkcell's stay of execution request. Turkcell objected to the decision. Objection was rejected. The case is still pending.

On 8 March 2012, payment order has been sent to Turkcell by the Tax Office. Turkcell filed a lawsuit for cancellation of the payment order on 13 March 2012. The Court accepted Turkcell's stay of execution request until the Tax Office's legal argument is submitted to the Court. Upon submission of the Tax Office's legal argument to the Court, the Court rejected the request of Turkcell for stay of execution. Turkcell objected to the Court's decision. The objection was dismissed. Turkcell requested a stay of execution for the second time but the Court rejected the request. Turkcell objected to the Court's decision, but the objection was dismissed. Subsequently, the Court accepted the lawsuit and cancelled the payment order. Tax Office appealed the decision. Turkcell replied the appeal request. Appeal process is still pending. The blockage applied by the Tax Office with respect to the payment order on Turkcell's deposit amounting to TL 91,942 has been released in 2014.

Pamuk Elektronik, a former dealer of Turkcell whose contract has been terminated, initiated a lawsuit against Turkcell on 19 December 2011 claiming TL 2,100 by reserving its rights for surpluses on the ground that Turkcell caused that damage by unjust termination of the contract and actions which are stated in the Competition Board decision in which the Board imposed TL 91,942 administrative fine to Turkcell. Turkcell replied in due time. On 19 April 2012, the Court decided to reject the lawsuit with the reason that the dispute must be solved with arbitration procedure because of the term in the agreement. Pamuk Elektronik appealed the case. Turkcell submitted its answer to the appeal. The Court of Cassation approved the decision of the First Instance Court. Pamuk Elektronik applied for the correction of the decision. Turkcell replied to the correction of decision. The Court of Cassation rejected Pamuk Elektronik's correction of the decision request. Pamuk Elektronik has sent a warning to Turkcell in order to initiate arbitration procedure. Turkcell has responded to the warning. Arbitration proceedings have been initiated by Pamuk Elektronik against Turkcell and the lawsuit petition has been served to Turkcell. Turkcell submitted its reply to the case. The lawsuit is pending.

Dogan Dagitim AS filed a lawsuit against Turkcell on 5 June 2012 claiming TL 110,484 together with up to 3 times of the loss amount to be determined by the court for its material damages by reserving its rights for surpluses allegedly on the ground that Turkcell caused that damage by its applications to its sub-distributors which constituted a violation of the Law no. 4054 and that violation was proved by the Competition Board decision in which the Board imposed TL 91,942 administrative fine to Turkcell. The lawsuit is pending.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Disputes regarding the Law on the Protection of Competition (continued)

Dispute with the Competition Board regarding the business practices with sub-distributors (continued)

On 31 December 2008, Mep Iletisim ve Dis Ticaret AS, which is former distributor of Turkcell and whose agreement is no longer valid, initiated a lawsuit against Turkcell claiming that it has a loss of TL 64,000 due to the applications of Turkcell and requested TL 1,000 and remaining amount to be reserved. An expert report from committee of experts appointed by the Court has been submitted to the Court. The Court decided to obtain a supplementary report from the same committee. In the supplementary expert report submitted to the file by the committee, the damages amounting to TL 64,000 claimed by Mep Iletisim ve Dis Ticaret AS was calculated as TL 16,700. Mep Iletisim ve Dis Ticaret AS increased its claim and demanded TL 16,700 from Turkcell. Turkcell and MEP Iletisim ve Dis Ticaret AS made a settlement to solve this dispute. MEP Iletisim ve Dis Ticaret waived from the lawsuit.

Mobiltel Iletisim Hizmetleri Sanayi ve Ticaret AS ("Mobiltel") filed a lawsuit against Turkcell on 17 August 2012 claiming TL 500 together with up to 3 times of the loss amount to be determined by the court for its material damages by reserving its rights for surpluses allegedly on the ground that Turkcell gives exclusive competence to its sub-dealers and that violation was proved by the Competition Board decision in which the Board imposed TL 91,942 administrative fine to Turkcell and that Mobiltel was not able to sale any product to the sub-dealers which were given exclusive competence by Turkcell. The court decided to obtain an expert report. The lawsuit is pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain and a reliable estimation of the amount of the obligation, if any, cannot be made; thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation of the Competition Board regarding vehicle tracking services

The decision of the Competition Board dated 2 April 2008, regarding the allegation that Turkcell has exclusive practices on vehicle tracking services market, was cancelled by the Council of State. Accordingly, the Competition Board decided to initiate an investigation regarding the same. After the aforementioned investigation, the Competition Board decided that Turkcell infringed competition rules by its exclusive practices on vehicle tracking service market and imposed a fine amounting to TL 39,727. The reasoned judgment has been delivered to Turkcell on 15 May 2014.

Since the administrative fine amounting to TL 39,727 was paid within 1 month following the notification of the decision of Competition Board, 25% discount was applied and payment amounting to TL 29,795 was made on 13 June 2014 and recognized as expense in the consolidated financial statements as at and for the period ended 31 December 2014.

Turkcell filed a lawsuit on 11 July 2014 for the stay of execution and the cancellation of the aforementioned administrative act and fine. The Court decided to reject the stay of execution request. Turkcell objected to this decision. Objection was rejected. The hearing was held and it is expected from the Court to render its judgement. The case is pending.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Disputes regarding the Law on the Protection of Competition (continued)

Carrying international voice traffic

In May 2003, Turkcell was informed that the ICTA had initiated an investigation against Turkcell claiming that Turkcell has violated Turkish laws by carrying some of its international voice traffic through an operator other than Turk Telekom. On 5 March 2004, ICTA fined Turkcell a nominal amount of approximately TL 31,731 with the claim that Turkcell exceeded its authorization given by its concession agreement.

Turkcell filed a lawsuit for the cancellation of the related administrative acts and decision of ICTA, however, paid the administrative fine on 9 April 2004. On 5 November 2004, Council of State grant a motion for stay of execution. With respect to that decision, ICTA paid back TL 18,000 on 26 January 2005 and deduct a sum of TL 13,731from the radio utilization and usage fee that shall be paid on December. On 26 December 2006, the Council of State canceled the decision and the fine imposed by the ICTA yet rejected the case regarding the part related to the Regulation which is the legal basis of the administrative fine. ICTA appealed the decision. The decision was approved by the Council of State, Plenary Session of the Chamber for Administrative Divisions. ICTA applied for the correction of the decision. The Council of State, Plenary Session of the Chamber for Administrative Divisions rejected the ICTA's correction of the decision request. Therefore, the Court decision is finalized in favor of Turkcell. On 6 June 2012, Turkcell filed a lawsuit against ICTA in order to cover its damages in the amount of TL 5,783 occurred between the period when Turkcell made the payment of the aforementioned administrative fine and collected it back from ICTA. The Court decided to obtain an expert report. The expert report is in favour of Turkcell. Turkcell amended its claim and increased its request to TL 10,070 according to the expert report. The case is still pending.

Dispute on National Roaming Agreement

The ICTA decided that Turkcell has not complied with its responsibility under the Regulation on National Roaming which was enacted pursuant to article 10 of the Telegram and Telephone Law numbered 406 which obliges Turkcell to provide national roaming services and fined Turkcell by nominal amount of approximately TL 21,822. On 7 April 2004, although Turkcell made the related payment with its accrued interest, it also filed a lawsuit before the Council of State for the cancellation of the respective administrative fine and the regulation of the ICTA which sets the ground for the administrative fine. Upon the Council of State decision for the stay of execution of the administrative fine imposed to Turkcell until the conclusion of the law suit on 1 December 2004, Turkcell re-collected the respective amount from the ICTA on 3 January 2005. Following the cancellation of the administrative fine and finalization of this decision on 22 July 2010, Turkcell initiated a lawsuit against ICTA for the collection of TL 7,111 which is the accrued interest of the total amount that Turkcell could not benefit between the period when Turkcell made the payment and ICTA returned the same amount to Turkcell. The Court partially accepted the lawsuit and decided that ICTA should pay TL 6,505 to Turkcell with the accrued interest. On 15 April 2013, ICTA paid TL 6,505 with its accrued interest amounting to TL 1,596 to Turkcell. ICTA appealed the decision. Thereupon, Turkcell replied to this request and also appealed the parts of the decision that the Court rejected against Turkcell. The Council of State rejected ICTA's request for the stay of execution during the appeal process. Appeal process is still pending.

Although payment was received from ICTA, the Court decision is not finalized. Therefore, it is not virtually certain that an inflow of economic benefits will arise, and no income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Disputes regarding the pricing applications

Dispute regarding the fine applied by ICTA on pricing applications of Turkcell

On 7 April 2010, ICTA decided to impose administrative fine to Turkcell amounting to TL 4,008 for misinforming the Authority and TL 374 for making some subscribers suffer. The payment was made within 1 month following the notification of the decision of the ICTA. Therefore, 25% discount was applied and TL 3,287 is paid in total as the administrative fine on 9 June 2010. Turkcell filed two lawsuits on 22 September 2010 for the stay of execution and cancellation of the aforementioned decision. The Court rejected Turkcell's stay of execution requests and Turkcell objected to the decisions but the objections are rejected. On 28 April 2011, the Court rejected the cases. Turkcell appealed the decisions. Council of State rejected Turkcell's stay of execution requests at appeal phase. Appeal processes are pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no contingent asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Dispute on campaigns

On 21 May 2008, ICTA decided that Turkcell damaged the subscribers' financial interests related to the campaigns in which free minutes or counters are given and requested TL32,088. On 10 July 2008, Turkcell filed a lawsuit for the injunction and cancellation of the ICTA's decision. However, Turkcell benefited from the early payment option with a 25% early payment discount and paid TL 24,066 on 1 August 2008. On 10 November 2010, the Court decided to reject the case. Turkcell appealed the decision. The State of Council rejected Turkcell's request for the stay of execution of the First Instance Court's decision. The appeal process is still pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Disputes regarding the pricing applications (continued)

Dispute regarding the fine applied by ICTA on tariffs above upper limits

On 21 April 2010, ICTA decided to impose administrative fine to the Company amounting to TL 53,467 by claiming that the Company applied tariffs above the upper limits of GSM-GSM in GSM Upper Limits Table approved by ICTA on 25 March 2009. The payment was made within 1 month following the notification of the decision of the ICTA. Therefore, 25% discount was applied and TL 40,100 is paid as the administrative fine on 3 June 2010. The Company filed a lawsuit on 28 June 2010, for the cancellation of the aforementioned decision. The Court overruled the stay of execution claim, Turkcell objected to the decision and the Court accepted this objection and decided for the stay of the execution. Accordingly, ICTA paid back TL 40,100 on 27 January 2011. On 3 May 2011, the Court rejected the case. Turkcell appealed the decision and paid back TL 40,100 to ICTA on 6 October 2011. Council of State rejected Turkcell's stay of order request at appeal phase. Appeal process is pending.

Amount to be reimbursed to the subscribers was calculated as TL 46,228 and deducted from revenues in the consolidated financial statements as at and for the year ended 31 December 2009. Reimbursement to subscribers was made in January 2010.

ICTA notified Turkcell on 23 November 2011, to pay the amount of TL 13,367 which is the unpaid portion arising from the 25% cash discount of the administrative fine amounting to TL 53,467 that was imposed for applying tariffs above the upper limits. Turkcell filed a lawsuit on 23 December 2011 for stay of execution and for the annulment of this process. The Court accepted the request of Turkcell for stay of execution. ICTA objected to the decision but the objection is rejected. The Court decided in favor of Turkcell. ICTA appealed the decision and Turkcell replied this request. The Council of State rejected ICTA's request for stay of execution during the appeal process. Appeal process is still pending.

On 20 February 2012, payment order has been sent to Turkcell by the Tax Office. On 24 February 2012, Turkcell filed a lawsuit for cancellation of the payment order. The Court accepted the request of Turkcell for stay of execution. The Tax Office objected to the decision but the objection is rejected. The Court decided in favor of Turkcell. The Tax Office appealed the decision and Turkcell replied this request. Appeal process is still pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the additional request regarding unpaid portion arising from the 25% discount of the administrative fine is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Dispute on deposits at banks

Turkcell, in 2001, initiated an enforcement proceeding to collect receivables amounting to $6,329 arising from deposits in a bank. The bank has been objected to the enforcement proceeding and Turkcell filed a lawsuit for the cancellation of the objection. The Court decided in favor of Turkcell on 1 March 2005. The bank appealed the decision and Turkcell replied the same. On 3 April 2006, Supreme Court of Appeals decided the reversal of the Court's decision in favor of the defendant. The Court abided by the decision of the Supreme Court of Appeals. The Court decided to obtain an expert report. The lawsuit is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no contingent asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute on Special Communication Tax

Large Tax Payers Office levied Special Communication Tax and tax penalty on Turkcell in the amount of TL 211,056 principal and TL 316,583 totaling to TL 527,639 based upon the claim, stated on Tax Investigation Reports prepared for the years 2008-2012, that Turkcell should pay Special Communication Tax over the prepaid card sales made by the distributors. Turkcell filed 60 lawsuits before the Tax Courts for the cancellation of each tax and tax penalty demand. After the lawsuits were filed, Turkcell applied to settlement procedure. The parties could not reach a settlement so that, they signed a minute stating that there is no settlement between the parties.

Respective Courts accepted 24 of the cases filed for the cancellation of the accrual slips prepared for the year 2008 and 2009. Large Taxpayer Office appealed the decisions. Turkcell replied this requests.

The Company shall pay the respective tax amounts with its accrued interest and tax penalty, in the case that the cases are finalized against the Company. This interest would be calculated as a case by case basis. Accordingly, the interest that may be paid in some or all of the cases, could amount to a significant portion of the tax assessment.

The Court partially accepted 12 of the cases filed for the cancellation of the accrual slips prepared for the year 2011. Turkcell appealed the decisions regarding the parts against Turkcell. The Large Tax Payers Office appealed the decisions regarding the parts against the Large Tax Payers Office. The Council of State rejected the stay of execution requests, made during the appeal process, regarding the cases filed for year 2011.

The tax and tax penalty demands, the accrual slips and its payment order issued by the Large Tax Payer's Office, in the amount of TL 77,480 pursuant to the court decisions for the cases related to the term 2011, were notified to Turkcell. Turkcell filed 13 lawsuits for the stay of execution and cancellation of these tax penalty demands, the accrual slips and its payment order. The Court rejected Turkcell's stay of execution requests. Turkcell objected to these decisions. These objections were rejected. The Large Tax Payer's Office has collected TL 80,355 (TL 77,480 and TL 2,876 overdue interest) by offsetting the receivables of Turkcell from Public Administrations.

The Court partially accepted 12 of the cases filed for the cancellation of the accrual slips prepared for the year 2010. The Company appealed the decisions regarding the parts against the Company. Tax office notified tax/penalty demands for tax, its accrued interest and penalty amounting TL 97,135 in line with tax court decision on 19 February 2016. The Company shall file lawsuits for the stay of execution and cancellation of these tax and tax penalty demands.

The Court rejected 12 cases filed for the cancellation of the accrual slips prepared for the year 2012. The Company appealed the respective decisions. Tax office notified tax and tax penalty demands for tax, its accrued interest and penalty amounting TL 152,212 in line with tax the court decision dated 4 March 2016. The Company shall file lawsuits for the stay of execution and cancellation of these tax and tax penalty demands.

Limited tax investigation has been performed for the year 2013, regarding the aforementioned case. As of reporting date no notification has been received regarding the result of the investigation by Turkcell.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is not probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute on over assessment following the settlement on VAT fine pertaining to International Roaming Agreements

On 9 February 2009, Turkcell applied to the Tax Office for the refund of the interest charge amounting TL 6,609 which was miscalculated after the settlement with the Tax Office regarding the VAT and tax penalties accrued due to roaming agreement for years 2000, 2001 and 2002. Tax Office rejected Turkcell's request, and Turkcell filed a lawsuit with the same claim. Upon the refusal of this request, Turkcell filed a lawsuit for the cancellation of this administrative act. The Court rejected the case. Turkcell appealed the decision. The Council of State approved the decision. Turkcell applied for the correction of the decision. The Council of State rejected Turkcell's correction of the decision request. Therefore, the court decision is finalized.

Moreover, Turkcell filed another lawsuit for the cancellation of the aforementioned interest charge amounting to TL 6,609. On the other lawsuit, the Court rejected the case. Subsequently Turkcell appealed the case. The appeal process is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Lawsuit regarding the loss arisen due to the fact that Turkcell cannot write off the extra units, loaded to the cellular phone lines of the inactive subscribers, paid for the year 2014 Corporate Tax

Turkcell filed a lawsuit for the stay of execution and the cancellation of the part of the Corporate Tax, in the amount of TL 26,620 which was subject to the tax payment, paid with reservation in the year 2014, within the scope of the loss arisen because Turkcell cannot write off the extra units loaded to the cellular phone lines of the inactive prepaid subscribers. The Court rejected Turkcell's stay of execution request. Turkcell objected to this decision. Objection was rejected. The case is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no contingent asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Lawsuit regarding the loss arisen out of the sale of A-Tel's shares, paid for the year 2014 Corporate Tax

Turkcell filed a lawsuit for the stay of execution and the cancellation of the part of the Corporate Tax in the amount of TL 28,345 which was subject to the tax payment, paid with reservation in the year 2014 regarding the loss in the amount of TL 188,963 arisen out of the sale of A-Tel's shares. The Court rejected Turkcell's stay of execution request. Turkcell objected to this decision. The objection is rejected. The case is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no contingent asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Lawsuit regarding the loss, arisen out of the sale of T-Medya's shares of Turktell paid for the year 2014 Corporate Tax

Turktell filed a lawsuit for the cancellation of the part of the Corporate Tax in the amount of TL 12,986 which was subject to the payment with reservation in the year 2014 regarding the loss in the amount of TL 17,314 arisen out of the sale of T-Medya's shares. The case is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no contingent asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Lawsuit filed for the recovery of the loss, arisen out of Large Tax Payers Office's late refund

Turkcell made an application to Large Tax Payers Office for the recovery of its loss, arisen out of Large Tax Payer Office's late payment of the tax amounts that it should pay to Turkcell. The Tax Office rejected the application implicitly. Turkcell filed a lawsuit for the cancellation of this implicit rejection and the recovery of its losses with its accrued interest, arisen out of Large Tax Payers Office's late refund of the overpaid tax amounts. Turkcell requested TL 4,903 with its legal interest accrued from 15 February 2013 and TL 2,342 with its legal interest accrued from 13 December 2013 until the date of collection of the respective amounts. The Court accepted the part of Turkcell's request regarding the cancellation of the implicit rejection and recovery of its losses; rejected the part of the request regarding the interest. The Large Tax Payers Office appealed the decision. Turkcell appealed the decision concerning the rejected part of the decision.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

The lawsuit filed against EnerjiSA in order to collect the amounts which were collected from Turkcell regarding the unpaid/illegal electricity consumption costs and etc.

Turkcell filed a lawsuit against EnerjiSA Elektrik AS in order to collect TL 107,149 which was collected from Turkcell between 1 January 2011 and 1 April 2014, with its advance interest to be accrued from the payment date of each invoice until the date of collection. EnerjiSA's collection is composed of unpaid/illegal electricity consumption costs, distribution costs, meter reading costs, retail sales service and transmission costs and also the TRT share, the Energy Fund and the Municipal Consumption Tax calculated on unpaid/illegal electricity consumption costs. The case is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

The lawsuit filed against AKSA in order to collect the amounts which were collected from Turkcell regarding the illegal electricity consumption and etc.

Turkcell filed a lawsuit against AKSA Elektrik AS in order to collect TL 45,744 which was collected from Turkcell between 1 April 2014 and 31 May 2015 with its advance interest to be accrued from the payment date of each invoice until the date of collection. AKSA's collection is composed of unpaid/illegal electricity consumption costs, distribution costs, meter reading costs, retail sales service and transmission costs and also the TRT share, the Energy Fund and the Municipal Consumption Tax calculated on unpaid/illegal electricity consumption costs. Case is pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Dispute with MTN regarding Iranian GSM tender process

In 2004, Turkcell was awarded Iran's first private GSM license through an international tender. Subsequently Turkcell was barred from concluding its license arrangement, and Iran entered into a license agreement with the South Africa based operator MTN, instead of Turkcell. With respect to newly received information by Turkcell indicating that the signing of the license agreement with MTN instead of Turkcell was a consequence of MTN's actions at that time. In light of the harm caused by MTN's actions to both Turkcell and to its shareholders, Turkcell filed a lawsuit against MTN on 28 March 2012 seeking the compensation of such damages.

Considering extensive business dealings of both companies in the United States and due to the allegations that MTN breached rules of international law, the lawsuit has been filed in United States District Court for the District of Columbia. The lawsuit has been withdrawn in order to file a lawsuit in another jurisdiction.

Turkcell filed a lawsuit against MTN based on the same allegations before the South Gauteng High Court, Johannesburg, Republic of South Africa. Turkcell submitted the revised particulars of claim. The lawsuit is still pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute on the decision of CMB regarding audit committee member

On 15 October 2008, the CMB decided on an administrative fine amounting to TL 12 since the Company did not fulfill the decision of CMB dated 26 January 2007 and required the Company to inform its shareholders at the next General Assembly Meeting. The Company commenced a lawsuit before the Administrative Court. The Court rejected the Company's stay of execution request and the Company's objection to this decision has been rejected. On 27 May 2011, the Court rejected the case. The Company appealed the decision. Council of State rejected the injunction request of the First Instance Court's decision. Council of State rejected the stay of execution request of the Company. The appeal process is still pending.

Dispute on payment request of Savings Deposits Insurance Fund

On 26 July 2007, Savings Deposits Insurance Fund ("SDIF") requested TL 15,149 to be paid in one month period on the ground that the stated amount is recorded as receivable from the Company in the accounting records of Telsim, which is taken over by SDIF. On 20 September 2007, the Company filed a lawsuit for the injunction and cancellation of the SDIF's request. Council of State accepted the injunction request of the Company. On 19 January 2010, the Court accepted the Company's claim and cancelled the aforementioned request of SDIF. SDIF appealed the decision. The Plenary Session of Administrative Law Divisions of the Council of State approved the First Instance Court's decision in favor of the Company. The defendant applied to the correction of the decision. The Company replied the same. The correction of the decision process is pending.

SDIF issued payment orders for the aforementioned amount and, on 19 October 2007, the Company initiated a lawsuit for the cancellation of the payment request of SDIF. On 29 March 2010, the Court decided on the cancellation of the payment order. SDIF appealed such decision. The Council of State approved the first instance court decision in favor of the Company.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute with the Ministry of Industry and Trade

Ministry of Industry and Trade notified the Company that the Company is not informing the subscribers properly before service subscriptions and content sales and charged administrative fine of TL 68,201. On 24 August 2009, the Company initiated a lawsuit for the cancellation of the payment notification and related decision of the Ministry of Industry and Trade. The Court rejected the Company's injunction request. The Court cancelled decision of the Ministry of Industry and Trade on 8 June 2010. Ministry of Industry and Trade appealed the decision. Council of State reversed the judgment of the Instance Court. The Company requested correction of the decision. Council of State rejected the Company's request for the correction of the decision. The Local Court made a decision in line with the reversal decision of Council of State and rejected the case. The Company appealed the decision. The Council of State approved the First Instance Court decision. The Company requested for correction of the decision. The Council of State rejected the Company's correction of the decision request. The Company made an individual application before the Constitutional Court.

On 14 December 2009, the Company filed a lawsuit for the stay of execution and the cancellation of the payment order of TL 68,201 with respect to the decision of Ministry of Industry and Trade. The Court accepted the case. Tax Administration appealed the decision. Council of State reversed the judgment of the Instance Court. The Company requested correction of the decision. Council of State rejected the Company's request for the correction of the decision request. The Court of First Instance decided to comply with the Council of State's reversal decision and rejected the case. The Company appealed the decision. The Council of State approved the First Instance Court decision. The Company requested for correction of the decision. The Council of State rejected the Company's correction of the decision request.

The administrative fine amounting to TL 68,201 was paid on 13 May 2014 with reservation and recognized as expense in the consolidated financial statements as at and for the period ended 31 December 2014. The Company filed a lawsuit on 11 June 2014 for the cancellation of the accrual slip which was issued by the Large Taxpayer Office, and for the reimbursement of the aforementioned amount. The Court rejected the case. The Company appealed the respective decision in due time. Appeal process is still pending.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute on VAT and SCT regarding Shell & Turcas Petrol AS campaign

The Company and Shell&Turcas Petrol A.S. signed an agreement on 27 November 2007 where eligible subscribers can get free counters and minutes from the Company or free oil from Shell&Turcas Petrol AS.

As a result of the tax investigation, Tax Controllers notified that VAT and special communication tax are not calculated over the free counters and minutes and imposed special communication tax amounting to TL 1,214 and tax penalty of TL 1,822 and VAT amounting to TL 874 and tax penalty of TL 1,315. On 16 September 2009, the Company filed lawsuits for the cancellation of the tax penalty. The court decided to accept the cases. Tax Administration appealed the decisions. The Council of State approved the first instance court's decisions, in favor of the Company, regarding the cancellation of the special communication tax and its tax penalty assessment. Tax Administration applied for the correction of the decision process against the respective decisions. The Council of State rejected the Tax Administration's correction of the decision requests made by the Tax Administration regarding the cases filed for the cancellation of the SCT and its tax penalty. Therefore, the Court decisions, given on the aforementioned cases are finalized in favor of the Company.

The Council of State approved the First Instance Courts' decisions in favor of the Company, regarding the 3 cases filed for the cancellation of the VAT and its tax penalty. Tax Administration applied for the correction of the decision process against the decisions. The correction of the decision processes are pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Decisions of ICTA on tariff plans

On 15 November 2009, ICTA notified that the Company has changed the conditions of a tariff plan after the launch and shall reimburse overcharged amounts to the subscribers. On 1 February 2010, the Company initiated a lawsuit for stay of execution and the cancellation of the decision of ICTA. The Court rejected the Company's stay of execution request. The Company objected to this decision. The Court rejected the objection request of the Company. The case is still pending.

Amount to be reimbursed to the subscribers is calculated as TL 15,660 and deducted from revenues in the consolidated financial statements as at and for the year ended 31 December 2009. Reimbursement to subscribers was made in January 2010.

On 17 May 2010, ICTA decided to impose TL 802 administrative fine against the Company on the ground that one of the tariff option of the Company contradicts the board decision which sets lower limit to the on-net tariffs. The payment was made within 1 month following the notification of the decision of ICTA. Therefore, 25% discount was applied and TL 601 as fine on 21 June 2010. Besides, the Company filed a lawsuit on 21 July 2010 in request for the cancellation of fine. The Court overruled the stay of execution request and the Company objected to this decision. The Court rejected the objection request of the Company. The Court rejected the lawsuit. The Company appealed the decision. The state of Council rejected the stay of execution request of the First Instance Court's decision. The appeal process is still pending.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Decisions of ICTA on tariff plans (continued)

ICTA decided to apply an administrative penalty in the amount of TL 26,483 to the Company on 22 September 2010 as a result of an investigation initiated related to a tariff plan. Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and TL 19,862 was paid on 7 December 2010. The Company initiated a lawsuit to suspend the execution of administrative fine and cancellation, on 10 December 2010. The Court overruled the stay of execution request and the Company objected to this decision. On 17 February 2011, the Regional Ankara Administrative Court accepted the objection and decided to suspend the execution. ICTA reimbursed the paid amount on 30 March 2011. The Court rejected the case. The Company appealed the decision and also demanded the stay of execution of the decision along with this appeal request. The Council of State, decided to approve the First Instance Court's decision. The Company applied for the correction of the decision. The Council of State rejected the Company's correction of the decision request. The Company made an individual application against the respective decision, before the Constitutional Court.

In accordance with the proceedings in the legal case, the administrative fine in the amount of TL 19,862 was refunded to ICTA on 30 January 2014 and the reimbursement procedure, which should be made to the subscribers, was also started again in 2014.

In the consolidated financial statements as at and for the year ended 31 December 2013, provisions amounting to TL 19,862 and TL 26,716 were recognized for the administrative fine which was imposed by ICTA and for the amounts which had not been reimbursed to the subscribers, respectively.

In the consolidated financial statements as at and for the period ended 31 December 2015, no provision is recognized for the expected reimbursement to the subscribers (31 December 2014: TL 8,527).

Decision of ICTA regarding telephone directory and unknown numbers service

On 7 July 2010, ICTA decided to fine the Company by TL 401 and transfer back all kinds of software, hardware, infrastructure and equipment which make available the telephone directory and unknown numbers service to the ownership of the Company from its wholly owned subsidiary on the ground that ownership of the whole system related to telephone directory and unknown number service does not pertain to the Company. Administrative fine was paid within 1 month following the notification of the decision of ICTA. Therefore, 25% discount was applied and TL 301 as fine on 7 September 2010.

The Company filed a lawsuit on 22 September 2010 for the stay of execution and cancellation of the administrative fine. The Court overruled the stay of execution request of the Company and the Company objected to this decision. The Court rejected the lawsuit. The Company appealed the decision. The Council of State rejected the Company's stay of execution request made during the appeal process. The appeal process is still pending.

Since it is not virtually certain that an inflow of economic benefits will arise, no contingent asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation of ICTA based on the complaint of a subscriber

After the investigation ICTA initiated against the Company upon the complaint of Ozalp Insaat Pazarlama Tic. Ltd. Sti., ICTA decided to impose administrative fine to the Company amounting to TL 8,016 on 13 January 2011, for making some subscribers suffer and TL 2,004 for misinforming the Authority. Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment totaling to TL 7,515 is made on 17 February 2011. The Company filed two lawsuits on 14 March 2011 for the stay of execution and cancellation of these administrative fines. The stay of execution requests have been rejected in the lawsuits. The Company objected to the decisions. The objections were rejected. The Courts rejected both cases. The Company appealed both cases. The Council of State rejected the Company's stay of execution requests, during the appeal process. Appeal processes are still pending.

Dispute regarding the fine applied by ICTA regarding breaching confidentiality of personal data and relevant legislation which is launched by ICTA

Upon the investigation ICTA decided to launch, related to breaching confidentiality of personal data and relevant legislation, within the context of the news in the press regarding unlawful wiretapping, ICTA decided to impose an administrative fine on the Company amounting to TL 11,225 and its decision was delivered to the Company on 6 June 2011. Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and TL 8,418 was paid on 5 July 2011. On 24 August 2011, the Company filed a lawsuit for the annulment of the decision with stay of execution request. The Court rejected the case. The Company appealed the decision. Council of State rejected the Company's stay of execution request at appeal phase. The Company requested stay of execution for the second time. The Council of State, decided to approve the First Instance Court's decision. The Company applied for the correction of the decision.

Dispute with Avea on SMS interconnection termination fees

On 22 December 2006, Avea initiated a lawsuit against the Company claiming that although there was an agreement between the Company and Avea stating that both parties would not charge any SMS interconnection termination fees, the Company has charged SMS interconnection fees for the messages terminating on its own network and also assumed liabilities for the SMS terminating on Avea's network and made interconnection payments to Avea after deducting the net balance of those SMS charges and accruals. Avea requested provisions of Interconnection Agreement regarding SMS pricing to be applied and requested collection of its losses amounting to nominal amount of TL 6,480 for the period between January 2006 and August 2006 with its accrued interest till payment. On 25 November 2008, the Court decided in favor of Avea. The Company has appealed the decision.

Supreme Court of Appeal reversed the judgment of the Local Court. The Company has applied for the correction in terms of justification of the decision for the Supreme Court's reversal decision. Avea has also applied for the correction of the decision. Supreme Court rejected the request for correction of the decision of Avea, and partially accepted the Company's demand. On 13 December 2011, the Local Court decided to accept the lawsuit again. The Company appealed the decision. The Court of Cassation decided to approve the decision of the First Instance Court. The Company applied for the correction of the decision. The Court of Cassation rejected the correction of the decision requests. The Company applied to the Constitutional Court against the decision.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute with Avea on SMS interconnection termination fees (continued)

The Company has paid the principal of TL 6,480 late payment interest of TL 5,103 and related fees of TL 524 on 30 March 2009.

In line with the court decision stating that charging SMS interconnection termination fees violates the agreement between the Company and Avea, neither SMS interconnection revenue nor SMS interconnection expense has been recognized from February 2005 to 23 March 2007.

Moreover, the Company applied to ICTA for the determination SMS interconnection termination fees and starting from 23 March 2007, the Company has applied the SMS interconnection termination fees announced by ICTA until January 2009. ICTA determined new SMS termination rate in January 2009 upon the application of Avea.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation initiated by ICTA upon complaint of subscriber of data tariffs' charging

In consequence of consumer complaint, ICTA notified the Company on 3 October 2011, to impose an administrative fine amounting to TL 1,645. Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment totaling to TL 1,234 was made on 1 November 2011. The Company filed a lawsuit on 2 December 2011 for the stay of execution and cancellation of the administrative fine. The stay of execution request has been rejected. The Company objected to the decision. The Regional Ankara Administrative Court rejected the objection. The Court rejected the case. The Company appealed the decision. Council of State rejected the Company's stay of execution requests at appeal phase. Appeal process is still pending.

Investigation of ICTA on the implementation of article 18 of "By-law on Consumer Rights in the Electronic Communications Sector"

On 22 February 2011, ICTA decided to investigate compatibility of Company's practices regarding the "cancellation procedure" which is regulated at article 18 of the *By-law on Consumer Rights in the Electronic Communications Sector*.

ICTA, with its decision which was notified to the Company on 19 August 2011, decided to impose an administrative fine amounting to TL 11,442. Since the administrative fine paid within 1 month following the notification of the decision of ICTA, 25% discount applied and TL 8,581 is paid in total on 15 September 2011. On 18 October 2011, the Company filed a lawsuit for the annulment of the decision with stay of execution request. The Court rejected the request of the Company for stay of execution. The Company objected to the decision. The objection was dismissed. The court rejected the lawsuit. The Company appealed the decision. The Council of State rejected the Company's request for stay of execution during the appeal process. Appeal process is still pending.

On the other hand, ICTA, with its decision which was notified to the Company on 1 February 2013, imposed another administrative fine amounting to TL 1,000 about the Company's practices regarding the "subscription cancellation procedure". Since the administrative fine paid within 1 month following the notification of the decision of ICTA, 25% discount applied and TL 750 is paid in total on 15 March 2013. On 1 April 2013, the Company filed a lawsuit for the annulment of the decision with stay of execution request. The Court decided to analyze the Company's stay of execution request after ICTA submits its plea of defense. The Court rejected the Company's request for stay of execution. The Company objected to this decision. The objection was rejected. The Court rejected the lawsuit. The Company appealed the decision. The Council of State approved the decision of the First Instance Court. The Company applied for the correction of the decision in due time.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation of ICTA regarding access failures on emergency call services

On 16 June 2011, ICTA decided to initiate an investigation in order to evaluate the Company's access failures realized on emergency call services which are deemed as critically important for end-users. Investigation Report is submitted to the Company on 28 December 2011 and the Company submitted its defense statement to ICTA within the due date.

On 26 June 2012, ICTA decided to impose administrative fine to the Company amounting to TL 1,809 with the reasons that the Company has not given priority to the failures and has not given the requested information for the investigation in due time.

Since the administrative fine was paid within 1 month beginning from the notification of the decision of ICTA, 25% discount was applied and TL 1,357 was paid on 3 October 2012. The Company filed two lawsuits on 5 November 2012 for the stay of execution and cancellation of the decision. The Court rejected the Company's stay of execution demand on the case filed for the cancellation of the administrative fine which was imposed to the Company with the reason that the Company has not given priority to fix the failures. The Company objected to the decision, but objection was rejected. The Court rejected this case. The Company appealed the decision. The Council of State approved the decision of the First Instance Court. The Company applied to the correction of the decision. The Council of State rejected the correction of the decision requests. The Company made an individual application against the decision, before the Constitutional Court.

The Court rejected the Company's stay of execution request on the other lawsuit, which was filed for the cancellation of the administrative fine, imposed to the Company for not giving the requested information in due time. The Company objected to the decision. The objection was rejected. The Court rejected this case. The Company appealed the decision. The Council of State approved the decision of the First Instance Court. The Company applied to the correction of the decision. The correction of the decision process is pending.

Investigation of ICTA regarding "Atlas of Places Only Turkcell Covers" distributed with Tempo magazine

On 2 November 2011, ICTA decided to initiate an investigation regarding "Atlas of Places Only Turkcell Covers" which locations marked on the map of Turkey with "only" Turkcell coverage. As a result of the investigation, ICTA imposed an administrative fine amounting to TL 1,635 and the decision was notified to the Company on 6 August 2012. Since the administrative fine paid within 1 month following the notification of the decision of ICTA, 25% discount applied and TL 1,226 was paid on 4 September 2012. The Company filed a lawsuit on 2 October 2012 for stay of execution and for the annulment of the decision. The court rejected the stay of execution request. The Company objected the decision. The objection was rejected. The Court rejected the lawsuit. The Company appealed the decision. The Council of State approved the decision of the First Instance Court. The Company applied for the correction of the decision. The Council of State rejected the Company's correction of the decision request. The Company applied to the Constitutional Court against the decision. Examination is in progress.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Dispute with ICTA regarding annual radio utilization fees

The Company filed a lawsuit before ICC in April 2012, claiming that the Company is not obliged to pay treasury share and ICTA Fee in accordance with the 8th and 9th Articles of the Concession Agreement, respectively, on annual utilization fees deducted from the prepaid subscribers and return of overpaid TL 5,852 treasury share for the period between August 2011 and February 2012. The Tribunal has partially accepted the case in favor of the Company and awarded that the Company is entitled to receive overpaid treasury share amounting TL 4,100 together with simple legal interest. Two lawsuits one by ICTA, and one by Undersecretariat of Treasury and the Ministry of Transport, Maritime Affairs, and Communications were filed for cancellation of the Final Award. The cases were dismissed by the Courts. Both ICTA and Undersecretariat of Treasury and the Ministry of Transport appealed the decision. The Supreme Court of Appeal reversed the decision of the First Instance Court. The Company applied for the correction of the decision. Undersecretariat of Treasury and Ministry of Transport submitted its reply to the correction of decision The correction of the decision process is pending. Appeal process is still pending for the lawsuit which is initiated by ICTA.

Since it is not virtually certain that an inflow of economic benefits will arise, no asset or related income is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Administrative fine imposed by the ICTA regarding base stations

Istanbul Regional Directorate of ICTA, has decided to impose an administrative fine to the Company in the amount of TL 2,057, on the ground that the measurement reports of 484 base stations was not submitted to the ICTA by the Company in the 30-day period pursuant to the regulations, after commissioning of systems are activated. The Company filed a lawsuit on 25 April 2008 for stay of execution and for the annulment of the decision. The court rejected the lawsuit. The Company appealed the decision. The Council of State reversed the first instance court's decision on the ground that Istanbul Regional Directorate of ICTA has not been authorized to impose aforementioned administrative fine. The Court of First Instance decided to accept the lawsuit in accordance with the reversal decision of the Council of State. ICTA appealed the decision. The Company replied the appeal request. Appeal process is still pending.

Then ICTA gave the same decision with the Regional Directorate gave before and imposed an administrative fine to the Company in the amount of TL 2,057 again pursuant to the regulations in force in the relevant time by its decision which was notified to the Company on 5 December 2012. The Company filed a lawsuit for stay of execution and for the annulment of the decision. The Court rejected the Company's request. The Company objected to the decision. The objection was also rejected. The Court accepted the lawsuit in favor of the Company. ICTA appealed the decision. The Company replied the appeal request. The Council of State approved the first instance court's decision. The ICTA applied for the correction of the decision. The Council of State rejected ICTA's correction of the decision request, in favor of the Company. Since therefore, the first instance court decision is finalized on September 3,2015.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and TL 1,542 was paid on 3 January 2013.

ICTA reimbursed the relative amount to Turkcell on 2 July 2014 with respect to the Court decision.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by ICTA on invoicing mistakes

ICTA pursued an investigation to examine the subscribers' complaints which are about the Company's invoicing mistakes. On-site investigations have been commenced between 14-17 January and 15-16 May 2014. The inquiry of investigation which includes the findings of the investigation was delivered to the Company on 2 June 2014. On 2 July 2014 the Company filed its written defenses to ICTA. An oral hearing was held before the ICTA Board on 31 October 2014.

ICTA, by its decision dated 31 October 2014 took upon the aforementioned investigation, decided to issue an official warning to the Company as regards to the allegation that the Company misinformed the subscribers regarding one of its Tariff Package; moreover, ICTA imposed an administrative fine of TL 1,213 in total, with respect to its allegations that the Company violated its obligations related to correct invoicing and also violated its obligations related to the consumer rights and the obligations arisen out of its authorization; furthermore, ICTA decided that the reimbursements (stipulated to be made to the subscribers due to the infringements, which were alleged that occur within the scope of the aforementioned Board Decision) should be finalized within 6 six month. The Company filed 8 separate lawsuits for the cancellation of the aforementioned decision on 15 January 2015. The Court rejected the Company's stay of execution request, made on the lawsuit, which was filed for the cancellation of the Article 8 of the aforementioned Board Decision. The Company objected to this decision. Objection was rejected. All of the cases are pending.

Since the administrative fine amounting to TL 1,213 was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 910 was made on 7 January 2015.

In the consolidated financial statements as at and for the period ended 31 December 2015, no provision is recognized for the expected reimbursement to subscribers (31 December 2014: TL 2,957).

Investigation initiated by ICTA on limited usage services

ICTA initiated an investigation in order to determine whether the Company is in compliance with the regulations on limited usage services. The ICTA Board decided that the Company's practices are incompatible with the ICTA regulations and imposed an administrative fine of TL 18,539 to the Company. The Board also obliged the Company to make a reimbursement amounting TL 37,184 to the subscribers within six months.

Since the administrative fine amounting to TL 18,539 was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 13,905 was made on 31 January 2014. The Company filed a lawsuit on 4 February 2014 for the stay of execution and the cancellation of the aforementioned act and decision. The Court rejected the stay of execution request of the Company. The Company objected to this decision. District Administrative Court rejected the objection. The case is pending.

In the consolidated financial statements as at and for the period ended 31 December 2015, no provision is recognized for the expected reimbursement to subscribers (31 December 2014: TL 10,047).

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by ICTA about Processing Personal Data

ICTA commenced an investigation in order to determine whether Company is in compliance with the regulations on "Processing Personal Data and Protecting of Secrecy". As a result of the investigation ICTA decided to impose an administrative fine to the Company on 16 January 2014, amounting to TL 1,413. The Company filed a lawsuit on 28 March 2014 for the stay of execution and the cancellation of the aforementioned decision. The Court rejected the stay of execution request of the Company. The Company objected to this decision. Objection was rejected. The Company requested stay of execution again. The Court rejected the stay of execution request of the Company again. The Company objected to this decision. Objection was rejected. The case is still pending.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, and 25% discount was applied and payment amounting to TL 1,059 was made on 7 March 2014.

Administrative fine imposed by the ICTA regarding the number of subscribers and radio utilization and usage fees of 2010-2011

ICTA commenced an investigation, against the GSM operators, on the accuracy of the subscription numbers reports of 2010 and 2011 which is essential for the payment of radio utilization and usage fee, and on-site investigations have been commenced.

The inquiry of investigation which includes the findings of the investigation was delivered to the Company on 31 July 2013. The inquiry claims that the Company paid less radio utilization and usage fees amounting to TL 67,493 than it was required for the years 2010 and 2011, and an administrative fine should be imposed. On 2 September 2013 the Company filed its written defense, and an oral hearing was held before the ICTA Board on 11 December 2013 to submit the Company's further comments. ICTA issued an official warning to the Company for the amount of TL 4,512 regarding the radio utilization and usage fee which the Company allegedly did not pay for the years 2010-2011. In addition, ICTA imposed an administrative fine to the Company amounting to TL 2,648 for the amount of TL 62,399 of radio utilization and usage fee which the Company allegedly did not pay for the year 2010-2011 and to initiate an in-depth investigation to further inspect the correctness of the radio utilization and usage fee payments regarding terms do not fall under the scope of this investigation. The Company filed a lawsuit on 28 April 2014 for the cancellation of the aforementioned decision. The case is still pending.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 1,986 was made on 16 April 2014.

ICTA sent notifications to the Company dated 27 May 2014 and 26 June 2014 and by these notifications, ICTA demanded the Company to pay the radio utilization and usage fees amounting to TL 67,493; the amount which the Company allegedly paid deficiently on ICTA's decision took upon the aforementioned investigation on the radio utilization and usage fees regarding the term 2010-2011. After that, ICTA send another notification to the Company on 24 July 2014 and notify the Company that it deducted the Company's claims which the Company entitled to collect by sharing its antenna facilities. The Company filed a lawsuit on 5 September 2014 for the cancellation of these 3 administrative acts. Moreover, the Company also requested the Court to recourse to Constitutional Court for the cancellation of the 1st, 3rd and 5th paragraphs of the 46th article of the Code numbered 5809 by this lawsuit.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Administrative fine imposed by the ICTA regarding the number of subscribers and radio utilization and usage fees of 2010-2011 (continued)

ICTA filed a lawsuit against the Company on 13 October 2014 for the collection of TL 40,885 the amount which ICTA alleged that the Company paid deficiently by its Board decision, took upon the investigation on the radio utilization and usage fees regarding the term 2010-2011 with its accrued interest. The Court decided to obtain an expert report, regarding the respective case. The case is still pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request amounting to TL 67,493 is not probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

ICTA, imposed an administrative act on the Company by referring to its Board Decision took upon the investigation on the radio utilization and usage fees regarding the period 2010-2011 and alleged that the Company has also paid the radio utilization and usage fees deficiently in the amount of TL 1,257, during the term 2013 July-December and by this administrative act, send accrual slips so as to collect the respective amount. The Company filed a lawsuit on 8 September 2014 for the cancellation of ICTA's aforementioned accrual slips and administrative act, implied on the Company. The Company also requested the Court to recourse to Constitutional Court for the cancellation of the 1st, 3rd and 5th paragraphs of the 46th article of the Code numbered 5809. The case is still pending.

Due to the fact that the Company did not pay TL 1,257, the amount which was alleged that the Company paid deficiently during the term 2013 July-December, ICTA filed a lawsuit on 23 December 2014 for the collection of the aforementioned amount with its accrued interest, which will be calculated according to Code numbered 6183. The Court decided to consolidate this lawsuit with the lawsuit filed by ICTA on 13 October 2014. The cases are pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by ICTA on subscription numbers and radio utilization and usage fees of 2012

ICTA commenced an on-site investigations, against the GSM operators, on the accuracy of the subscriber numbers report of 2012 which is essential for radio utilization and usage fees.

As a result of the investigation, ICTA imposed an administrative fine to the Company amounting to TL 2,802 for the amount of TL 43,736 of radio utilization and usage fee which the Company allegedly did not pay for the year 2012.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 2,101 was made on 11 September 2014. The Company filed a lawsuit on 2 October 2014 for the cancellation of the aforementioned Board Decision. The Company also requested the Court to recourse to Constitutional Court for the cancellation of the 1st, 3rd and 5th paragraphs of the 46th article of the Code numbered 5809 by this lawsuit. The case is pending.

The Company filed a lawsuit on 24 November 2014 for the cancellation of ICTA's administrative acts implied on the Company for the collection of the radio utilization and usage fees in the amount of TL 43,519 which was claimed to have been paid deficiently on the aforementioned administrative act. The Company also requested the Court to recourse to Constitutional Court for the cancellation of the 1st, 3rd and 5th paragraphs of the 46th article of the Code numbered 5809 by this lawsuit. The case is pending.

ICTA filed a lawsuit on 3 March 2015 for the collection of TL 43,519. The amount which was alleged that the Company paid deficiently by the ICTA decision took upon the investigation on the radio utilization and usage fees, regarding the year 2012 with its accrued interest, which will be calculated. The Court decided to take an expert report. The case is pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request amounting to TL 43,736 is not probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

In-depth investigation initiated by ICTA regarding the number of subscribers and radio utilization and usage fees of 2004-2009

ICTA commenced an in-depth investigation regarding the term 2004-2009 years, against the GSM operators, on the accuracy of the subscription numbers' reports, which are the essential for the payment of radio utilization and usage fees. As a result of the investigation, ICTA imposed an administrative fine to the Company amounting to TL 2,802 with the allegation that during 2006-2009 years the radio utilization and usage fees which Turkcell's subscribers should pay were paid deficient. Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 2,101 was.

The Company filed two separate lawsuits for the cancellation of the respective parts of the aforementioned Board Decision and the respective administrative acts.

In the meantime, ICTA, based on the aforementioned Board decision, notified the Company that Turkcell caused both deficient payment and also overpayment of the radio utilization and usage fees from the radio utilization and usage fees that shall be paid on October-December 2005. Therefore, ICTA deducted the amounts that were alleged to have been paid deficiently with their accrued delay penalty; from Turkcell's overpaid amounts. Moreover, by this administrative act, ICTA notified the Company that after this deduction, ICTA recorded the remaining Turkcell's receivables, in the amount of TL 13,310 into its accounts. Turkcell filed a lawsuit for the cancellation of this administrative act and the accrual slips sent by this administrative act.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

In-depth investigation initiated by ICTA regarding the number of subscribers and radio utilization and usage fees of 2004-2009 (continued)

Furthermore, demanded Turkcell to pay the radio utilization and usage fees in the amount of TL 110,722 with its accrued delay penalty, which is alleged to have been paid deficiently during the years 2006-2009 and notified the Company that it may deduct the overpaid radio utilization and usage fees in the amount of TL 73,200. The Company filed a lawsuit for the cancellation of the aforementioned administrative act. The cases are pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is not probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation initiated by ICTA on ICTA Board Decision No: 149

ICTA carried out an investigation whether the Company is compliant with ICTA Board decision number 149 and related decisions, which set a minimum rate for the Company's on-net prices and an obligation to report the actual prices for tariffs.

As a result of the investigation ICTA imposed an administrative fine of TL 4,061 to the Company, for not complying with its reporting obligation set by the aforementioned ICTA decision, by submitting false and misleading reports and information to the ICTA and for not keeping the necessary information regarding the investigation during the term of the investigation.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 3,046 was made on 1 April 2014.

The Company filed 3 separate lawsuits for the stay of execution and the cancellation of the related articles of the aforementioned decision. The Court rejected the stay of execution requests. The Company objected these decisions. Objections were rejected. The cases are pending.

Tax Penalty as a result of tax investigation regarding deduction of stamp duty calculation of the year 2009

Istanbul Large Taxpayers Group Presidency of Tax Inspection Board inspected year 2009 stamp duty in accordance with its limited stamp duty review and issued a report on incorrect stamp duty rates applied for some rent agreements. The Company paid a total of TL 2,918 on 28 November 2015 for stamp duty and loss of tax as a result of the compromise on 29 September 2015 and recognized as expense in the consolidated financial statements as at and for the period ended 31 December 2015.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by Competition Authority for Exclusive Agreements for the base station areas

The decision of the Competition Board based on a preliminary investigation dated 22 April 2009, on which there are no findings of an infringement of competition rules, regarding the Company's exclusive agreements for the areas where base stations are erected, was cancelled by the Council of State. Accordingly, the Competition Board decided to initiate an investigation regarding the issue. The notification of the investigation has been received by the Company on 16 August 2013. The Company has submitted its first written defense and additional information requested within due dates. Competition Board decided to extend investigation period for additional 2 months. The report regarding the investigation and additional report has been sent to the Company. Written defenses were submitted within due date. The Competition Authority Board decided that the Company's practices did not cause any infringement under the Law number 4054.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Cancellation of the administrative acts and accrual slips regarding the TRX Radio Utilization fees

The Company filed a lawsuit on September 2, 2014; for the stay of execution and the cancellation of ICTA's administrative acts and the accrual slips regarding the TRX Radio Utilization Fees, amounting to TL 1,418. Since ICTA ordered the Company to re-pay the radio utilization fees for the TRXs that are relocated so that the Company had to pay the radio utilization fees retrospectively for the same TRXs in the same year, due to these aforementioned administrative acts. Respective court case is separated into two cases. In the case, filed for the stay of execution and the cancellation of the accrual slips, the Court rejected the Company's stay of execution request. The Company objected to this decision. The objection is rejected. The Company requested stay of execution again.

The Company also filed a lawsuit for the stay of execution and the cancelation of the "TRX Notification Form" and the term placed in the "Additional TRX" definition (defined in the Explanation Guide to the respective Form) stating that "...of the new base station that is mounted, independently from the base station that is demounted in the same year...". The Council of State accepted the Company's stay of execution request.

On the other hand, ICTA cancelled some of the aforementioned accrual slips and prepared new accrual slips in the amount of TL 395 instead of the cancelled ones. The Company filed a lawsuit on 2 March 2015; for the cancellation of the respective new accrual slips and the administrative act regarding the notification of these accrual slips. The case is pending.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation initiated by ICTA on open lines

ICTA initiated an investigation about the Company's compliance with open lines and unit/minute frauds regulations. On-site investigations have been commenced on 18-20 August 2014. The inquiry of investigation which includes the findings of the investigation was delivered to the Company on 22 October 2014. The Company's written defenses was submitted within due date. The oral hearing was held before the ICTA Board on 27 May 2015.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by ICTA on open lines (continued)

As a result of the investigation ICTA imposed an administrative fine amounting to TL 3,082 in total for five separate violations by its decision dated 9 July 2015. The Company applied to ICTA to retrieve its aforementioned Board decision. ICTA implicitly rejected this application. The Company filed five separate lawsuits for the cancellation of the respective Board decision and implicit rejection.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 2,311 was made on 2 December 2015.

Investigation initiated by ICTA on processing of personal data

ICTA initiated an investigation about the Company's compliance with the regulations of processing personal data, withdrawal cost calculations, target messaging, smart advertising. On-site investigations have been commenced on 22-24 January 2014 and 16-18 April 2014. The inquiry of investigation which includes the three violation findings of the investigation was delivered to the Company on 4 November 2014. The Company's written defenses was submitted within due date. The oral hearing was held on 28 July 2015 before the ICTA Board. As a result of the investigation ICTA issued a legal warning to the Company and also imposed separate administrative fines in the amount of TL 2,801 in total by its decision dated 29 July 2015. Besides ICTA requested the Company to reimburse the overcharged amounts to the subscribers and to complete reimbursements within 4 months. Moreover, if there be any other overcharged amount recognized between the inspection date and the date of notification of the decision have been also requested to be reimbursed within 6 months. The Company applied to ICTA to retrieve its aforementioned Board decision. ICTA implicitly rejected this application. The Company filed three separate lawsuits for the cancellation of the aforementioned Board decision's respective articles and the implicit rejection.

Since the administrative fine was paid within 1 month following the notification of the decision of ICTA, 25% discount was applied and payment amounting to TL 2,101 was made on 30 November 2015. In the consolidated financial statements as at and for the period ended 31 December 2015, no provision is recognized for the expected reimbursement to subscribers (31 December 2014: TL 5,408).

Investigation initiated by ICTA regarding Invoice Upper Limit

ICTA initiated an investigation about invoice upper limit regulations which is about; informing subscribers during international mobile data roaming, overcharging subscribers during the change of some tariffs and misinforming some subscribers. On-site investigation has been commenced on 14-16 October 2014 and inquiry of investigation which includes claims of the investigation was delivered to the Company on 25 February 2015. The inquiry also states that the Company didn't send the mandatory messages to the subscribers in most of the cases thus some subscribers were overcharged in the amount of TL 7,170. As a result of the investigation ICTA imposed three separate administrative fines totaling to 1,016 TL by its decision dated 23 November 2015. By its aforementioned decision, ICTA also alleged that the Company overcharged its subscribers by TL 6,181 and it should reimburse these amounts to the subscribers within 6 months.

The Company filed 3 separate lawsuits for the cancellation of the respective articles of the aforementioned Board decision.

In the consolidated financial statements as at and for the period ended 31 December 2015, provisions amounting to TL 762 for administrative fines which was imposed by ICTA and TL 3,517 are recognized for the expected reimbursement to subscribers, respectively (31 December 2014: None).

Since the administrative fine was paid within 1 month following the notification of ICTA's respective decision, 25% discount was applied and payment amounting to TL 762 was made on 23 February 2016.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by ICTA regarding the number of subscribers and radio utilization and usage fees of 2013

ICTA commenced an investigation on the accuracy of the subscription numbers reports of 2013 which is essential for the payment of radio utilization and usage fee. The inquiry of investigation claims that the Company paid less radio utilization and usage fees total amounting to TL 21,191 and an administrative fine should be imposed. The Company's written defense was submitted within due date.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation initiated by ICTA on termination of subscription

ICTA initiated an in investigation about the Company's compliance with the regulations about subscribers' termination demands. As a result of the investigation ICTA decided to issue an official warning to the Company for one violation, for two violations ICTA imposed amounting to TL 3,082 for administrative fines. In addition, The Board also obliged the Company to make a reimbursement amounting TL 2,043 to the subscribers within three months. Reimbursement procedure, which should be made to the subscribers, was also started before ICTA decision thus in the consolidated financial statements as at and for the period ended 31 December 2015, no provision is recognized for the amount which has not been reimbursed to the subscribers.In the consolidated financial statements as at and for the period ended 31 December 2015, provision amounting to TL 2,311 for administrative fines which was imposed by ICTA. (31 December 2014: None).

Investigation initiated by ICTA on TRX Radio Utilization Fees

ICTA commenced an investigation on the correctness of notifications about TRX channels which are essential for the radio utilization and usage fees, made to ICTA by the Company in 2011 and before. The inquiry claims that the Company paid less radio usage fees than it was required for the years 2005-2011, and besides an administrative fine should be imposed. The Company's written defense was submitted within due date. After submitting the written defense ICTA commenced a supplemental on-site investigation on 14-17 September 2015 and afterwards a new inquiry was delivered to the Company. The inquiry claims that the Company paid less radio usage fee total amounting to TL 8,782 than it was required for the years 2005-2011, and besides an administrative fine should be imposed. The Company's written defense will be submitted within due date.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation initiated by ICTA on solving consumer complaints

ICTA initiated an in investigation about the Company's compliance with the regulations about resolving consumer complaints. The inquiry of investigation which includes the two violation findings of the investigation was delivered to the Company on 31 August 2015. The Company's written defences was submitted within due date. The oral hearing will be held on 15 March 2016.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Investigation initiated by ICTA on R&D and SME investments

ICTA initiated an in investigation about Company's compliance with R&D and SME investments to the concession agreement. The inquiry of investigation was delivered to the Company on 19 October 2015. The Company's written defences was submitted within due date.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Investigation initiated by ICTA on Infrastructure System Notifications

ICTA initiated an investigation on the accuracy of the Company's infrastructure system notifications with the infrastructure systems in Ankara and Kırıkkale. The inquiry of investigation which includes a finding of the investigation was delivered to the Company on 29 February 2016. The Company's written defences will be submitted within due date. Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation regarding the additional utilization and usage fees request is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

Commitments and Contingencies related to Inteltek

Disputes with Spor Toto

Permission request made to Spor Toto regarding the change of Inteltek's shareholder structure

Intralot Integrated Lottery Systems & Services ("Intralot SA"), one of the shareholders of Inteltek, notified Inteltek regarding the plan of share transfer and merger transactions in Intralot group. Inteltek requested a written permission from Spor Toto Directorate on 30 January 2013 within the frame of Article 18/2 of "Agreement on Assigning Fixed Odds and Joint Betting Games Based on Sports Competition to Legal Persons described on Private Law" dated 29 August 2008 and signed between Inteltek and Spor Toto. As a result of the "implied rejection" of Inteltek's permission request by Spor Toto, Inteltek filed a lawsuit for the cancellation and the stay of execution of this implied rejection. The Court has decided to reject the lawsuit because of the lack of competence. Inteltek appealed the decision. The 13th Council of State has decided to accept Inteltek's appeal request and reversed the decision of the Administrative Court. The defendant applied for correction of decision. It has been replied to the request for correction of decision within its legal term by Inteltek. The Council of State decided to reject the request for correction of decision. The lawsuit file has been sent to its Court of First Instance. The defendant has objected on competence. The court rejected the competence objection and decided to evaluate the motion for stay of execution following the completion of the term for competence. The defendant claimed on competence. Our Company replied to this claim within its legal term. The case file is at Court Of Jurisdictional Disputes for the determination of the competence.

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Commitments and Contingencies related to Astelit

Astelit 3G Agreement

In March 2015, Astelit received 3G license amounting to UAH 3,355,400 (equivalent to TL406,495 as at 31 December 2015) . According to 3G License terms, license is covering all 27 Ukrainian regions. It is taken for 30 MHz range in 1920-1935 and 2110-2125 band and is valid for 15 years. 3G license obligations include: to ensure quality of 3G service in regional centers within 18 months, to ensure quality of 3G service in all settlements with population more than 10,000 within 2-6 years and to finance conversion of spectrum from military use.

Dispute of Astelit with its distributor

One of Astelit's distributors filed a lawsuit against Astelit claiming a compensation in the amount of UAH 106,443(equivalent to TL12,895 as at 31 December 2015) which is allegedly the sum of advance payment for undelivered goods. According to the commission agreement, signed between parties, the payment terms are 30 days after delivery date (net of distributor's commission). The distributor violated the conditions of agreement and did not pay on time. Therefore, Astelit made a counterclaim for the recovery of indebtedness in the amount of UAH 35,292 (equivalent to TL4,276 as at 31 December 2015).

Dispute passed through all the instances twice. On 26 March 2012, the High Commercial Court of Ukraine approved the previous positive decision for Astelit counterclaim.

Enforcement document was submitted to the State Enforcement Service. According to Ukrainian legislation, the distributor has a right to appeal the decision before Supreme Court of Ukraine within three months from the date of judgment of the High Commercial Court of Ukraine but the distributor did not use the right.

The distributor had a statute of limitation for 3 years from the date of the High Commercial Court decision, which expired on 26 March 2015. The distributor is not conducting economic activity for a long period of time and has not appealed the decision. The possibility of such actions from distributor is lost.

Based on the management decision, the probability of an outflow of resources embodying economic benefits to settle the obligation is uncertain, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: None).

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Commitments and Contingencies related to Astelit (continued)

Dispute of Astelit related to withholding tax on interest expense

Ukrainian Tax Administration sent a tax notice to Astelit stating that withholding tax rate on interest expense for the loan agreement with Euroasia should be 10% for the year 2009. According to Ukrainian legislation and Convention on avoiding double taxation between Ukraine and the Netherlands, Astelit paid withholding tax at 2%. Astelit filed a suit to cancel tax notice, which imposed Astelit to pay additional UAH 11,651 (equivalent to TL1,411 as at 31 December 2015). The High Administrative Court decided in favor of Tax Administration on 27 March 2014. Therefore, Astelit paid the aforementioned amount on 4 April 2014. Also, additional penalty based on 120% of NBU's daily rate will be paid to the Tax Authority according to the court decision. The court has decided that Euroasia status as financial institution must be defined under Ukrainian law.

On 27 June 2014, Astelit filed an application to the Supreme Court for review of abovementioned decision and proof that Dutch legislation should be applied. On 14 July 2014, the High Administrative Court applied Astelit's admission for review in Supreme Court.

On 2 December 2014, the Supreme Court has rejected Astelit`s appeal completely. The initial tax decision regarding additional withholding tax paid (UAH 11,651) (equivalent to TL1,411 as at 31 December 2015) and Euroasia qualification as nonfinancial institution remain in force.

Based on negative court decision, Ukrainian Tax Authority invited Astelit's representatives to the meeting and proposed to pay voluntarily the difference of withholding tax up to 10% and 3% of tax fine for the period of 2011-2012. Astelit paid this difference amounting to UAH 4,105(equivalent to TL497 as at 31 December 2015) in December 2014.

On 26 March 2015, Astelit lodged an application to the Supreme Court for review of abovementioned decision and proof that Dutch legislation should be applied. On 30 March 2015, Supreme Court of Ukraine dismissed Astelit's claim.

Based on the management opinion, provision amounting to UAH 4,806 (equivalent to TL582 as at 31 December 2015) has been set for the penalty risks belonging to years 2009, 2010, 2011 and 2012 in the consolidated financial statements as at and for the period ended 31 December 2015 (31 December 2014: TL707).

34. Commitments and Contingencies (continued)

Legal Proceedings (continued)

Commitments and Contingencies related to Superonline

Order of payment notified to Turkcell Superonline according to universal service fund

On 24 October 2011, Beykoz Tax Administration notified Turkcell Superonline with an order of payment amounting to TL 1,192 for insufficient payments made by Turkcell Superonline for universal service fund related to years of 2005, 2006, 2007 and 2008. Four legal cases have been filed as of 31 October 2011 to revoke payment orders. Based on the management decision, TL 1,203 was paid on

7 December 2011 with its accrued interest. On 21 December 2011, based on the scope of Share Purchase Agreement, Turkcell Superonline sent a notice in order to receive payment from Demir Toprak Ith.Ihr. ve Tic. AS, Sınai ve Mali Yatirimlar Holding AS and Endustri Holding AS. Any payment has not been received as of 31 December 2015. Said payment shall be reimbursed in case of execution of suspension or the Court's decision in favor of Turkcell Superonline. On 28 November 2012, two of the said order of payments, each amounting to TL 330 and TL 450 have been cancelled in favor of Turkcell Superonline which were notified on 23 January 2013 and 28 January 2013, respectively. The said cancellation decisions are appealed by Beykoz Tax Administration but this application was rejected, decisions are approved. Turkcell Superonline filed two lawsuits for repayment of TL 410 and TL 558. After the full remedy action lawsuits for repayment, Communication General Directorate which related to Ministry of Communications paid TL 330 in regard to universal service fund for the year 2005 and TL 449 in regard to universal service fund for the year 2006 to Turkcell Superonline on 17 June 2015. Because of the insufficient amount paid for the lawsuits which we claimed other than principal that TL 80 interest for the year 2005 and TL 109 interest for the year 2006. The Company continue both lawsuits for these insufficient amounts. The other two cases were rejected by the court, those decisions were appealed. The appeal requests for the cancellation of the both payment orders in the amount of TL 68 and TL 354 were accepted by the Council of State in favor of Turkcell Superonline. The Court made a decision in line with the reversal decision and accepted the case filed for the cancellation of the payment order, in the amount of TL 354.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

35. Related parties

Transactions with key management personnel:

Key management personnel comprise the Group's directors and key management executive officers.

As at 31 December 2015 and 2014, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers and contributes to a post-employment defined plan on their behalf. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

Total compensation provided to key management personnel is TL 66,876, TL 32,817 and TL 32,528 for the years ended 31 December 2015, 2014 and 2013, respectively.

The Company has agreements or protocols with several of its shareholders, consolidated subsidiaries and affiliates of the shareholders.

Due from related parties – short term	**2015**	**2014**
Vimpelcom OJSC ("Vimpelcom")	5,223	1,875
GSM Kazakhstan Ltd ("Kazakcell")	1,662	1,135
Megafon OJSC ("Megafon")	1,592	1,169
Millenicom Telekomunikasyon AS ("Millenicom")	784	89
Azercell Telekom MMC ("Azercell")	633	564
KVK Teknoloji Urunleri AS ("KVK Teknoloji")	-	5,904
Other	1,866	2,202
	11,760	**12,938**

Due from related parties short term is shown net of allowance for doubtful debts amounting to TL 302 as at 31 December 2015 (31 December 2014: TL 80).

Due from Vimpelcom, Megafon, Millenicom and Azercell resulted from telecommunications services such as interconnection and roaming.

Millenicom shares held by Cukurova Group were acquired by EWE Turkey Holding on 21 January 2016.

Due from Kazakcell, mainly resulted from the software services and telecommunications services such as interconnection and roaming.

KVK Teknoloji's shares held by Cukurova Group were acquired by MV Holding on 6 July 2015 and receivables from KVK Teknoloji are reclassed as trade receivables after the transfer of shares. Due from KVK Teknoloji as at 31 December 2014, mainly resulted from simcard, scratch card sales and advances given to this company.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

35. Related parties (continued)

Due to related parties – short term	2015	2014
Hobim Bilgi Islem Hizmetleri AS ("Hobim")	3,491	7,071
Kyivstar GSM JSC ("Kyivstar")	1,375	465
KVK Teknoloji Urunleri AS ("KVK Teknoloji")	-	9,411
Krea Icerik Hizmetleri ve Produksiyon AS ("Krea")	-	3,491
Other	1,689	4,194
	6,555	**24,632**

Due to Hobim resulted from invoice printing services and subscription documents services rendered by this company.

Due to Kyivstar mainly resulted from rendering telecommunications services such as interconnection and roaming.

Due to KVK Teknoloji as at 31 December 2014, mainly resulted from payables for sales commissions, terminal purchases and payables in relation to assigned receivables from KVK Teknoloji.

Due to Krea mainly resulted from the content services rendered by this company.

The Group's exposure to currency risk related to due from / (due to) related parties is disclosed in Note 31.

Transactions with related parties

Intragroup transactions that have been eliminated are not recognized as related party transaction in the following table:

Revenue from related parties	2015	2014	2013
Sales to KVK Teknoloji (*)			
Simcard and prepaid card sales	217,080	428,234	573,642
Sales to Kyivstar			
Telecommunications services	41,728	69,469	94,229
Sales to Vimpelcom			
Telecommunications services	20,489	48,360	30,466
Sales to Teliasonera International			
Telecommunications services	16,955	17,936	13,070
Sales to Megafon			
Telecommunication services	14,958	30,394	19,488
Sales to Millenicom Telekomunikasyon AS ("Millenicom")			
Telecommunications services	8,861	10,898	11,072
Sales to Krea			
Call center revenues, fixed line services, rent and interest charges	4,831	10,746	16,737

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

35. Related parties (continued)

Related party expenses	**2015**	**2014**	**2013**
Charges from KVK Teknoloji (*)			
Dealer activation fees and others	76,743	112,776	77,180
Charges from Kyivstar			
Telecommunications services	49,608	69,947	85,198
Charges from Hobim			
Invoicing and archieving services	29,570	36,160	41,776
Charges from Krea			
Digital television broadcasting services	15,826	12,931	8,988
Charges from Millenicom			
Telecommunications services	5,418	7,491	7,105
Charges from Vimpelcom			
Telecommunications services	4,348	13,642	12,927
Charges from Megafon			
Telecommunications services	4,342	12,688	15,038
Charges from Teliasonera International			
Telecommunications services	3,409	15,100	16,561

(*) Includes the transactions until 6 July 2015.

The significant agreements are as follows:

Transactions with KVK Teknoloji:

KVK Teknoloji, one of the Company's principal simcard distributors, was affiliated with Cukurova Group, one of the shareholders of the Company. KVK Teknoloji's shares held by Cukurova Group have been acquired by MV Holding on 6 July 2015. In addition to sales of simcards and scratch cards, the Company has entered into several agreements with KVK Teknoloji, in the form of advertisement support protocols, each lasting for different periods pursuant to which KVK Teknoloji must place advertisements for the Company's services in newspapers. The objective of these agreements is to promote and increase handset sales with the Company's prepaid and postpaid brand simcards, thereby supporting the protection of the Company's market share in the prevailing market conditions. The prices of the contracts were determined according to the cost of advertising for KVK Teknoloji and the total advertisement benefit received, reflected in the Company's market share in new subscriber acquisitions. Distributors' campaign projects and market share also contributed to the budget allocation.

The amount of handset sales to the subscribers of the Company performed by KVK Teknoloji for the period ended 6 July 2015, when KVK Teknoloji's shares are acquired by MV Holding, is TL 853,650 which is paid to KVK Teknoloji in advance in accordance with certain commitment arrangements and collected from the subscribers throughout the campaign period (31 December 2014: TL 1,165,998). Additionally, the Group made handset purchases from KVK for the sale of the product and marketing activities to subscribers.

35. Related parties (continued)

Transactions with Kyivstar:

Alfa Group, one of the shareholders of the Company, holds the majority shares of Kyivstar. Kyivstar is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Vimpelcom:

Vimpelcom, a subsidiary of Alfa Group, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Teliasonera International:

Teliasonera International, one of the shareholders of the Company, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Megafon:

Megafon, a subsidiary of Sonera Holding, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Millenicom:

European Telecommunications Holding AG, a subsidiary of Cukurova Group, holds the majority shares of Millenicom. Millenicom is rendering and receiving telecommunications services such as interconnection and roaming.

Millenicom shares held by Cukurova Group were acquired by EWE Turkey Holding on 21 January 2016.

Transactions with Krea:

Krea, a direct-to-home digital television service company under the Digiturk brand name, is a subsidiary of one of the Company's shareholders, Cukurova Group. SDIF took over the management of Krea in 2013.

There are no specific agreements between Turkcell and digital channels branded under Digiturk name. Every year, as in every other media channel, standard ad spaces are purchased on a spot basis. Also, Krea provides instant football content related to Spor Toto Super League to the Company to be delivered to mobile phones and tablets.

The Company has agreements for fixed telephone, leased line, corporate internet, and data center services provided by the Company's subsidiary Turkcell Superonline.

The Company's subsidiary Global Bilgi is also providing call center services for Krea.

Çukurova Holding has signed a share purchase agreement with BeIN Media Group related to the sale of their shares in Krea. Share transfer is not finalized as at 31 December 2015.

Transactions with Hobim:

Hobim, one of the leading data processing and application service provider companies in Turkey, is owned by Cukurova Group. The Company has entered into invoice printing and archiving agreements with Hobim under which Hobim provides the Company with monthly invoice printing services, manages archiving of invoices and subscription documents. Prices of the agreements are determined through alternative proposals' evaluation.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

35. Related parties (continued)

Legal restrictions on related party transactions

Notifications of levy against Cukurova Holding AS sent by various creditors

As per the notifications of levy sent by different Executive Directorates on various dates, the Company has been informed about seizure decisions on the rights and receivables and assets of the Company in the amount of TL 260,508. However, as the dematerialized shares owned by shareholders of the Company and also related transactions in accordance with the relevant legislation must be met by brokerage firms the required attachment of any transaction in shares of the Company have not been established.

Attachment levied by SDIF against Cukurova Holding AS

The Company has been informed about two different seizure decisions taken on the rights, receivables and assets of Cukurova Holding A.S. in the amount of TL 854,379 in the Company due to the debts of Cukurova Holding A.S. to SDIF. However, as the dematerialized shares owned by shareholders of the Company and also related transactions in accordance with the relevant legislation must be met by brokerage firms the required attachment of any transaction in shares of the Company have not been established. With a different notice by SDIF, the Company has been informed about seizure on all receivables of Cukurova Holding AS. including its dividend receivables Dividend payables to Cukurova Holdings AS amounting to TL 1,776, were paid to SDIF on 13 April 2015.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

36. Subsidiaries

The Group's ultimate parent company is Turkcell. Subsidiaries of the Company as at 31 December 2015 and 2014 are as follows:

			Effective Ownership Interest	
Subsidiaries Name	Country of Incorporation	Business	31 December 2015 (%)	31 December 2014 (%)
Kibris Telekom	Turkish Republic of Northern Cyprus	Telecommunications	100	100
Global Bilgi	Turkey	Customer relations management	100	100
Turktell Bilisim	Turkey	Information technology, value added GSM services investments	100	100
Turkcell Superonline	Turkey	Telecommunications	100	100
Turkcell Satis	Turkey	Telecommunications	100	100
Eastasia	Netherlands	Telecommunications investments	100	100
Turkcell Teknoloji	Turkey	Research and Development	100	100
Global Tower	Turkey	Telecommunications infrastructure business	100	100
Turkcell Interaktif	Turkey	Radio and television broadcasting	100	100
Financell	Netherlands	Financing business	100	100
Rehberlik	Turkey	Telecommunications	100	100
Beltur	Netherlands	Telecommunications investments	100	100
Beltel	Turkey	Telecommunications investments	100	100
Turkcell Gayrimenkul	Turkey	Property investments	100	100
Global LLC	Ukraine	Customer relations management	100	100
UkrTower	Ukraine	Telecommunications infrastructure business	100	100
Turkcell Europe	Germany	Telecommunications	100	100
Turkcell Odeme (*)	Turkey	GSM services	100	100
Euroasia	Netherlands	Telecommunications	100	55
Astelit (**)	Ukraine	Telecommunications	100	55
Turkcell Finansman A.Ş (***)	Turkey	Financing Services	100	-
Belarusian Telecom	Republic of Belarus	Telecommunications	80	80
Lifetech LLC	Republic of Belarus	Research and Development	78	78
Inteltek	Turkey	Information and Entertainment Services	55	55
Azerinteltek	Azerbaijan	Information and Entertainment Services	28	28

(*) The trade name of Global Ödeme Hizmetleri A.Ş. has changed as "Turkcell Ödeme Hizmetleri A.Ş" as at 5 October 2015.
(**)The trade name of Astelit has changed as "lifecell LLC" as at 2 February 2016.
(***) As at 22 October 2015, the consumer financing company is incorporated a capital of TL 70,000 thousand. The Company is non-operating, since official authorization does not exist as at 31 December 2015. The company has received official authorization as at 21 January 2016.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

36. Subsidiaries (continued)

The Company signed a share purchase agreement to acquire SCM Holdings Limited's ("SCM") 44.96% stake in its subsidiary, Euroasia on 26 June 2015 and the shares were acquired on 10 July 2015 for a total consideration of $100,000 (equivalent to TL 267,920 as at 31 December 2015). In accordance with IFRS 10 "Consolidated Financial Statements", the transaction has been considered as an equity transaction and the deficit presenting the difference between the non-controlling interests derecognized and the consideration paid for the acquisition of shares amounting to TL 929,013 has been reduced from retained earnings in July 2015.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

36. Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest			Profit / (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
		31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Inteltek	Turkey	45.00%	45.00%	45.00%	38,362	36,126	26,011	63,819	114,786	78,658
Euroasia (*)	Netherlands/Ukraine	-	44.96%	44.96%	(209,323)	(479,672)	(27,283)	-	(506,812)	(258,466)
Individually immaterial subsidiaries with non –controlling interest					6,858	15,322	4,624	266	9,248	(1,723)
					(164,103)	(428,224)	3,352	64,085	(382,778)	(181,531)

(*) Figures for the year 2015 represent the amounts acquired till the date of acquisition of 44,96% shares of Euroasia from SCM.

TURKCELL ILETISIM HIZMETLERI AS AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2015

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

36. Subsidiaries (continued)

Summarized financial information in respect of Inteltek and Euroasia is set out below.
The summarized financial information below represents amounts before intragroup eliminations.

Inteltek

	31 December 2015	31 December 2014	31 December 2013
Current assets	203,028	303,714	212,991
Non-current assets	25,068	24,486	29,559
Current liabilities	31,135	28,447	27,853
Non-current liabilities	55,141	44,674	39,900
Equity	141,820	255,079	174,797

	2015	2014	2013
Revenue	139,077	127,763	107,901
Expenses	(53,829)	(47,484)	(50,099)
Profit for the year	**85,248**	**80,279**	**57,802**
Other comprehensive income / (loss) for the year	(379)	(13)	40
Dividend paid to non-controlling interests	(92,542)	-	(1,046)
Net cash inflow from operating activities	66,055	64,573	61,030
Net cash outflow from investing activities	27,355	30,369	6,183
Net cash inflow / (outflow) from financing activities	(205,648)	-	(2,325)
Effects of foreign exchange rate fluctuations on cash and cash equivalents	11,795	2,900	5,744
Net cash inflow / (outflow)	**(100,443)**	**97,842**	**70,632**

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated except share amounts)

36. Subsidiaries (continued)

Euroasia

	31 December 2015	31 December 2014	31 December 2013
Current assets	-	108,188	77,337
Non-current assets	-	471,651	942,187
Current liabilities	-	1,717,812	1,592,576
Non-current liabilities	-	12,678	25,150
Deficit in equity	-	(1,150,651)	(598,202)

	2015 (*)	2014	2013
Revenue	259,537	758,161	861,562
Expenses	(725,114)	(1,825,047)	(922,244)
Loss for the year	**(465,577)**	**(1,066,886)**	**(60,682)**
Other comprehensive income / (loss) for the year	**122,386**	**514,437**	**(96,218)**
Net cash inflow from operating activities	213,957	153,943	155,775
Net cash outflow from investing activities	(616,340)	(93,082)	(124,682)
Net cash inflow / (outflow) from financing activities	417,498	(10,925)	(88,692)
Effects of foreign exchange rate fluctuations on cash and cash equivalents	(49,158)	(26,423)	25
Net cash inflow / (outflow)	**(34,043)**	**23,513**	**(57,574)**

(*) Figures for the year 2015 represent the amounts acquired till the date of acquisition of 44,96% shares of Euroasia from SCM.

37. Subsequent events

Turkcell Board of Directors has decided to convene the Annual General Assembly Meeting of the Company pertaining to the year of 2015 on 29 March 2016.

Share capital of Turkcell Finansman A.S was increased by TL 430,000 in March 2016.

OFFICES

CITY	LOCATION	ADDRESS
İSTANBUL	HEADQUARTERS	Aydınevler Mahallesi İnönü Caddesi Küçükyalı Ofispark No:20 Maltepe/İstanbul
İSTANBUL	TURKCELL AKADEMİ	Meşrutiyet Caddesi No:71 Beyoğlu/İstanbul
İSTANBUL	MALTEPE PLAZA	Yeni Mah. Pamukkale Sok. No:3 Soğanlık Mevkii - Kartal/İstanbul
İSTANBUL	TURKCELL TEKNOLOJİ PLAZA	Aydınevler Mahallesi İnönü Caddesi Küçükyalı Ofispark No:20 Maltepe/İstanbul
İSTANBUL	LEVENT OFFICE	Büyükdere Cad. Harman Sok. No:8 Levent/İstanbul
İSTANBUL	KARTAL PLAZA	Topselvi Mah. Dipçik Sok. No: 31 Kartal/İstanbul
İSTANBUL	MAHMUTBEY OMC	Mahmutbey Mah İnönü Caddesi No: 89 Bağcılar/İstanbul
ADANA	ADANA PLAZA	Turhan Cemal Berikel Bulvarı No: 212 Seyhan/Adana
ADAPAZARI	SAKARYA OMC	Miktat Paşa Mah. Kamelya Sok. Kule Binası Sakarya/Adapazarı
ANKARA	ANKARA PLAZA	Eskişehir Yolu 9.Km.No:264 Söğütözü/Ankara
ANKARA	ANKARA CINNAH PLAZA	Cinnah Caddesi No:15 Çankaya/Ankara
ANTALYA	ANTALYA PLAZA	915. sokak No: 3 Kızıltoprak/Antalya
BALIKESİR	BALIKESİR OMC	Kuvai Milliye Mahallesi 194.sokak No:15/A Balıkesir
BURSA	BURSA PLAZA	Organize Sanayi Bölge Müd. Kırmızı Cad. No:4 TSE yanı Nilüfer/Bursa
DENİZLİ	DENİZLİ OMC	Bozburun Mah. 7014 sok.no:5 Merkezefendi/Denizli
DİYARBAKIR	DİYARBAKIR PLAZA	Urfa Yolu 6.km Bağlar/Diyarbakır
ERZURUM	ERZURUM PLAZA	Ilıca Yolu Organize Sanayi Bölgesi 4.Sok Erzurum
ESKİŞEHİR	ESKİŞEHİR OFFICE	Batıkent Mahallesi, Çamören Sokak No 8 Tepebaşı/Eskişehir
GAZİANTEP	GAZİANTEP PLAZA	Kocaoğlan Mah. Demokrasi Bulvarı No:185/1 Şahinbey/Gaziantep
HATAY	HATAY OMC	Güzelbirlik Mah. Yunus Emre Cad. No:11-B Güzelburç/Hatay
İZMİR	İZMİR PLAZA	367/7. Sokak No:12 Bornova/İzmir
İZMİT	İZMİT OMC	Yenişehir Mahallesi Gazi Mustafa Kemal Bulvarı No:159 İzmit/Kocaeli
KAYSERİ	KAYSERİ PLAZA	Kayseri Organize Sanayi Bölgesi 13. Cadde No:16 Melikgazi/Kayseri
KONYA	KONYA OMC	Horozluhan Mah Sıhhıye Sok No:6 1.ORG SAN. Selçuklu/Konya
MALATYA	MALATYA OMC	Hoca Ahmet Yesevi Mah. 7. Sok. Mahrukatçılar Sitesi No: 34 Merkez/Malatya
MERSİN	MERSİN OMC	Portakal Mah. 80050 Sok. No:3 Toroslar/Mersin
MUĞLA	BODRUM OFFICE	Atatürk Bulvarı no:210 Koçtaş yanı Kobnacık Bodrum/Muğla
MUĞLA	MUĞLA OMC	Musluhittin Mah. Atatürk Bulvarı No:61 Muğla
SAMSUN	SAMSUN PLAZA	Mimar Sinan Mah. 160.Sok.No:18 Atakum/Samsun
TRABZON	TRABZON PLAZA	Mısırlık Mah. Hasan Turfanda Yolu Çukurçayır/Trabzon
TEKİRDAĞ	ÇORLU OMC	Yulaflı Mah. Hacı Şeremet Mevkii Çorlu/Tekirdağ
VAN	VAN OFFICE	Yavuzlar İş Merkezi Hafıziye Mah. Kazım Karabekir Bulvarı/Van
ZONGULDAK	ZONGULDAK / EREĞLİ OMC	Merkez Ören Köyü Bozoklar Mevkii No:47/1 Karadeniz Ereğli/Zonguldak

** OMC: Operation Maintenance Center*

GLOSSARY

ACRONYM / TERM		DESCRIPTION
3G	Third Generation	A third generation mobile telecommunication system established according to IMT-2000/UMTS standards or standards developed based on these standards.
4.5G	4.5 Generation	A generation containing technologies having more advanced features than standard 4G technology.
5G	Fifth Generation	The communication standard planned to be brought to life following current 4G technology.
ARPU	Average Revenue Per User	Average monthly revenue generated per mobile subscriber.
Base Station		A fixed transceiver device in each cell of a mobile communications network enabling communication between mobile phones and radio signals within the cell.
Carrier Aggregation		A technique allowing more bandwidth and consequently higher speeds to be obtained by joining frequencies called carriers.
DWDM	Dense Wavelenght Division Multiplexing	Technology that allows a few independent digital information flows to appear on the same optic cable.
FDD	Frequency Division Duplex	A technique using different frequency bands in sending and receiving processes within communication.
FTTX	Fiber to the X	Access technology carried out using fiber (FTTX service) internet and fiber optic cables.
GSM	Global Mobile Communication System	This is a digital mobile communication system, standardized by the European Communications Standards Institute and based on digital transmission with roaming and cellular network structure being used in Europe, Japan and various other countries. GSM systems operate at frequency bands of 900 Mhz and 1800 Mhz.
GSMA	Groupe Speciale Mobile (GSM) Association	An association consisting of companies associated with mobile operators and telecommunication to standardize and develop the mobile telecommunications sector.
HLR	Home Location Register	Central database that contains services of each mobile phone subscriber that is authorized to use the GSM/UMTS network.
HSPA	High Speed Packet Access	Technology established on WCDMA networks to increase package data performance.
HSS	Home Subscriber Server	Central database that contains services of each mobile phone subscriber that is authorized to use the LTE/VoLTE network. Current implementation is HSS and HLR is converged in a single HSS database, that serves all technologies on a mobile network (2G/3G/4.5G).
IMS	IP Multimedia Subsystem	Technology enabling audio service to be provided on the internet to fixed and mobile operators, independent from access; and the main audio infrastructure of the LTE network of mobile operators.
Interconnection		The physical and logical connection of electronic communication networks to each other used by the same or a different operator to enable the communication of users of an operator with the users of the same or a different operator, or access to services provided by another operator.
ITU	The International Telecommunication Union	An international standardization institution with headquarters in Geneva that determines many standards in telecommunication.
LTE	Long Term Evolution	Technology capable of reaching very high speeds by joining carriers on the same or different frequency bands.
LTE-A	Long Term Evolution - Advanced	A mobile communications standard comprising advanced features such as carrier coupling, which enables mobile broadband speed of over 150 MBps in LTE.
M2M	Machine To Machine	The general name of technology enabling devices to exchange information and operate without human intervention.

ACRONYM / TERM		DESCRIPTION
Main and Midi POP		Large and medium sized locations containing network equipment positioned nationwide.
Mbps	Megabits per Second	A data transmission speed. 1 Mbps equals 2(20) bpse.
MMS	Multimedia Messaging Service	A standard specified for advanced wireless terminals enabling the user to send and receive messages containing diverse multimedia content such as images, audio and visual videos with a single transmission in non-real time.
NDC	Network Data center	A data center where network equipment is positioned.
NGMN	Next Generation Mobile Network	An organization (Next Generation Mobile Networks Association), of which Turkcell is a member, and several operators, suppliers and universities in the world are a part of, giving direction to technology standards and technology producing companies in relation to operator requirements.
NMS	Network Management System	System and interfaces carrying out network management.
On-net		A call originating from an operator network and ending on the same operator network.
Roaming		A mobile communications feature enabling the subscribers of a network to use their own mobile phones and numbers within the coverage area of another operator.
Small Cell		The entirety of small physical communication devices being the common notation of femtocell, picocell and microcell solutions, providing electronic communications services to subscribed terminal devices in the target location, and having lower output power compared to a base station.
SMS	Short Message Service	A mobile communication system allowing users to receive and send messages, which can be constituted of both alphabetic and numerical characters of up to 160 characters, to and from mobile phones through a short message service.
Tbps	Terabits per Second	A speed unit symbolizing 10^12 bits passing per second.
TDD	Time Division Duplex	The technique of using different time zones for sending and receiving processes on the same frequency band in two-way communication.
UMTS 900	Universal Mobile Telecommunications System 900 MHz	This is the usage of UMTS Mobile technology on a 900 MHz frequency band. Thus, UMTS technology can be used on a frequency band providing high coverage such as 900 MHz.
Unified Communications		The entirety of services enabling different communications devices (switchboard infrastructure, softclient, video conference, messaging) in the lives of corporate customers to be used on a single platform.
VoLTE	Voice over LTE	IP based high quality audio technology through a 4.5G network.
WebRTC	Web Real Time Communication	Technology enabling real-time communications (audio, video, messaging) services in the operator's infrastructure to be transmitted to an end user by developing different services on the web.
WiFi	Wireless Connection Area	A standard generated for the transfer of data through wireless cables. Laptops, smart phones, PCs, etc. having a receiver and transmitter of WiFi standards can benefit from wireless broadband internet services.
WiFi Offload		Enabling an uninterrupted transition of 3N/4N users to a WiFi network to increase connection performance and user experience.
WSON	Wavelength Switched Optical Network	Technology, in which automatic wave length routing is performed at an optical level in transmission technology.

TURKCELL

Turkcell İletişim Hizmetleri A.Ş.
Turkcell Küçükyalı Plaza, Aydınevler Mahallesi İnönü Caddesi
No:20 Küçükyalı Ofispark B Blok - Maltepe / İstanbul
Tel: +90 (212) 313 1000 Fax: +90 (216) 504 4058
Customer Services Tel: 532 or +90 (532) 532 0000
www.turkcell.com.tr
Trade Registry Number: 304844