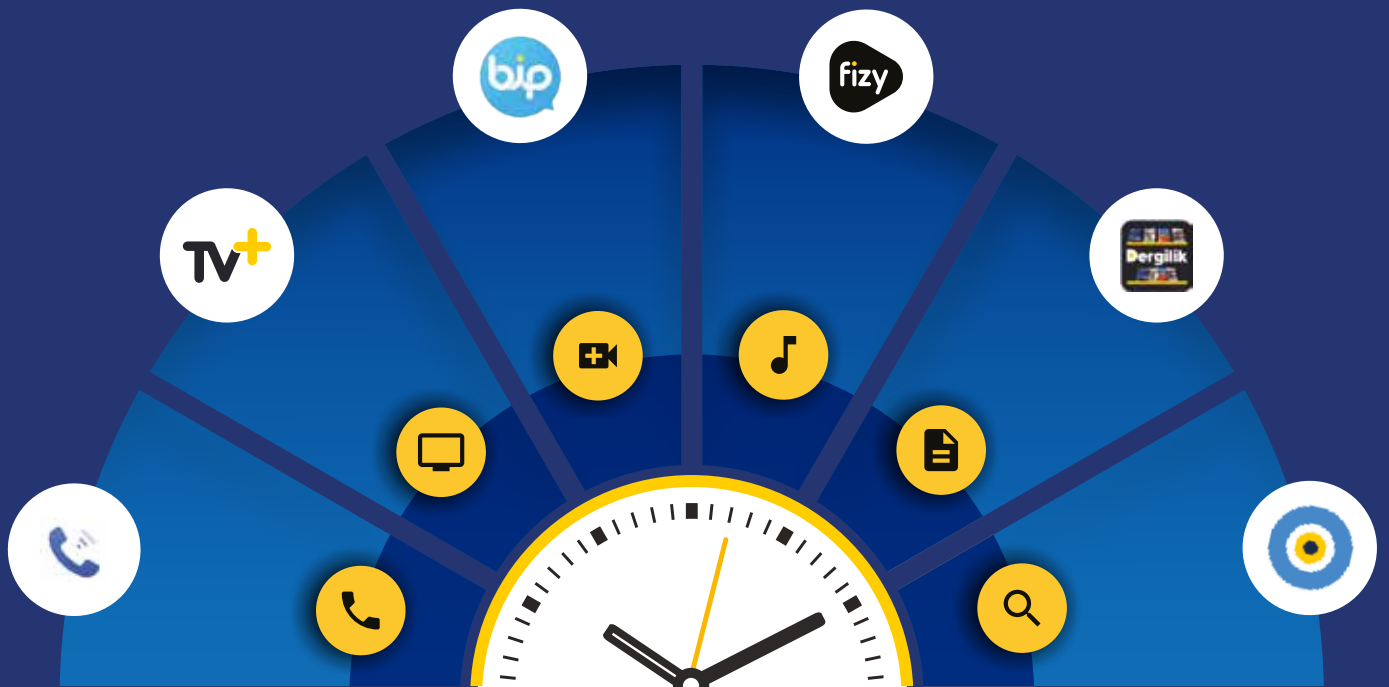




Annual Report 2017

1440 Minutes with Turkcell





About Turkcell

Turkcell is a digital operator headquartered in Turkey, serving its customers with its unique portfolio of digital services along with voice, messaging, data and IPTV services on its mobile and fixed networks.

Turkcell Group companies operate in 9 countries – Turkey, Ukraine, Belarus, Northern Cyprus, Germany, Azerbaijan⁽¹⁾, Kazakhstan, Georgia⁽²⁾, Moldova. Turkcell Group reported TRY 17.6 billion revenue in 2017 with total assets of TRY 34.0 billion as of December 31, 2017.

Turkcell launched LTE services in its home country on April 1st, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. In 2G and 3G, Turkcell's population coverage in Turkey is at 99.61% and 97.94%, respectively, as of December, 2017. Turkcell offers up to 10 Gbps fiber internet speed with its FTTH services.

It has been listed on the NYSE and the BIST since July 2000, and is the only NYSE-listed company in Turkey.

Read more at www.turkcell.com.tr

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.

⁽¹⁾ On March 5, 2018, Fintur has transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatirim Dis Ticaret A.Ş, 100% shareholder of Azericell, to Azerbaijan International Telecom LLC.

⁽²⁾ On January 25, 2018, Fintur signed a binding agreement with Silknet JSC, a joint stock company in Georgia, to transfer its 100% shareholding in Geocell.

TURKCELL
2017
INDICATORS

TRY **17.6** BILLION
REVENUES

35.3%
EBITDA MARGIN

50.2 MILLION
GROUP SUBSCRIBERS



You can have access to the Digital Annual Report with the QR Code.

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09:10

While Emre was reading the news on Dergilik at breakfast...



at the same moments, we pursued our preparations for 5G and achieved speed record in our 5G tests.



10:40

While Okan was searching Yaani for the nearest movie theater for the movie he wanted to watch that evening...



Yaani

at the same moments, we continued to work on our e-commerce platform to ensure a fast and secure shopping experience.



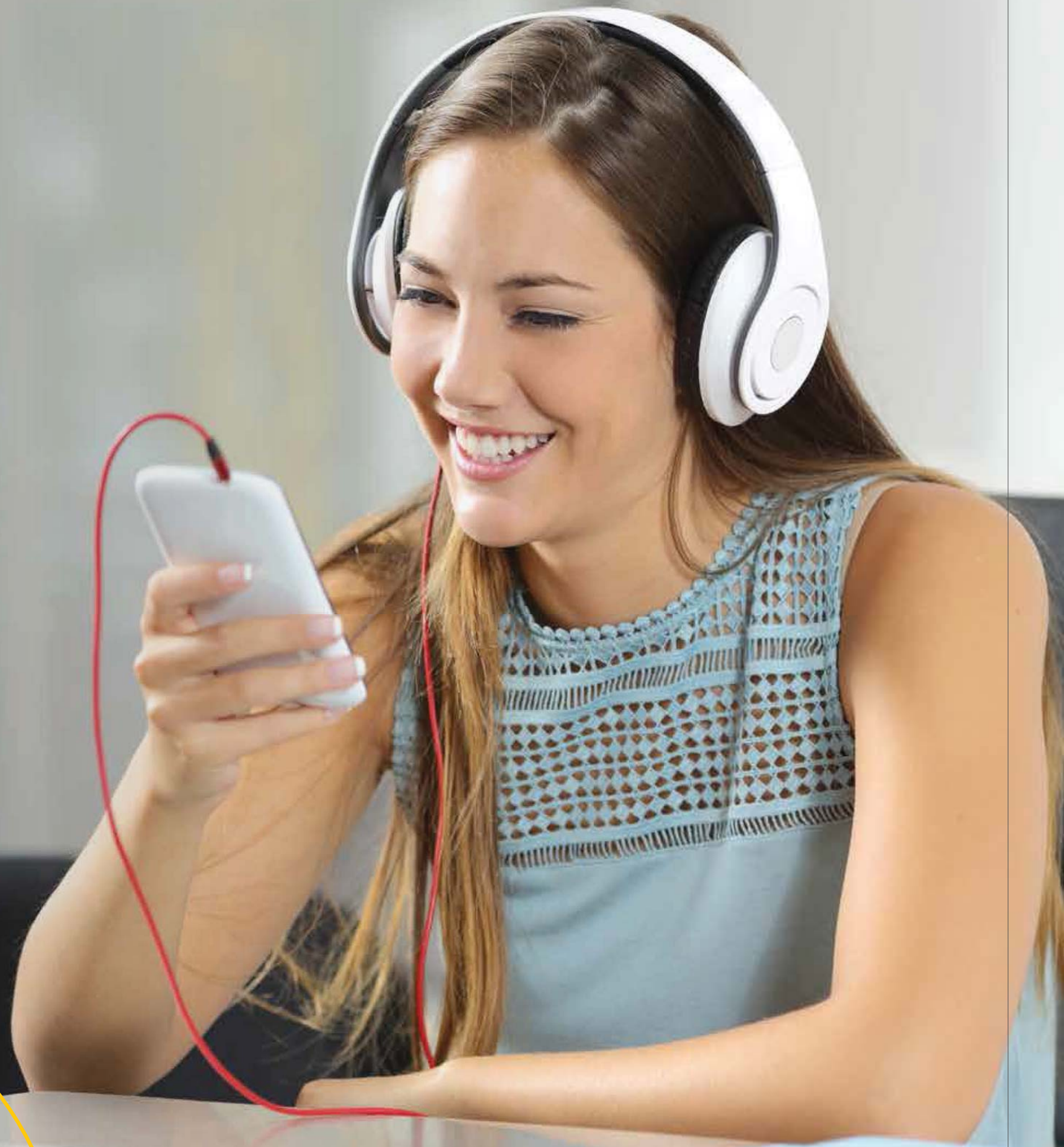
12:40

While Yeşim was cheering herself up with her favorite song list on fizy...

fizy

at the same moments, we launched Lifecell for those who increasingly use internet to meet their communication needs, in other words, whose life is the internet.

L I F E C E L L



15:20

While Çiçek and her mother were looking back at their memories stored on lifebox...



at the same moments, we were proud to see that our “Hello Hope” application, which we developed for Syrian refugees, was helping them experience happier moments in Turkey.



20:10

While Mert was connecting to life via BiP in his car on the way home...



at the same moments, we started off to work on the domestic car project, which will connect Turkey to the future.

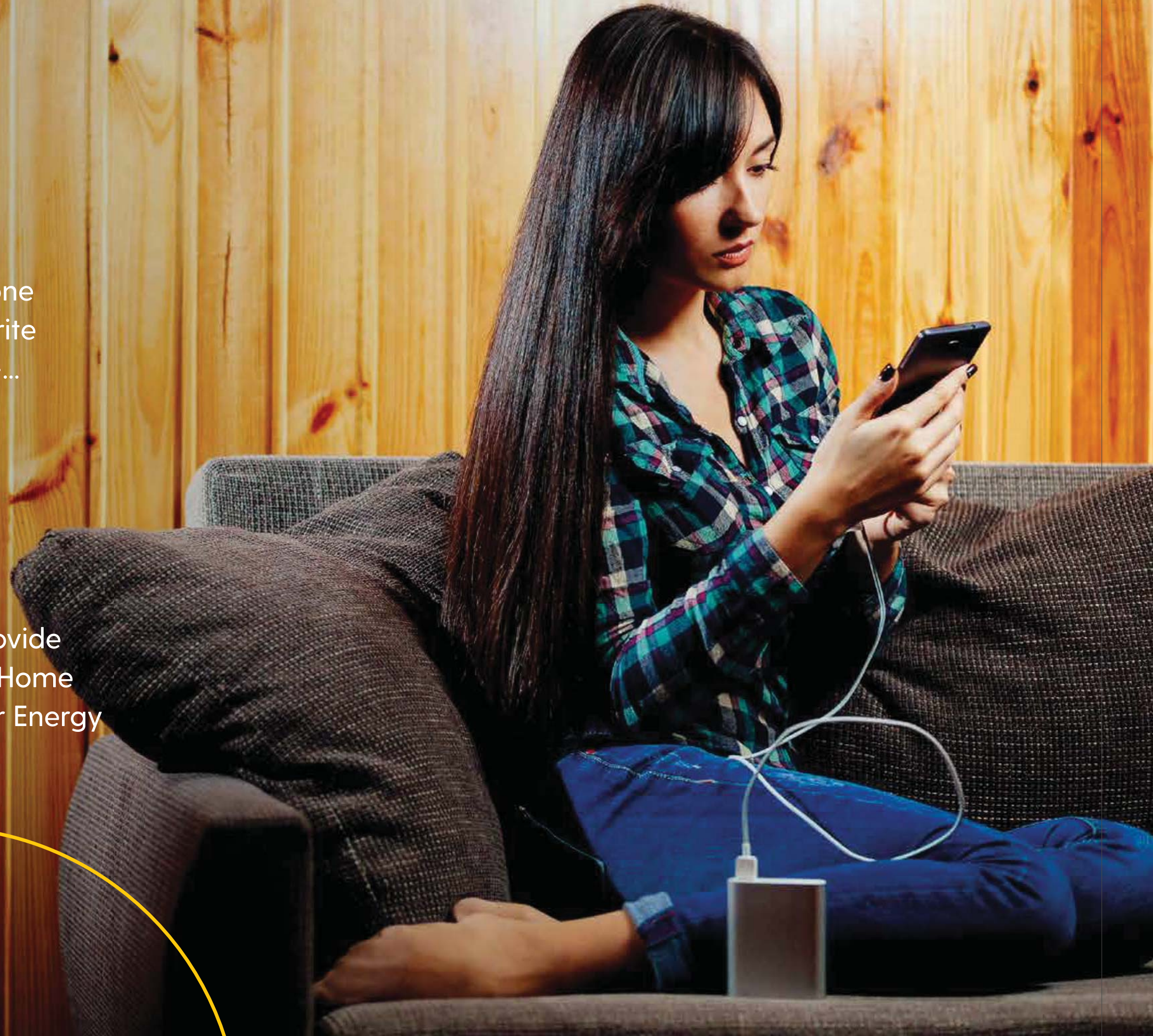


22:30

While Ayşe was charging her phone to watch the episode of her favorite show that she had missed on TV+...



at the same moments, we accelerated our efforts to provide uninterrupted electricity with the Home Battery product developed by our Energy Solutions Company.



CHAIRMAN'S MESSAGE

As Turkcell Group, we have completed 2017 as a year in which we began to witness the results of our long-term strategic plans...



We achieved all time high results both in revenue and EBITDA on a consolidated basis.

TRY 4.1 billion
With the responsibility of operating in a sector of great importance for Turkey's sustainable development, we made significant progress in 2017.
We carried the quality of our customer service to even higher levels through a TRY 4.1 billion investment this year.

Dear shareholders,

2017 was a year of major global and regional developments. While tension rose in the political and social arenas worldwide, a recovery process was observed in the economy. In spite of rising geopolitical risks in our geography, our country has gained strong momentum on the back of economic reforms introduced and measures taken to boost economic activity.

In 2017, as Turkcell Group, we registered record results in step with our principle of creating value for our shareholders with a team spirit. We achieved all time high results both in revenue and EBITDA on a consolidated basis. While we posted TRY 17.6 billion of consolidated revenues on 23.4% growth, we increased our EBITDA margin by 3 percentage points to 35.3%. We recorded net income of TRY 2.5 billion excluding the one-off impact of the tax settlement.

At the Ordinary General Assembly Meeting held on May 25, 2017, it was resolved to distribute TRY 3 billion of dividends to our shareholders. Previously, we had distributed TRY 3.9 billion of dividends in 2015. Thus, by distributing 54% of our net income recorded since 2010 in dividends to our shareholders, we underlined our Company's strong balance sheet structure and growth potential.

With the responsibility of operating in a sector of great importance for Turkey's sustainable development, we made significant progress in 2017. We carried the quality of our customer service to even higher levels through a TRY 4.1 billion investment this year. We will press ahead to invest in innovative products and services in the coming period that contribute to Turkey's future in fulfilment of our responsibility to our shareholders, our customers and, our country.

Two well-known fundamental criteria must be observed in measuring the success of a company. The first is the creation of value from an economic perspective, and the second is the earning of respect from a reputational standpoint. I believe that we have given a performance befitting Turkcell as both a reputable and a profitable company, which is admired and appreciated on both fronts.

TOWARDS TURKCELL'S ECOSYSTEM...

Established in 1994 as Turkey's first mobile operator, Turkcell has now been a pioneer across many areas for 23 years. Today, we continue to transform the latest technologies into products that will provide the highest benefit to our customers, and offer them as our services.

When looking back, we note the major changes that the technological world has undergone over the past 23 years. Today, as new business areas and occupations emerge that didn't exist 23 years, or even 3 years ago, we face both new risks and opportunities. Ours is an era, in which it is impossible for those who cannot pursue their strategies, resource planning, business models and work force by adapting to conditions shaped by the winds of digitalization to succeed. As a brand at the center of this significant change, particularly over the past 4-5 years, we are determined to remain among the pioneers of change by keeping pace with progress, rather than being swept away by those same winds of change. Momentum in terms of our digitalization that primarily started internally was quickly disseminated into our operational areas. We digitalized all business processes from our products and services to our human resources policies, from sales channel management to technological infrastructure tracking, and from customer demand and complaint processes to financial operations and made them instantly trackable.

Another step in the digitalization process was the swift launch of digital services most suitable to meet the needs and expectations of our customers. With our digital services developed by 1,000 R&D engineers, we began to be referred to as a "digital operator" in today's world. This digital transformation is of vital importance in carrying our solid financial structure and strong customer base into the future. And so we have continued to add value to our customers' lives by providing popular digital services, such as fizy, TV+, BiP, lifebox, UpCall, Dergilik and Yaani, in addition to legacy telecommunication services.

In 2017, as Turkcell Group, we registered record results in line with our principle of generating value for our shareholders with a team spirit.



WE ARE DEVELOPING PIONEERING TECHNOLOGIES...

Successfully managing digital transformation has now elevated our Company to the status of a global exemplar. We provide all of these digital services via our superior 4.5G network.

We also achieved considerable success in the area of Internet of Things, which we expect to become one of the carrier technologies of the Industry 4.0 world to be established with 5G. We became the first operator to open the Narrow Band – Internet of Things support, required for the use of new generation applications, for service in Turkey. We expect Narrow Band technology, which enables real time measurement, to make a great contribution to life with the difference it creates in numerous areas from smart cities to the health sector.

Another step we took as part of our vision of “Turkey as producing technology, rather than consuming it” was our support for the operation of the first local base station. In this context, we became the first operator to test Turkey’s first local 4.5G base station antenna on the existing operational network.

We continued our studies towards the development of 5G technologies this year to extend the leadership we enjoy in 4.5G to 5G. We play a pioneering global role in the development of 5G technologies with the national and international collaborations we have realized. As the mobile operator to have performed the first speed test in Turkey with real 5G equipment, we ranked among the countries to have shaped the development of 5G technology in the world with the knowledge and experience arising from our diverse cooperation.

Another key development of 2017 is that we claimed our place within Joint Initiative Group for Turkey’s Automobile Project formed to locally manufacture

a national automobile. As Turkey’s Turkcell, we are proud to support this domestic and national automobile project initiated under the leadership of our President. We believe we can make a significant contribution to Turkey’s Automobile Project with our superior communications infrastructure, and strong engineering and software competencies.

We have conducted activities that confirm our claim to be a “digital operator” in the field of health informatics. Notably, we have delivered Yozgat and Adana City Hospitals, Turkey’s first city hospitals, where end-to-end technology infrastructure is provided by Turkcell, to our Ministry of Health. Yozgat City Hospital today ranks among the world’s most reputable digital hospitals after being granted Level 6 certification from HIMSS (Healthcare Information and Management Systems Society) Turkey, which accredits Turkey’s best IT applications and solutions based on innovation. We will continue to accelerate our support for the City Hospitals model, recognized as a game changer in the health sector, over the coming period.

Carrying its expertise and experience to different business areas, Our Group continued to diversify its service areas in 2017 as well. Turkcell Enerji Çözümleri (Energy Solutions Company) commenced operations upon being licensed by EMRA (Energy Market Regulatory Authority). Backed by Turkcell’s network capabilities and technological competence, Turkcell Enerji will provide key solutions in energy efficiency, a priority agenda item of our time.

A large team is working to transform Turkcell’s intellectual capital and technological knowledge into the products and services I have mentioned above, and to offer them for the service of humanity, both in Turkey and the world. Thanks to the R&D experts employed by Turkcell Teknoloji, one of Turkey’s largest and most reputable R&D centers, the number of countries in which we export technology reached 15, together with Turkcell Group.



We decisively support the UN Sustainable Development Goals as well as 2023 Vision and direct our social investments in this direction.

CHAIRMAN'S MESSAGE

Our projects geared towards the disabled, which hold a special place in Turkcell's social responsibility efforts, continued successfully in 2017.



As the Board of Directors and Management Team, we are aware of the key role played by the products and services provided by Turkcell in the sustainable development of our national economy, and in improving the quality of life in Turkey and the wider region.

SUSTAINABLE DEVELOPMENT GOALS AND OUR SOCIAL INVESTMENTS FOCUSED ON VISION 2023...

We carried out many social responsibility and sponsorship activities in 2017 aimed at creating social added value with the participation of our stakeholders ranging from our shareholders to non-governmental organizations.

The number of classes we offer in the Whiz Kids Project, initiated under the auspices of the Ministry of National Education, has reached 20. With this project, we aim to introduce uniquely talented students to new generation technology and education within the scope of our social investments in education. In addition to the Gökçeada Greek Middle School and High School, we swiftly completed the construction of three high school buildings in Istanbul, handing them over to our Ministry of National Education. Within the scope of another scheme we carried out with the Governorship of Istanbul, we undertook the restoration of the historic Selimiye Barracks.

Additionally, our projects geared towards the disabled, which hold a special place in Turkcell's social responsibility efforts, continued successfully in 2017. The news that brought the greatest joy, both to us and Turkey in general, came from our Amputee National Team in 2017. Our National team, supported by Turkcell competing at the European Amputee Football Championship, were crowned the champions, in a moment of great pride for all.

We reached out to over 10 thousand disabled students with special education needs through the People without Boundaries Project, which we launched to include disabled young people in education and business life. We also facilitated communication for our disabled citizens with the My Dream Companion and My Sign Language applications.

Meanwhile, the Hello Hope application, which we developed to meet the primarily language-related social needs of our Syrian guests for fuller adaptation to social life, made a tremendous global impact. Indeed, it has been awarded by respected global institutions such as ITU, GSMA and UNESCO.

Elsewhere, while we initially provided 100 women with remote employment opportunities within the scope of the "Women Developers of the Future" Project, launched jointly with TOBB (The Union of Chambers and Commodity Exchanges of Turkey)

Women Entrepreneurs, a new course was launched for the employment and entrepreneurial development of women.

A source of great pride for us, whenever "humanitarian aid" is mentioned in today's world, the first country that comes to mind is Turkey. We can state with great pride that today, Turkey is both a superpower and a major global figure in terms of its humanitarian contribution as measured by the ratio of aid provided to national income. Thus far, we have mobilized our full potential on this front and diligently played our part in the shared effort. Going forward, we will continue our humanitarian activities with the same determination, particularly in education, the active participation of the disabled in social life, and the assistance of refugees.

WE WILL MAINTAIN OUR POSITION, BOTH IN ECONOMIC AND HUMANITARIAN ACTIVITIES...

As the Board of Directors and Management Team, we are aware of the key role played by the products and services provided by Turkcell in the sustainable development of our national economy, and in improving the quality of life in Turkey and the wider region. And so, by drawing strength from our advanced technological infrastructure at international standards, and from our competent human resources, we will continue to increase our service quality and diversify our products in the coming period in line with customer needs and expectations, with the same determination and enthusiasm.

We express our gratitude to all our business partners and employees, but primarily to our shareholders, who have supported the activities of Turkey's Turkcell in 2017. We hope to earn more for our shareholders, to contribute further to the prosperity of our country, and to live and share the peace and happiness of fulfilling our duties...

Respectfully yours...

AHMET AKÇA
Chairman of the Board of Directors

We love him so much

Happy Republic Day



#welovehimsomuch



BOARD OF DIRECTORS



FRONT ROW, FROM LEFT TO RIGHT:
ATILLA KOÇ, AHMET AKÇA, MEHMET HİLMİ GÜLER

BACK ROW, FROM LEFT TO RIGHT:
BEKİR PAKDEMİRLİ, JAN ERIK RUDBERG, ERIK BELFRAGE, MEHMET BOSTAN

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 1981 to 1988, Mr. Akça served as a Foreign Trade Manager in the glass and food industry. In 1988, he became the CEO of an International Trading Company, and held that responsibility 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.

ATILLA KOÇ**Independent Board Member***

Atilla Koç was appointed to the Board of Directors by Capital Markets Board decision. Having worked as an Undersecretary at the Ministry of Interior, and as 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 the 22nd and 23rd period of the Grand National Assembly of Turkey and as 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.

MEHMET BOSTAN**Board Member****

Mehmet Bostan was appointed to the Board of Directors by Capital Markets Board decision. Mr. Bostan formerly worked as Senior Marketing Manager at BNP Ak Dresdner Bank A.S., Manager at TSKB, Chief Turkey Representative of Dresdner Bank AG and Deputy General Manager at Gunes Sigorta. Between the years of 2010-2016, he served as the General Manager and Board Member of Vakıf Emeklilik and concurrently, between the years of 2010-2016, he was responsible as the Board of Directors and Board Member of Pension Monitoring Center. He has been serving as a Board Member of Petkim since 2016. During his tenure as the President of the Turkish Prime Ministry Privatization Administration, he was appointed Chairman of the Board and General Manager of the Sovereign Wealth Fund of Turkey on November 2, 2016, holding the position until September 2017. He is also a Board Member of the Turkish Tennis Federation. Mr. Bostan graduated in International Relations from the Faculty of Economics at Istanbul University. He holds an MBA from Bilgi University.

DR. BEKİR PAKDEMİRLİ**Board Member****

Bekir Pakdemirli was appointed to the Board of Directors by Capital Markets Board decision. Bekir Pakdemirli has been an entrepreneur in food, computer and automotive industries, besides taking roles in the establishment and management of various companies. During his career, he also served as the General Manager of a ceramics company, which is among the 500 industrial companies in Turkey and a publicly traded food company. He has served in executive management positions at McCain Foods, a multinational company, and still offers consultancy services to McCain Company. Serving as a Member of the Board of Directors of Albaraka Türk Participation Bank, Pakdemirli also continues his roles as a member of the Board of Directors of Tarkem Tarihi Kemeraltı A.Ş., Turkish Foundation for Mental Healthcare, as well as being a Member of the Board of Trustees of Anatolian Autism Foundation and a Member of Capital Markets Investors Association with his attention to social responsibility. In addition to this, Mr. Pakdemirli is also involved in visual media interviews based on different aspects of economy. He is a captain, pilot and an amateur radio operator. After graduating from Bilkent University, Faculty of Business Administration, he completed his Master's degree in Management at Başkent University, and 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 has also been a Member of the Board of Directors of PJSC 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 as the Chief Executive Officer of Ericsson Information Systems Sweden AB, and having held several managerial positions at IBM. Mr. Rudberg holds 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. He has served as Senior Vice President at SEB between 1987 and 2011, and as an advisor to Dr. Peter Wallenberg between 1987 and 2015. In 2011, Mr. Belfrage set up a consultancy firm Consilio International AB, of which he is also 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 were appointed by the Capital Markets Board as "Independent Board Members" pursuant to Article 17, second paragraph, of the Capital Markets Law No.6362. The CMB decision was dated March 11, 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. The CMB decision was dated 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. The CMB decision was dated September 13, 2013.

MESSAGE FROM THE CEO

As Turkcell Group, we not only beat the records of previous years and quarters in 2017, but also achieved our 3-year targets announced at the end of 2015, one year ahead.



As Turkcell Group and Turkcell Turkey, we continued to create value for our shareholders in 2017 by achieving record revenue and profitability performance, and through a sustainable dividend policy.

In line with our vision of constant development, we had initiated Turkcell's digital transformation in 2015, and on April 1st, 2016, we paved the way for a truly digital world with our 4.5G launch. In 2017, this process continued at an accelerated pace, and we reached the point where we now position Turkcell as the world's first digital operator. While our customers' preferences propelled the digital operator Turkcell to the leadership position in Turkey, our transformation story also became a best-case example on a global scale. Thanks to this success story, we continued to add value to our shareholders' worth.

SUSTAINABLE, PROFITABLE GROWTH PERFORMANCE

As Turkcell Group and Turkcell Turkey, we continued to create value for our shareholders in 2017 by achieving the record revenue and profitability performance, and through a sustainable dividend policy. With the TRY 3 billion in dividends paid out in 2017, we have distributed 54% of our net income recorded since 2010.

Turkcell Group's total revenue increased 23.4% to TRY 17.6 billion and EBITDA rose 34.8% to TRY 6.2 billion, leading to an EBITDA margin of 35.3%. Turkcell Turkey, which constitutes 88% of our group revenues, grew 20.8%, while raising its EBITDA margin to 36.2%.

Turkcell Turkey's total subscriber number increased by 4% to 36.7 million, while the average data consumption of the 4.5G user rose as of December to 6.0 GB. Turkcell Turkey's mobile triple play subscriber ratio reached 55.8% with a 14 percentage point increase, while the multi-play with TV ratio stood at 44.4% level on the fixed side.

OUR DIGITAL SERVICES THAT ADD VALUE TO OUR CUSTOMERS' "1440 DAILY MINUTES"

As Turkey's leading digital operator, in addition to providing legacy communication services, we continued to develop digital services that enrich the lives of our customers throughout the 1440 minutes of their day. We now measure our success in terms of the benefit that we provide to our customers, based on the value we create in their 1440 minutes. Thanks to this approach, today, our digital services and solutions play a bigger part in our customer's lives than the mere 31-minute phone call initiated and received by an average phone user, or the raw data consumed on the services offered by other service providers.

We enhanced the messaging, audio and video calling capabilities of our digital communications platform BiP, by adding the group video call feature for up to 6 people. With 2 billion messages sent in the last month of 2017, BiP surpassed the number of SMS messages sent, marking a first. Enriched with our telco capabilities, BiP offers a wide variety of solutions and services ranging from multi-screen calls to digitalized customer services, from entertainment to banking, and from app-to-network calls to web-based communication.

This year, we continued live concert broadcasts on fizy, which surpassed its international rivals as Turkey's most popular music application. During summer concerts, each of which reached nearly 200 thousand viewers, the number of users watching concerts over the application at the same time reached 80 thousand people at any one time. Proving our claim made during the launch of 4.5G that we would change the TV experience on the small screen, TV+ reached record viewing times. The mobile users' daily average TV viewing duration rose from 34 minutes by the end of 2016 to 63 minutes at 2017 year end. Our digital publishing app, Dergilik, which offers users 413 magazines and 75 newspapers created a significant revival in publishing industry, delivering scientific journals and lifestyle publications throughout Turkey, even to areas that some publications could not previously reach at all.

In the last quarter of the year, we launched Yaani, Turkey's search engine. Yaani, designed to understand the unique syntax of Turkish, help internet users in Turkey access the most accurate information and local resources. Having reached 1 million downloads in just 9 days, and 3.5 million downloads currently, Yaani thereafter continues its impressive growth, a performance which confirms our initial assessments that there is a significant gap in Turkey on this front.

Encouraged by our customers preferences and the performance of our digital services, in September, we launched Lifecell, which offers all services including calling and messaging via mobile internet and the digital platform.

1440

As Turkey's leading digital operator, in addition to providing legacy communication services, we continued to develop digital services that enrich the lives of our customers throughout the 1440 minutes of their day.



While our customers' preferences propelled the digital operator Turkcell to the leadership position in Turkey, our transformation story also became a best-case example on a global scale.



We aimed to digitize Turkcell not only in the world of services, but also in every medium through which we contact our customers.

We aimed to digitize Turkcell not only in the world of services, but also in every medium through which we contact our customers. In line with the target of enriching customer experience, we introduced a wide variety of changes at our retail stores, ranging from decoration and infrastructure to the trading model and the cultural transformation of our employees. Today, all customer transactions in Turkcell stores, including sales, can be performed on tablets by sales representatives serving customers wherever they are in the store. One of the factors making this possible was our digital signature application, the launch of which was another first for Turkey.

DIFFERENTIATED FINANCING SOLUTIONS FROM TURKCELL

Turkcell Finansman A.Ş., established in 2016 to provide flexible financing solutions for our customers' smart device needs, continued to serve at Turkcell's 3 thousand stores across Turkey in 2017. It reached total assets of TRY 4.6 billion, while granting TRY 4.2 billion in loans to approximately 3.1 million customers as of the end of 2017. Turkcell Finansman A.Ş., carrying out its operations under the Financell brand, has successfully participated in two asset-backed securities (ABS) issuances in April and August in exchange for total receivables of TRY 200 million, marking a first in non-banking sector in Turkey.

Another one of our tech'n initiatives, Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. transformed its Payment Institution License obtained from BRSA in 2016 into an Electronic Money License in 2017. Providing fast and easy payment services to over 2 thousand member companies and over 5 million customers with its Paycell brand, it offers fast payment services that facilitate our customers' lives, such as utility bill payments, fuel payments without leaving the vehicle, and Turkcell tariff purchases. The breadth of services and customer satisfaction also led to successful financial results.

CONTRIBUTION TO THE DIGITAL TRANSFORMATION OF THE ECONOMY, FROM HEALTH CARE TO TURKEY'S DOMESTIC CAR

As the presence of smart devices and digital services in our lives grows, we also observe the emergence of a new necessity. Our customers need secure authentication and payment systems for products and services they access over the internet. To meet this demand, we created an e-commerce model that not only facilitates the accessibility of our own digital services but also provides solutions to our corporate partners in Turkey's rapidly growing e-commerce market. Internet users are now able to securely access digital services through a GSM-based and easy-to-use authentication process with Mobile Connect, a GSMA-supported technology. By using the capabilities of Paycell and Financell, they can complete their online shopping through easy and secure payment methods, while receiving customer service support via BiP.

Our contribution to the technological transformation of industries in Turkey is not limited to our e-commerce platform. We are also taking concrete steps in education, health and energy sectors. Cooperating with Renaissance Sağlık Yatırım (Health Investment Company), we successfully completed the information management infrastructure of Turkey's first digital hospital, Yozgat City Hospital. Commencing its digitally-supported services on January 15, Yozgat City became one of the limited number of digital hospitals on the global scale, while Turkcell has once again proved its competence in integrated information technologies.

Within the framework of our vision of providing integrated communication and technology services, we launched Turkcell Enerji Çözümleri (Energy Solutions) company this year to provide energy management technologies. Besides providing our customers uninterrupted electricity with Turkcell's service quality, we are excited to offer systems and solutions that will enable more efficient energy consumption.

MESSAGE FROM THE CEO

As Turkcell, we registered significant achievements also in 2017, in line with the objective of supporting Turkey on its domestic production trajectory.



Now there is a new milestone in the digital transformation of both the Turkish and global economies: 5G technologies. As Turkcell, we have made all of our investments within this framework since 4.5G.

Encouraged by the value our technology has created in these sectors, we became one of the five founding participants of "Joint Initiative Group for Turkey's Automobile Project" initiated under the auspices of our President Mr. Recep Tayyip Erdoğan. We are excited to reflect our expertise to the project in the fields of energy, smart cities and the Internet of Things, as well as our success in producing innovative solutions.

STEP BY STEP TOWARDS 5G...

Now there is a new milestone in the digital transformation of both the Turkish and global economies: 5G technologies. As Turkcell, we have made all of our investments within this framework since 4.5G. During 2017, we equipped both our mobile and fiber 4.5G infrastructure with leading-edge technologies and accelerated our digital transformation targeting 5G technology. Being the first operator to offer NB-IoT (Narrow Band - Internet of Things) support in Turkey, Turkcell is one of the world's pioneering companies to have launched this technology.

We aim to contribute to Turkey's sustainable future by leveraging this technology, which ensures that devices communicate swiftly and effectively, for longer durations and over wider distances.

DOMESTIC AND NATIONAL TECHNOLOGICAL INFRASTRUCTURE...

As Turkcell, we again registered significant achievements in 2017, in line with the objective of supporting Turkey on its domestic production trajectory. Having started to offer 4.5G communication services from ULAK base stations, entirely produced domestically, our Company provided strong support to unleash the competence of the local R&D sector. Our cooperation with ITU and Uludağ University successfully continues in line with our target of utilizing and advancing Turkey's academic facilities in our 5G-focused studies.

WE ARE A GLOBAL BRAND IN CORPORATE SOCIAL RESPONSIBILITY.

One of the key focal points of our successful applications in Turkey in terms of production of technology and innovative use of produced technology, is "technology for people". In other words, the use of our products by customers most in need of facilitating their lives with technology.

In 2017, we developed a wide portfolio of products and projects that catered to a wide spectrum of individuals ranging from our disabled brothers and sisters, and friends from Syria who took refuge in Turkey, to entrepreneur candidates, and our talented students. Our contribution to the community also made itself heard on at the global level. Our "Hello Hope" application, which facilitates the lives of our Syrian guests, has been deemed worthy of awards and received appreciation from various institutions of the United Nations, such as ITU, Global Compact and UNESCO, as well as GSMA, the umbrella organization of our sector. We developed an app for the hearing impaired by adding the "My Sign Language" application to our digital solutions, having thus far developed similar apps more for the use of the visually impaired.

The Beehive (Arıkovanı) Platform, which we initiated within the framework of the crowd funding model, filled an important gap in the Turkish innovation ecosystem by paving the way for innovative projects such as Alya, Bean, Otsimo, Zchool and Invidyo to become actual products. We took steps both in and beyond Turkcell to educate our children and equip the working population with new competencies. Almost one in every three Turkcell employees applied to the "Digital Masters" program that we launched for them to develop their competencies in digital technologies, while we provided mobile application development training to over 1,000 women entrepreneurs beyond Turkcell.

OUR SUCCESS WILL CONTINUE MOUNTING WITH THE DIGITAL TRANSFORMATION PROCESS...

We express deep gratitude to all our stakeholders, especially to our shareholders, who supported us in our breakthrough in 2017, in which we achieved milestones within the scope of our digital transformation process. We will continue to create value for all of our stakeholders in the upcoming period by offering a greater number of innovative products and services that add value to our customers' lives.

Yours Sincerely,

KAAN TERZIOĞLU
Turkcell CEO

THE GREATEST VICTORY IS TO BE TOGETHER!

IN HONOUR OF THE ANNIVERSARY OF VICTORY DAY ON 30 AUGUST,
TURKCELL CUSTOMERS ARE GIVEN MINUTES AND DATA AS A GIFT.



EXECUTIVE OFFICERS



KAAN TERZİOĞLU (1)

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 at Arthur Andersen 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 EMEA, 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.

BÜLENT AKSU (2)

Executive Vice President – Finance (CFO)

Bülent Aksu has been appointed as the Chief Financial Officer, effective as of July 20, 2016. He has 20 years of managerial experience in the field of finance, accounting, tax and management in various sectors including energy, petrochemicals, textiles and auditing. Bülent Aksu started his professional career as an inspector on the Inspection Board at Kuveyt Türk A.Ş. in 1997. He held the role of Finance Manager and CFO at Çalık Holding, respectively in 2003. He held the role of CFO and Board Member at Akfel Group between 2008 and 2012. He served as CFO at Petkim Petrokimya Holding A.Ş., a subsidiary of Azerbaijan's national oil and gas company SOCAR between 2012 and 2013, and most recently was the CFO at Star Rafineri A.Ş., a subsidiary of SOCAR. In 2016, Mr. Aksu was named among the 50 Most Efficient CFOs by Fortune Turkey Magazine. Mr. Aksu graduated from the department of Business Administration (English) of Istanbul University in 1996.

İSMAİL BÜTÜN (3)

Executive Vice President - Marketing

İsmail Bütün, has been appointed as Executive Vice President of Marketing (CMO) as of July 1, 2016. Mr. Bütün started his career at the Çuhadaroğlu Holding Moscow Office in 1996. Between 1997 and 2000, Mr. Bütün worked at Enka Group Foreign Trade department in Moscow as Sales and Business Development Manager. Starting from 2000, he worked at Nestle as CPW Turkey Country Manager, Regional Marketing Director for Central Asia based

in Uzbekistan and later as Head of National Key Accounts for Nestle Turkey. Starting from 2011, he served at Nestle's Global Headquarters in Switzerland, first as Business Excellence Manager at the Global Customer and Sales Management Unit and then as Marketing Manager at the Beverages Strategic Business Unit. Most recently, Mr. Bütün was the General Manager of Nestle Turkey Beverages Group and also served as a Board Member. İsmail Bütün, joined Turkcell as Senior Vice President of Retail Sales on January 15, 2016. İsmail Bütün, graduated from the Boğaziçi University Business Administration department in 1996.

SERHAT DEMİR (4)

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 professional career in 1997 at Dun&Bradstreet. He worked as a lawyer and held executive and directorial positions responsible for legal affairs at Yıldız Holding and Çalık Holding A.Ş. He was a Member of the Board of Directors of Çalık Holding AS, Albtelecom ShA, Banka Kombetare Tregtare ShA and Aktif Yatırım Bankası A.Ş. Serhat Demir graduated from the Faculty of Law at Istanbul University and has a Masters of Business Administration degree.

MURAT ERKAN (5)

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. 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 10 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.

SEYFETTİN SAĞLAM (6)

Executive Vice President - Human Resources

Seyfettin Sağlam joined Turkcell as Chief Group Human Resources Officer in July 2014. 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 (7)

Executive Vice President - Strategy

İlter Terzioğlu joined Turkcell in 2003 as Business Strategies, Regulation and Risk Consolidation Division Head. 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 had worked for Ericsson Turkey as the Assistant General Manager responsible for Turkcell between 1994 and 2002. He graduated from the Department of Econometrics at Istanbul University.

AYŞEM ERTOPUZ (8)

Executive Vice President - Digital Services and Solutions

Ayşem Ertopuz joined Turkcell in January 2016 as Strategic Planning Director. In March 2017, she was appointed Executive Vice President of Digital Services and Solutions. She started her career at Arçelik A.Ş., where she had served as Quality System Engineer between 1993 and 1997. She was appointed Strategic Consultancy Services Manager in Arthur Andersen in 1997. Joining Cisco's EMEA Region Organization in 2001 in Belgium, Ertopuz took managerial roles in several functions including Strategic Planning, Business Intelligence, Operations and Global Customer Management. She served as the Manager of Business Intelligence Group within Cisco's New York based Global Sales Strategy and Planning organization between 2006 and 2015, focusing on the fields of Service Providers sector, market and competition dynamics, business strategy and performance, utilization of digital services in new business models. Ayşem Ertopuz graduated from Middle East Technical University Industrial Engineering Department and received her MBA degree from New York University, Stern School of Business.

SERKAN ÖZTÜRK (9)

Executive Vice President - Customer Experience and Information Technologies

Serkan Öztürk joined Turkcell in 2000 as Project Supervisor. He was appointed as Executive Vice President of Customer Experience and Information Technologies as of August 2017. Previously, he worked as Project Supervisor and Manager at Turkcell Project Management Office between 2000 and 2009. He served as Chief Information Technologies Officer in Life-Ukraine between 2009 and 2010 and in Turkcell Superonline between 2010 and 2011. Prior to his recent appointment, he has been serving as Director of Customer Relations Management and Business Intelligence Solutions (CRM & BIS) and Executive Vice President of Information and Communication Technologies. Serkan Öztürk graduated from Middle East Technical University Electrical and Electronics Engineering department. He received his MBA degree from Istanbul University.

GEDİZ SEZGİN (10)

Executive Vice President - Network Technologies

Gediz Sezgin joined Turkcell as Network Engineer in 1995. He was appointed as Executive Vice President of Network Technologies as of March 2017. Previously, he served as Senior Vice President of Network Technologies under the Technology Function, Senior Vice President of Information and Communication Technologies, Director of Application Operations, Director of Service Network under the ICT Function and held various executive positions in the Technology Function. Mr. Sezgin started his career at Alcatel Teletaş in 1991. He graduated from Istanbul Technical University in Electronics and Communication Engineering and received his Master's degree from the same university.

ALİ TÜRK (11)

Executive Vice President - Supply Chain Management

Ali Türk joined Turkcell as Senior Vice President of Supply Chain Management in 2016. He was appointed as Executive Vice President of Supply Chain Management as of March 2017. Mr. Türk started his career at Başak Hayat Sigorta in 1999. Between 2002 and 2007, he held various managerial positions responsible for logistics planning, warehouse and supply chain management processes at Ülker Group Companies. Between 2007 and 2011, he worked at Ceva Lojistik as Warehouse and Value Added Operations Group Manager. Joining Turkish Airlines in 2011 as Cargo Operations Vice President, Mr. Türk has served as Turkish Airlines Cargo Operations President between 2012-2016. He graduated from the Industrial Engineering Department of Istanbul Technical University in 1999 and completed Istanbul Technical University Executive MBA program in 2001.

TOP MANAGEMENT OF SUBSIDIARIES



KAAN TERZİOĞLU (1)
Chief Executive Officer

Please see page 24 for detailed CV.

İSMET YAZICI (2)
General Manager of lifecell Ukraine

İsmet Yazıcı joined Turkcell in 2009. Mr. Yazıcı has been serving as the General Manager of lifecell, Turkcell's subsidiary in Ukraine, as of May 2017. Prior to this position, he worked as the Deputy General Manager of Sales and Business Development between 2009 and 2010 and as the General Manager between 2010 and 2011 at Global Tower. He served as the General Manager of BeST, Turkcell's subsidiary in Belarus, between 2011 and 2015 and as the General Manager of Kuzey Kıbrıs Turkcell between 2015 and 2017. 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's degree in Electric-Electronic Engineering at Hacettepe University in 1992, and postgraduate degrees in Political Science at Marmara University in 1998 and in International Marketing and Management at the University of Texas in 2001. He completed his second undergraduate degree from the Istanbul University, Faculty of Law in 2011.

DINA TSYBULSKAYA (3)
General Manager of BeST

In March 2016, Dina Tsybulskaya was appointed as the General Manager of BeST. Prior to this position, Tsybulskaya worked as the Chief Marketing Officer of the company from July 2012. She 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 mobile operator velcom until joining Turkcell Group. Dina Tsybulskaya received her bachelor's degree of Foreign Languages and International Politics from the Minsk University (Linguistics) in 2000, and her postgraduate degree in International Politics at the European Humanitarian University. Tsybulskaya also received professional certificates and diplomas in General Management and Economics from the Ontario Business School in 1999, in Marketing from the Chartered Institute of Marketing London in 2007 and in Business Development for Top Management from the TAG Business School and INSEAD Business School in 2012.

YORGOS YUANIDIS (4)
General Manager of Lifecell Ventures

Yorgos joined Turkcell Group as the General Manager of Lifecell Ventures on February 20, 2017. He started his career in 1975 as a Telecom Engineer in OTE Greece and then worked at various international firms. He worked as Core Network Engineering and Network IT Manager in Panafon/Vodafone between 1993 and 1997, as CTO at Cosmote between 1997 and 2000, as CEO at Otenet between 2000 and 2007 and as CEO in Romtelecom between 2007 and 2011. He served as Member and Chairman of the Board in Azerfon and AzerTelecom between 2012 and 2015. Before joining Lifecell, he held consultancy positions in several telecom companies and worked as Member of the Board and Advisor to Executives in Unisystems Turkey. He received his BSc in Electrical Engineering from Bogazici University in 1973 and his MSc in Electrical Engineering from University of Massachusetts at Lowell in 1975. He is fluent in English, Greek and Turkish and speaks French, Azeri and Romanian professionally.

DOĞUŞ KURAN (5)
General Manager of Turkcell Europe

Doğuş Kuran joined Turkcell on October 1, 2015 as Senior Vice President of Customer and Experience Management Function. He was appointed as Turkcell Europe General Manager as of September 1, 2017. Starting his career at Alcatel-Teletas, he served as Chief Sales and Operations Officer at Ericsson Turkey after holding executive positions in sales, business development and internet solutions consultancy within Cisco Systems and Microsoft Turkey organizations. 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 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.

NIHAT NARİN (6)
General Manager of Global Tower

Nihat Narin has been appointed as the General Manager of Global Tower as of June 2016. He also serves as Board Member at Inteltek Technology and Investments Co. and UkrTower LLC. Mr. Narin began his career in investment banking in 1996 and worked in various roles including corporate finance and research analyst. During his position at Ata Invest as Telecom Analyst, he worked in many IPO projects, including IPO of Turkcell. He joined Turkcell in 2000 and worked as senior specialist at Investor Relations Department until 2004. Subsequently, he served as Director of Internal Audit, Director of Investor Relations & International Media and Group M&A Director at Turkcell. Mr. Narin received his BA degree from the Faculty of Economics and Administrative Sciences at Marmara University and MBA degree from Middlesex University while completing his graduation project on Capital Markets of U.K. Mr. Narin also holds Turkish Capital Markets Advanced Degree License and Corporate Governance Licenses.



ÇAĞATAY AYNUR (7)

General Manager of 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 his appointment to this position, he had 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 at Martı Ltd. Çağatay Aynur graduated from the Department of Metallurgical Engineering at Middle East Technical University in 1993.

MEHMET CANTEKİN (8)

General Manager of Turkcell Finansman

Mehmet Cantekin joined Turkcell as Group Internal Audit Director in 2014 and in May 2016, he was appointed as the General Manager of Turkcell Finansman A.Ş. Starting his professional career in 1992 within the Banking Regulation and Supervision Agency (BRSA), Mr. Cantekin assumed various managerial positions until 2007. After working as a Department Head in BRSA in 2007, he assumed position as VakıfBank A.Ş. Credit Monitoring and Regional Offices Assistant General Manager. While working as VakıfBank A.Ş. Assistant General Manager, Cantekin also assumed position as the Chairman of the Risk Center of the Banks Association of Turkey in 2012. Mehmet Cantekin completed his BA degree in 1990 at Ankara University, Faculty of Political Sciences Finance Department. In 2006, he received a postgraduate degree in Accounting from the University of Illinois.

MELİKE KARA (9)

General Manager of Turkcell Payment and Electronic Money Services

Melike Kara has worked in managerial positions within Turkcell Mobile Financial Services Department since 2011. In February 2015, Ms. Kara was appointed as Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. General Manager. Kara graduated from the Middle East Technical University Department of Business Administration in 2004 and began working at PricewaterhouseCoopers Istanbul Office the same year. After 2 years of PwC experience, she assumed various positions in the field of marketing and business development within Garanti Bank Payment Services business line.

AHMET SEZER (10)

General Manager of Inteltek

Ahmet Sezer joined Inteltek in 2004 as the General Manager. Mr. Sezer began his career at Aselsan. Subsequently, 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 as General Manager at Probil. Ahmet Sezer graduated from the Electronics and Communication Engineering Department at Istanbul Technical University in 1982.

EREN EYĞİ (11)

General Manager of Azerinteltek

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

HARUN MADEN (12)

General Manager of Kuzey Kıbrıs Turkcell

Mr. Maden was appointed as the General Manager of Kuzey Kıbrıs Turkcell as of April 2017. Between 1986 and 1989, he started working as an Industrial Control and Automation Engineer at Kerimoğlu Makinacılık ve Ticaret. He worked for Datateknik between 1989 and 2002, as a Technical Director (1989-1991), Product Development Director (1991-1993), Sales and Marketing Coordinator (1993-1996) and Deputy General Manager (1996-2002), respectively. Between 2002-2006, he served as a Member of the Board of Directors and as the General Manager at Hızlı Sistem Bilişim and also as a Member of the Board of Directors at Hızlı Sistem Mağazacılık. In addition, Mr. Maden served as a Management Consultant at Türk Telekom in 2003 and 2004. He worked as the General Manager of Teletek Telekomünikasyon and Global İletişim between 2007 and 2009. Between 2010 and 2015, he held several executive roles at affiliated companies of İBB. Mr. Maden also worked as the Deputy General Manager of İBB Kültür in 2011, Founder and Chairman of the Executive Board of İBB İstelkom between the years 2012 and 2015 and as a Member of the Board of Directors and General Manager of İBB Belbim between 2010 and 2015. Mr. Maden worked as the General Manager, as the Chairman of the Executive Board and as an Advisor at PTT between 2015 and 2017. He is also a Member of the Board of Directors of Turing and Automobile Association of Turkey since 2012. Harun Maden completed his undergraduate studies in Istanbul Technical University at the Faculty of Electrics, Department of Electronic Communication in 1982.

ERKİN KILINÇ (13)

General Manager of Turkcell Energy Solutions

Erkin Kılınc joined Turkcell Energy Solutions in 2017 as the General Manager. Mr. Kılınc began his career as Sales Specialist at Ode Insulation in 1998. Subsequently, he served as Sales Specialist at Doğan Foreign Trade & Agency Operations (2001-2003), as Energy Trade Group Manager at Akenerji (2003-2009), as Energy Projects Coordinator at Akfel Group (2009-2011), as Turkey Sales Director at RWE (2011-2015) and as Assistant General Manager at Limak Energy (2015-2017). Erkin Kılınc received his bachelor's degree in Mechanical Engineering at Istanbul Technical University in 1998, and Executive MBA degree at Işık University in 2003.

TURKCELL GROUP

Turkcell Group companies operate in nine countries including Turkey, Ukraine, Belarus, TRNC, Germany, Kazakhstan, Georgia, Moldova and Azerbaijan.



^(*) Our OTT TV customers are included in our total TV customers. Our total TV customers are 2.2 million as of 2017.
^(**) On January 25, 2018, Fintur signed a binding agreement with Silknet JSC, a joint stock company in Georgia, to transfer its 100% shareholding in Geocell.
^(***) On March 5, 2018, Fintur has transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatirim Dış Ticaret A.Ş, 100% shareholder of Azercell, to Azerbaijan International Telecom LLC.

OUR VISION AND TARGET



OUR VISION
Digital Operator
Turkcell



OUR TARGET
Global Leadership
through Digital
Services



2017 AT A GLANCE

Remarkable results on the back of digital transformation...



Group revenues increased by 23.4% year-on-year to TRY 17.6 billion while EBITDA rose by 34.8% to TRY 6.2 billion.



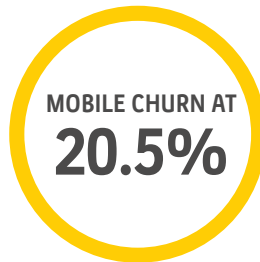
Highest of past 9 years



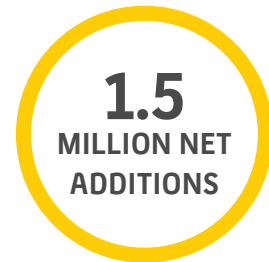
Mobile triple play subscribers ratio⁽¹⁾ reached 55.8%, up 14pp year-on-year; and multiplay with TV subscribers⁽²⁾ reached 44.4%, up 9pp year-on-year.



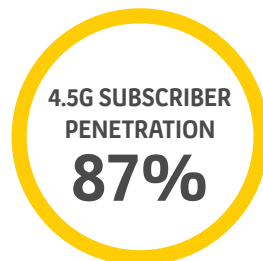
With the 3 billion TL in dividends paid out in 2017, we have distributed 54% of our net income recorded since 2010.



Lowest of the past decade



36.7 million total subscriber base in Turkey with a net addition of 1.5 million subscribers in 2017



72% smartphone penetration, 15 million 4.5G compatible smartphones in our subscriber base



As of December 2017, average monthly data usage per 4.5G user



Our new brand Lifecell, that offers all communication services via mobile internet and the digital platform, reached 242 thousand subscribers as of February 2018.

⁽¹⁾ Share among mobile voice users excluding subscribers who have not used their lines in the last 3 months

⁽²⁾ Multiplay subscribers with TV: Internet + TV users & internet + TV + voice users

MILLIONS OF HEARTS BEATING FOR THE ONLY TURK AT THE NEW YORK STOCK EXCHANGE.

We as Turkcell are proud of representing our country at the New York Stock Exchange for exactly 17 years. Your support throughout this journey enabled us to break the growth record of the last decade in the second quarter of 2017. We thank you all.

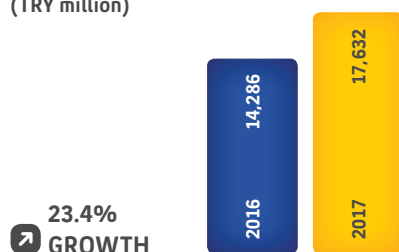


2017 HIGHLIGHTS

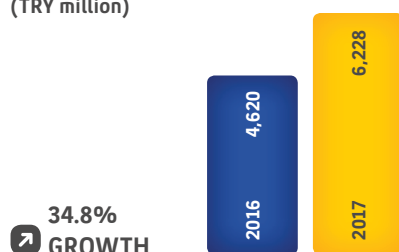
Turkcell Group revenues reached TRY 17.6 billion on 23.4% growth, while EBITDA rose 34.8% to TRY 6.2 billion and the EBITDA margin stood at 35.3%.

FINANCIAL HIGHLIGHTS

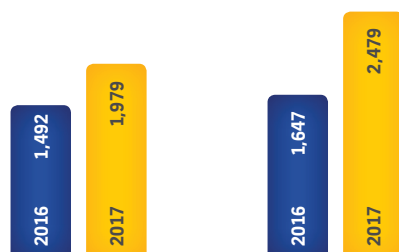
Turkcell Group Revenues
(TRY million)



Turkcell Group EBITDA⁽¹⁾
(TRY million)



Turkcell Group Net Income and Net Income
excluding Tax Settlement⁽²⁾ (TRY million)



Net Income

Net Income Excluding Tax
Settlement

Turkcell Group Financial Indicators

	2016	2017	Change
Turkcell Turkey (TRY million)			
Revenues	12,788	15,450	20.8%
EBITDA	4,161	5,594	34.4%
EBITDA Margin (%)	32.5%	36.2%	3.7 pp
Turkcell International (TRY million)			
Revenues	875	1,067	22.0%
EBITDA	235	264	12.2%
EBITDA Margin (%)	26.9%	24.7%	(2.2pp)
Turkcell Other Subsidiaries⁽³⁾ (TRY million)			
Revenues	623	1,115	78.9%
EBITDA	223	370	65.9%
EBITDA Margin (%)	35.8%	33.2%	(2.6pp)

⁽¹⁾ EBITDA is a non-GAAP financial measure.

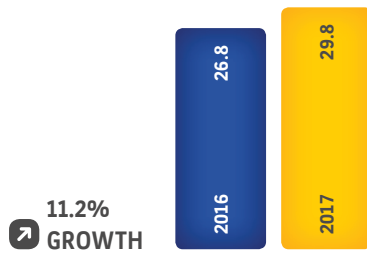
⁽²⁾ Excluding the TRY 500 million net income impact of the tax settlement in Q417 and TRY 136 million net income impact of the tax amnesty in Q316.

⁽³⁾ "Other subsidiaries" is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations.

In 2017, the total number of customers was 50.2 million, of which 36.7 million were in Turkey.

OPERATIONAL INDICATORS

Mobile ARPU (TRY)



Operational Indicators (Turkcell Türkiye)

	2016	2017	Change
Number of Subscribers (million)	35.3	36.7	4.0%
Mobile Postpaid (million)	17.4	18.5	6.3%
Mobile Prepaid (million)	15.7	15.6	(0.6%)
Fiber (thousand)	1,043.9	1,204.3	15.4%
ADSL (thousand)	818.0	921.4	12.6%
IPTV subscribers (thousand)	359.7	505.9	40.6%

On the mobile front, the number of our mobile customers reached to 34.1 million with gain of 1.0 million new customers, the highest value of the last six years. The share of our postpaid customers increased to 54.2% of our total mobile customer base.

On the fixed front, we reported 264 thousand net additions to our fixed customer base in 2017; 160 thousand were fiber and 103 thousand were ADSL customers. Our fixed customers exceeded 2.1 million, while our fiber customers reached 1.2 million. IPTV customers reached 506 thousand on 146 thousand annual net additions.



TURKCELL

The Digital Operator



Our Digital Business Model: We are by our customers' side at every moment of their lives.

INTERNET TO YOUR HEART'S CONTENT WITH LIFECELL p. 36

As the leading digital operator, we marked another first in Turkey: we started to offer all communication services, including talking and messaging for our customers as they wanted, exclusively via mobile internet and digital platforms.

YOUR DIGITAL COMPANION THROUGHOUT THE DAY p. 38

1440 is the number of minutes in a day. We want to serve our customers in a substantial portion of those 1440 minutes. Our aim is to facilitate our subscribers' access to information and their lives by extending this duration as much as possible.

SHARE, READ, LISTEN, WATCH, STORE, AND SEARCH WITH TURKCELL... p. 40

We provide all of these digital services on our superior 4.5G network. Monthly data usage of 4.5G users reached 6.0 GB in December; data traffic carried through the 4.5G network reached 49% of total traffic.

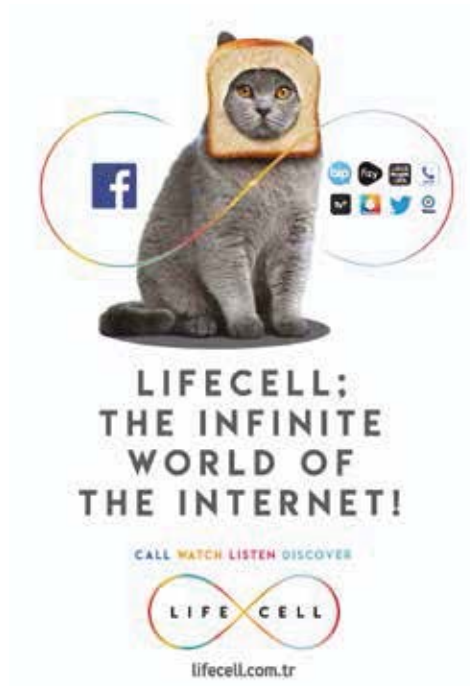
EXPANDING DIGITAL VALUE PROPOSITIONS IN E-COMMERCE p. 42

As Turkcell, we have established an e-commerce model both in order to meet the expectations on our own digital services, and to provide solutions for our corporate partners in Turkey's rapidly growing electronic commerce market.

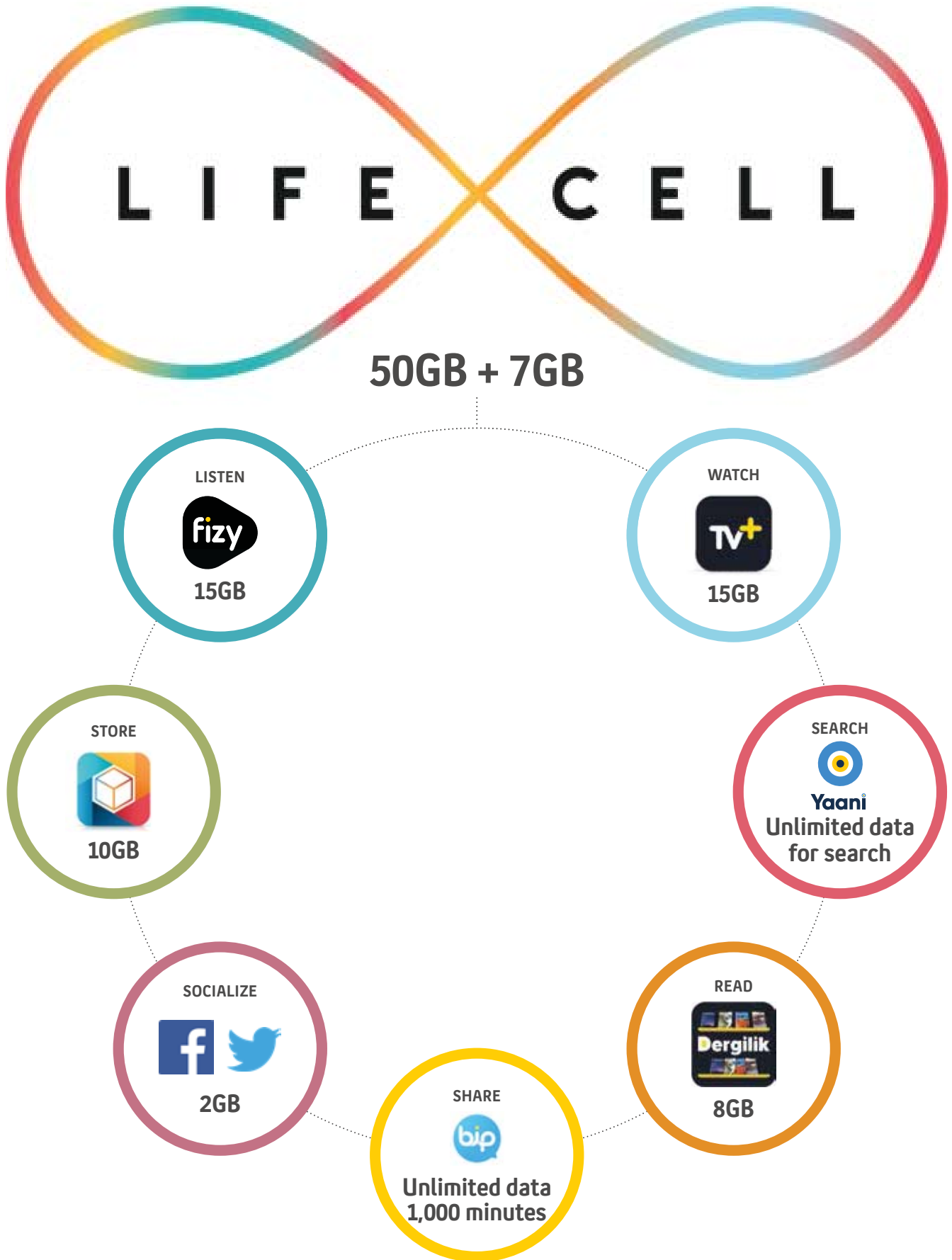


Internet to Your Heart's Content with Lifecell

We launched our Lifecell brand and offers in Turkey in September.



Following TRNC, we also launched our Lifecell brand and offers in Turkey in September. As the leading operator in digital, we marked another first in Turkey: we started to offer all communication services, including talking and messaging for our customers as they wanted, exclusively via mobile internet and digital platforms. Within the packages of new tariffs that we offered with the Lifecell brand, our customers can meet their voice and video calls and instant messaging needs via BiP; listen to music on fizy, and watch movies on TV+; store all their memories in the lifebox application, and can also get 24/7 customer services support, again via BiP.

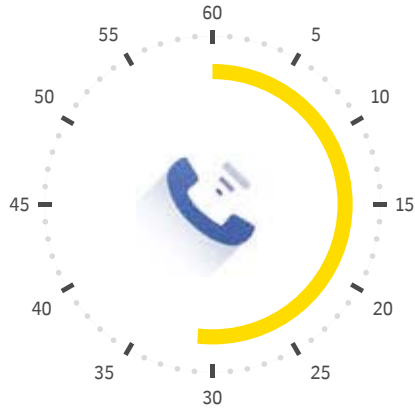


Your Digital Companion throughout the Day

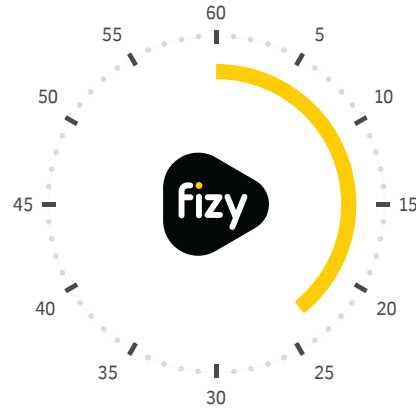
We aim to increase customer engagement from basic communications to potentially all digital activities.



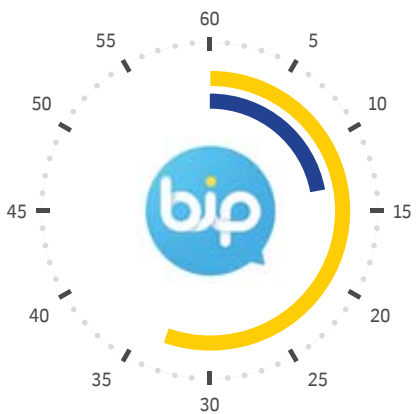
1440 is the total number of minutes in a day. We want to serve our customers in a substantial portion of those 1440 minutes. Our customers talk on the phone for 31 minutes a day. They listen to music for 24 minutes, watch TV for 63 minutes, spend 27 minutes reading magazines online and further 13 minutes interacting over BiP. Our aim is to facilitate our subscribers' access to information and their lives by extending this duration as much as possible. We focus on developing our digital services to increase our engagement with customers.



31 minutes calling



24 minutes listening

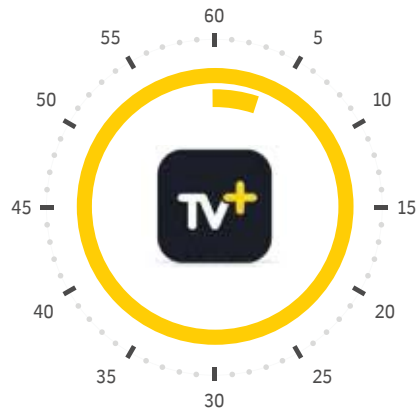


13 minutes interaction
33 minutes is the duration of VOIP users

We are increasing the duration within 1440 minutes when we add value to our subscribers' lives



27 minutes reading



Mobile 63 minutes

Share, Read, Listen, Watch, Store, and Search with Turkcell..

Our digital services are at the service of our customers with new features.

















Turkcell’s digital services continue to enrich the lives of all of our customers, including non-subscribers, as well as Lifecell users. Thanks to the new feature we’ve added to BiP, Turkey’s innovative instant messaging, voice and video call application, reaching 4.3 million active users, up to six people are now able to make instant video calls simultaneously. We also started to offer paid services such as unknown number inquiry following the launch of the payment infrastructure system on BiP. We intend to increase such value-added services over the coming quarters.

We enriched the content of fizy, Turkey’s most widely known and used local digital music platform, by adding various concert streams this year. While the number of application

downloads came in at 14.2 million, the number of songs listened to per day reached 9 million on average.

Dergilik, which is the most popular platform for digital publishing, reach a larger audience each day with its increasing number of publications. Dergilik features 413 magazines and 75 newspapers.

We provide all of these digital services on our superior 4.5G network. Monthly data usage of 4.5G users reached 6.0 GB as of December 2017; 4.5G subscriber penetration rose to 87%.

	App Store	Google Play		App Store	Google Play
Turkcell TV+			Dergilik		
BiP			My Account		
fizy			lifebox		
Yaani			UpCall		

		 DOWNLOADS*	 MONTHLY ACTIVE USERS	 SERVICE KPIs
	Instant Messaging	17.6M	4.3M	71M Messages per day
	Call Management (UpCall)	2.0M	837K	737K Calls per day
	Dergilik	4.2M	7.0M**	157K Copies read per day
	Music	14.2M	2.0M	9M Songs streamed per day
	TV+	6.3M	1.5M	2.3M TV sessions per day
	Personal Cloud (lifebox)	6.3M	1.4M	39 Number of documents uploaded per person per day
	My Account	25.4M	17.3M	40% More ARPU, less Churn
	Yaani	3.5M***	1.2M	1.0M Search per day

* The download figures are as of December 2017.

** Includes users who utilised the zero rating benefit of Dergilik magazines and newspapers via browser.

*** Yaani download figures are as of February 2018.

Expanding the Digital Value Proposition in E-commerce

Our goal is the digital transformation of the economy: We are initiating our new e-commerce platform.





We observe the rise of a new necessity as the use of digital services in our daily lives grows. Our customers need secure authentication and payment systems for the products and services they access online. As Turkcell, we have established an e-commerce model both in order to meet the expectations on our own digital services, and to provide solutions for our corporate partners in Turkey's rapidly growing electronic commerce market. Internet users will now be able to securely login to digital services with GSMA-enabled Mobile Connect technology, which is a GSM-based and easy-to-use authentication process. They will be able to complete their shopping in the electronic medium through easy and safe payment methods by using the possibilities of Paycell and Financell.

We extended this model, initially launched on the Piri travel application and Turkcell Academy mobile application, so as to include the travel site Fulltrip, and the digital TV platform BluTV. We aim to contribute to the expansion of Turkey's e-commerce market by spreading this model to our future corporate partners in the periods to come.

THE PIONEERING DIGITAL OPERATOR OF THE WORLD: TURKCELL

Being an operator that uses digital transformation and technology most effectively for groups with special needs, Turkcell continued to be center of attention for the international public. With the awards we have received and with the visibility we've had in international media channels, we have perfected our increasing active role in GSMA, World Economic Forum (WEF) and the United Nations platforms.



We announced our record 2017 second quarter results, ringing the closing bell in the New York Stock Exchange where we have been proudly representing Turkey for 17 years. Richard Quest, the famous Anchorman of CNN told the whole world about our story of transforming into a digital operator on live broadcast.



Our efforts and vision about using technology focusing on people, brought Turkcell the most prestigious award of GSMA; "Important Contribution To The Mobile Communication Industry". Our CEO Kaan Terzioğlu received the award at the ceremony held in Barcelona, where Felipe the King of Spain was also present.



Turkcell has become one of the companies leading the telecom and technology industry in international platforms. We have added another important medium to our ongoing GSMA Board membership, and our active participation in the GSMA working groups, and we have become one of the founding partners of The Fourth Industrial Revolution Center established by the World Economic Forum (WEF) in San Francisco.

Our CEO Kaan Terzioğlu participated as a spokesperson in GSMA Mobil World Congress, WEF Sustainable Development Summit, and the meetings organized during the United Nations week. Terzioğlu underlined the pioneering role of Turkcell both in innovation and in using technology responsibly.

Innovations we have launched within the scope of the activities we have been carrying out in new generation communication technologies and 5G, were also covered in the global media. News about Turkcell as being one of the few operators in the world supporting new generation Narrow Band Internet of Things technology (NB-IoT) appeared in the international publications about the industry.

Our latest digital brand "Lifecell", which is one of the greatest steps we have taken to become a digital operator, was publicized in Financial Times as an innovation that will make SMS and minutes past history. Moreover, our local search engine "Yaani" was also covered in numerous international publications, especially in New York Times.

Our empathy towards the groups with special needs, brought Turkcell awards from the UN institutions. While the UN Global Compact listed our CEO Kaan Terzioğlu among the "10 Pioneers of Sustainable Development" in the private sector, the UNESCO-Pearson Initiative for Literacy chose our "Hello Hope" application as one of the 14 projects which were global examples in the field of technology's support to education.

In addition to the grand prize given by GSMA, "Hello Hope" also brought Turkcell "Mobile Communication in Emergency or Humanitarian Situations" award in the category of "Social and Economic Development".



OUR SUPERIOR TECHNOLOGY

We are the first operator in Turkey to offer Enhanced Voice Service (“EVS”) technology, which is being used by a very small number of operators in the world, through our 4.5G network.



1 Gbps
We became able to support speeds of up to 1 Gbps (1,000 Mbps) on the mobile network through 256 QAM and 4x4 MIMO activations across the network; by doing so, we became one of the few operators in the world to offer its customers such high speeds.

WE STARTED OFFERING GIGABIT SPEEDS ON 4.5G.

We became one of the first operators in the world to test UL 2 CA (two carrier aggregation), 4x4 MIMO and 256-QAM technologies reaching 800 Mbps speed during the tests we carried out in January 2017 through the prototype terminal.

Later, we became able to support speeds of up to 1 Gbps (1,000 Mbps) on the mobile network through 256 QAM and 4x4 MIMO activations across the network; by doing so, we became one of the few operators in the world to offer its customers such high speeds. As the operator with the widest spectrum, we will continue to use our spectrum advantage by applying high carrier aggregation technologies.

WE STARTED TO PROVIDE THE MOST ADVANCED AND HIGHEST QUALITY VOICE SERVICE ON 4.5G.

We are the first operator in Turkey to offer Enhanced Voice Service (“EVS”) technology, which is being used by a very small number of operators in the world, through our 4.5G network. The new technology offers much better audio quality than the HD Audio service available on existing 4.5G networks. Thanks to voice being transmitted on the spectrum closest to the frequency range heard by the human ear, Turkcell subscribers experience almost face-to-face conversation quality.

WE USE INTELLIGENT NETWORK SOFTWARE THAT CAN OPTIMIZE AND ORGANIZE ITSELF.

We adopted Self-Organizing Network (“SON”) software, the development of which we contributed to in line with Turkcell’s need to automatically manage such activities as optimization and configuration on our network, structurally differing from the heterogeneous networks. Considering the wide range of SON capabilities that we have acquired with this locally-developed software, we are among the leading operators in the world. Within this context, we received the SON Deployment & Technical Innovation award for the Smart Network Optimization software that we have brought to the Turkcell network at the Excellence in Automation at SON World Awards 2017 organized by Informa.

WE OFFER NEW SERVICES TO OUR CUSTOMERS.

Through Turkey’s most advanced 4.5G network, we introduced a brand-new service called SuperBox for the first time in Turkey to our customers in order to bring high speed internet to homes beyond the fiber access zone.

WE ACHIEVED FIRSTS IN THE INTERNET OF THINGS, DEMONSTRATING SMART CITY APPLICATIONS.

We have tested NB-IoT (Narrow Band – Internet of Things) technology, included in IoT technologies described as the communication of objects with one another over the internet, on our 4.5G network with the aim of creating Smart Cities through new technologies and developing pioneering applications that facilitate life and add value. During the test, four conditions critical for smart cities, such as determination of air pollution ratio, as well as measurement of gas, temperature, and humidity were transmitted through 4.5G for the first time in Turkey.

We aim to create smarter cities and provide our customers a variety of services through 4.5G technology. In this context, we demonstrated examples of applications such as Smart Park and Smart Meter, which will ease our customers’ lives, through the 4.5G network. We also launched examples of infrastructure applications of technologies and services required for the rapid intervention and coordination of public institutions and organizations in the event of major social incidents and disasters.



We aim to create smarter cities and provide our customers a diversity of services through 4.5G technology. In this context, we demonstrated examples of applications such as Smart Park and Smart Meter, which will ease our customers' lives, through the 4.5G network.



Following the tests we carried out in the beginning of 2017, we made our network ready for the use of NB-IoT technology that can only be delivered by a few operators in the world, for the first time in Turkey with Turkcell's difference. We became one of the two operators in the world to simultaneously support NB-IoT and Cat-M technologies (Source: GSMA IoT Database).

WE OPENED THE DOOR FOR 5G.

We implemented demos for the development of 5G technologies. During the test conducted using 5G equipment within the 71.5 - 73.5 GHz frequency band, we achieved another speed record in this area, reaching 70 Gbps per second. This is the highest data transmission speed ever achieved within the scope of 5G tests in Turkey.

We registered significant progress on our 5G studies by testing Massive MIMO (massive multi-antenna systems) technique on our 4.5G network. This technique was developed to enable the high-speed experience in dense areas following the implementation of 5G. We became the first operator to test this technique on a live network in Turkey. In the next step, we became the first operator in Turkey and the region, to test the FDD Massive MIMO technique.

In the international arena, Turkcell leads the fieldwork that will guide the roadmap of 5G technology by participating in the NGMN and GSMA 5G studies within the scope of NGMN Test & Trial studies. Thus, Turkcell will play a role in uniting the academic world and industry in 5G and in meeting the needs of the vertical sectors through products developed by the academic world. Turkcell, signing framework agreements with various universities to support the 5G-oriented studies of local academic research, undertakes processes that encourage the implementation of local 5G products.

WE CONTINUE TO SUPPORT LOCAL PRODUCTS.

We took an active role in the "development of the 4.5G local base station" under the agreement signed between Turkcell and the Undersecretariat of Defense Industries in March 2014. As our priority has always been to support local production and technology, we continued to provide our full support to the ULAK Project within this context. ULAK is a highly important project that can rank Turkey among technology producing countries in mobile communications in the medium and long-term. By transferring our mobile network operation know-how to the project, we provide a variety of support for the local base station to become a competitive product on the market.

On the first anniversary of 4.5G, we performed the first video call on the network through the Turkcell BiP application using Turkey's local base station (ULAK). This call was realized by connecting two ULAK base stations located at Turkcell Küçükyalı Plaza and Erzincan city center over the Turkcell network.

We commenced testing the local antenna developed by ASELSAN on the live network. We were the first mobile operator to test the local antenna, a project we took part in the development right from the outset. We continue to support the localization of the mobile communication infrastructure by contributing to local antenna studies together with the local 4.5G Base Station (ULAK) project.

Our studies regarding local products are not only limited to 4.5G base stations and local antenna, we also continue our studies into the local radio link and small cell. In this context, we continue to conduct studies on local/national product/production matters with the Communication Technology Cluster (HTK) formation that comes together with the guidance of the Information and Communication Technologies Authority (BTK).



We implemented demos for the development of 5G technologies. During the test conducted using 5G equipment within the 71.5 - 73.5 GHz frequency band, we achieved another speed record in this area, reaching 70 Gbps per second.

OUR SUPERIOR TECHNOLOGY

We continue to provide the best quality and most advanced solutions to our customers on all communication media through our modernization projects.

WHILE CONTINUING TO INVEST IN 4.5G, WE ARE ALSO RENEWING THE PRODUCTS WE USE ON 2G AND 3G NETWORKS.

We continue to provide the best quality and most advanced solutions to our customers on all communication media through our modernization projects. At the same time, we are taking an environmentally-friendly approach that will contribute to the national economy in terms of energy saving.

By closely monitoring sectoral developments, we continue to pursue our aim of pioneering the introduction of high-end technology to our customers within the shortest time, and providing a unique customer experience.

WE'RE BRINGING UNIVERSAL 4.5G COVERAGE TO RURAL AREAS OF TURKEY.

Within the scope of the "Addition of Mobile Broadband Internet Services to the Existing GSM Infrastructure Under the Universal Service Law" Project, of which we are the prime contractor, carried out by the Ministry of Transport, Maritime Affairs and Communications, Directorate General of Communications, we started to roll out 4.5G coverage across 1,799 villages/1,146 fields where we already provided 2G coverage. In this Project, to be completed in 2018, we also aim to use Turkey's first local base station product, ULAK, on the network. In this context, we successfully completed the RAN Sharing tests for ULAK 4.5G in three universal fields in the Çankırı province, and started to serve our customers on a live network through local product ULAK.

WE PLAY AN ACTIVE ROLE IN THE DEVELOPMENT OF NETWORK PRODUCTS.

We continue software development studies with global telecom suppliers in an attempt to develop new technologies and become one of the first operators in the world to use them. By doing so, we are constantly improving the network architecture that meets our subscribers' expectations in the best possible manner.

LEADERSHIP IN VIRTUALIZATION...

Pioneering steps were taken in the transformation of virtualization, a precondition for cost reduction by using a single platform in the central network investments to be made in the telecommunications sector, dynamic scaling of infrastructure, and the spread of the central network layout to end points with 5G. Initiatives were identified to virtualize our central network, which provides our data and voice services, by 50% within three years. The most important of these initiatives, the Central Virtualization Cloud investment, was completed in 2017, providing the common infrastructure to support all virtualization studies to be carried out in the coming period. We virtualized an infrastructure capacity of 200 Gbps on our data service network and 2 million subscribers on our voice service network, thereby becoming the leading operator in Turkey in this respect.

DIGITALIZATION IN TERMS OF DATASCIENCE AND ANALYTICS: DIGITAL COCKPIT

In the 21st century, across all areas of our lives we have become individuals producing infinite volumes of data every day as we examine, analyze, and evaluate this data and reach conclusions. Today, we come across digitalization in every moment and in every area of our lives. Digitalization with respect to Data Science and Analytics may be considered as an ability to fully access all useful data in most up-to-date, healthy, fast, meaningful and visualized way to guide and support decision making whenever and wherever required. Particularly, for executives at firms leading technology, accessing all information resources through digital media is of vital importance to take rapid actions.

At Turkcell, one of the largest steps in this area was taken in November 2015 with the Digital Cockpit.

Digital Cockpit is an application where our executives can keep track of all data, analysis and calculated performance metrics 24/7, wherever they want on their mobile devices, as they manage and lead a technology company. It's one of the most effective applications our board members, CEO and other senior executives use at managerial level as a decision support tool. According to our sectoral experience, and based on the needs of our executives;



Within the scope of the "Addition of Mobile Broadband Internet Services to the Existing GSM Infrastructure Under the Universal Service Law" Project, we started to roll out 4.5G coverage across 1,799 villages/1,146 fields where we already provided 2G coverage.



The Central Virtualization Cloud investment, was completed in 2017, providing the common infrastructure to support all virtualization studies to be carried out in the coming period.



- It is an application where approximately 2,000-2,500 KPIs can be tracked under 10 main topics in total, and where new KPIs are added daily.
- Since its launch, approximately 250 screens have been added with around 1,000 revisions made on existing screens.

All KPIs in the Cockpit are developed entirely for the needs of executives. Since November 2015, new screens and details have been developed for each senior executive level in order to track the main KPIs and related analysis in the application in real-time, and in greater detail.

We have detailed cockpits developed for the executives of our Marketing, Network, Sales, DSS and Customer Experience Management (CEM) teams, and have screens where operational and real time monitoring (RTM) is available for all analytical information and KPIs.

Our next target is to further develop and enrich our application, and plot a route for the future of technology through a more interactive structure.

OUR ENVIRONMENTALLY CONSCIOUS APPROACH

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

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. Also in 2017, we became entitled to receive ISO 14064 Certification as we did last two years. We continue to fulfill all responsibilities related to greenhouse gas standards. As Turkcell, we work on the risks and opportunities that climate change poses, and make these efforts a part of our strategic plans.

We concentrate on energy efficiency studies to reduce our carbon footprint.

With the new generation energy efficient equipments and energy saving implementation in our network, we are continuing to invest in reducing our carbon footprint.

Key actions taken in this regard were as follows:

- > 43.8 million kilowatt-hours saving per year from inverter-type air conditioners at 18,270 sites with high energy efficiency preferences in product selection,
- > 18.1 million kilowatt-hours saving from high efficiency power supplies at 14,200 sites,
- > 8.31 million kilowatt-hours saving per year from passive cooling systems at 12,904 sites,
- > 1.11 million kilowatt-hours saving per year from locally manufactured outdoor cabinets at 1,912 sites,
- > 25.2 million kilowatt-hours saving per year from equipment modernizations at 4,066 sites in 2017 alone,
- > 375 thousand kilowatt-hours saving per year through the use of renewable energy systems,
- > 170 thousand kilowatt-hours saving per year with improvement works made in the climatization infrastructures of buildings. Thus, we have saved as much energy as the annual energy consumption of 35,950 households, by consuming 97 million kilowatt-hours less energy annually.



Digital Cockpit is an application where our executives can keep track of all data, analysis and calculated performance metrics 24/7, wherever they want on their mobile devices, as they manage and lead a technology company.

OUR CONSUMER BUSINESS

As the world's first digital operator, we launched many of our mass retention campaigns in 2017 over our digital services.



BiP, Turkey's most innovative communications and entertainment platform, increased its popularity thanks to the successful campaigns initiated with Turkcell. The total number of downloads reached 18 million, ranking it among the most popular applications both on Google Play and App Store in 2017.



Thanks to fizy's live concert broadcasts that revolutionize digital music, Tarkan's concerts in Harbiye reached out live to an audience all across Turkey.

WE ENRICH 1440 MINUTES THROUGH DIGITAL SERVICES.

As a digital operator, we enrich the offers extended to our customers with traditional telecommunication services through our popular digital services such as fizy, TV+, BiP, lifebox, UpCall and Dergilik, and increase the value we add to the lives of our users in 1440 minutes of a day. Thus, on a 1440-minute day, our customers spend 63 minutes on the TV+ application, 27 minutes on Dergilik, 24 minutes listening to music on fizy, and 13 minutes interacting through BiP.

As the world's first digital operator, we launched many of our mass retention campaigns in 2017 over our digital services.

To render communications more fruitful this year, we conducted three brand new campaigns with the partnership of Turkcell BiP in the month of Ramadan, during the Feast of Sacrifice and in the last quarter.

We launched our traditional Ramadan campaign with BiP, which stands out for its innovative features. During the month of Ramadan, for all Turkcell users who used BiP, we gave out gifts, reaching 10GB with increased volume of messaging. We gave internet packages that increased in volume as users messaged different people via BiP. With our campaign, the number of daily BiP downloads and traffic rose by 2.5 times, while the number of active subscribers doubled.

Also during the Feast of Sacrifice, we offered our customers this popular campaign, through which we have registered successful results during the month of Ramadan. We doubled the daily download and active user numbers of BiP, while connecting millions to each other with our campaign.

In the last quarter, we enhanced our campaign in order for our customers to experience the technology of initiating calls over the internet in addition to messaging. With the Bi Ara (Just Call) campaign, we highlighted BiP, with its innovative call features.

While telling our customers they could initiate voice or video calls to any number and talk as they wished by allowing them to experience calls over BiP, we also enabled them to earn gifts, which rise up to 10GB as they initiate calls. Thanks to the campaign, the number of daily BiP downloads increased by 50%, the number of video calls rose five-fold, and the number of voice calls increased by seven times.

BiP, Turkey's most innovative communications and entertainment platform, increased its popularity thanks to the successful campaigns initiated with Turkcell. The total number of downloads reached 18 million, ranking it among the most popular applications both on Google Play and App Store in 2017.

With the 2017 Shake and Win Campaign, we started to offer our customers packages, including internet, minutes, and Turkcell services specific gifts, enabling their fizy, BiP, Dergilik (digital publishing), lifebox and TV+ usage. Thus, we increased the use of our services by offering gifts.

TURKEY'S MUSIC PLATFORM: fizy

Turkey's most widely known and used local digital music platform fizy, marked firsts in 2017 through its cooperation with Megastar Tarkan. Having brought Tarkan's latest album "10" to his fans, fizy announced its newest features that will change the definition of digital music with Tarkan's album and concerts. Through fizy, which has so far been downloaded 14.2 million times, users enjoyed every bit of music while having the privilege of watching the Megastar's new clip for the first time with the video option. The number of songs listened to on fizy increased three-fold compared to last year.

Thanks to fizy's live concert broadcasts that revolutionize digital music, Tarkan's concerts in Harbiye reached out live to an audience all across Turkey.

TV+

TV+ meets customers with its rich content, much easier-to-use renewed interface, and channel number in excess of 150. The free TV+ mobile application is changing the habit of watching TV by turning each tablet and smartphone into a television.



*Connect to life with Turkcell



In 2017, we continued to connect our customers to life, both at home and on mobile. With our "4x4" and "5 in 1" campaigns, we continued to offer a single package of solutions for our customers' communication needs both mobile and at home.



Having launched Turkey's largest data center last year, and reached millions of users with its digital services such as BiP, fizy, lifebox, TV+ and Dergilik, Turkcell took major steps to keep Turkey's data within Turkey. And today with the Yaani search engine, Turkcell has moved Turkey among countries having their own search engines.

In 2017 with its renewed visual world and rejuvenated communication language, TV+ serves users of all operators with its mobile application. With the "World's Most Beautiful Television TV+" communication campaign, customers were introduced the rich content of TV+, its differentiation from the competition through its superior technology, and its internet offering, which is not deducted from their quotas.

With its user-friendly interface, it was granted the Best Digital Television award at the "International Broadband World Forum" awards.

We increased the ratio of our multiplay customers both on mobile and fixed segments.

WE CONNECT OUR CUSTOMERS TO LIFE BOTH AT HOME AND ON MOBILE.

We responded our customers' rapidly increasing internet needs with our fixed broadband products thanks to our integrated communication infrastructure. We provide them with an experience of Turkcell quality through our fiber, ADSL and VDSL campaigns. We have the technology and infrastructure to serve our customers with up to 10 Gbps particularly on the back of our fiber infrastructure, performing at the speed of light. We reached a total of 1.2 million (residential + SOHO + wholesale) customers in 2017 in fiber. In 2017, we continued to focus on our multi-play strategy through our TV+ service, which we offer at light speed on our fiber network. 44% of our residential fiber customers also watch TV+ at home.

In 2017, we continued to connect our customers to life, both at home and on mobile. With our "4x4" and "5 in 1" campaigns, we continued to offer a single package of solutions for our customers' communication needs both mobile and at home. Currently, we are the only operator in Turkey to offer all communication needs on a single bill.

As part of the initiative, which started back in 2014 with the opening up of our fiber infrastructure to other national operators, we also continue to create new business areas in 2017 and launch successful and major projects contributing to the technological transformation of our country.

YAANI

Turkcell continues to take firm steps on its digital operator journey with its products and services that were developed in Turkey and has opened up to the world. Having launched Turkey's largest data center last year, and reached millions of users with its digital services such as BiP, fizy, lifebox, TV+ and Dergilik, Turkcell took major steps to keep Turkey's data within Turkey. And today with the Yaani search engine, Turkcell has moved Turkey among countries having their own search engines.

Among the features differentiating Yaani, its good comprehension of Turkish comes first.

During searches in Turkish, Yaani will present users with more accurate results. Having been represented with the traditional evil eye icon, a symbol synonymous with Turkey, Yaani swiftly learns the habits of its users and what they really want to search for, based on their previous searches. While the users initiate the search, similar searches to those previously made are already being displayed to them.

Also, a new era begins with Yaani, which displays the closest alternatives in the first ranks during location-based searches.

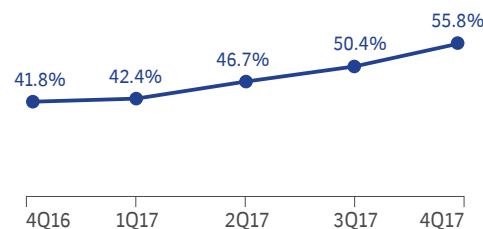
Yaani users can view the closest locations to them based on the location from which they initiated their search. For example, when Yaani users search for movies playing at theatres, they can directly view the closest theatre that displays the movie they want to see, along with session times. Or else, those, looking for alternatives to eat, can view the nearest restaurants and cafés along with their contact information when searching on Yaani.

Working in integration with Turkcell services, Yaani eases the lives of its users.

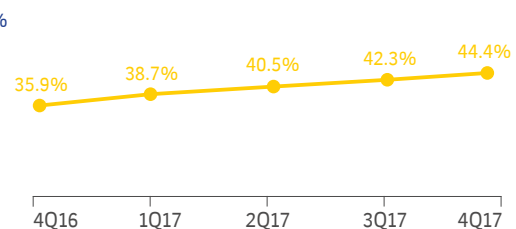
Thus, for example, when you search for a song on Yaani, you begin to listen to the song searched for on the fizy application, thanks to fizy integration.

You can use the search engine by downloading it free of charge to your phone and tablet from both App Store and the Google Play application store.

Mobile⁽¹⁾(TriplePlay)



Fiber Residential⁽²⁾ (Multiplay with TV)

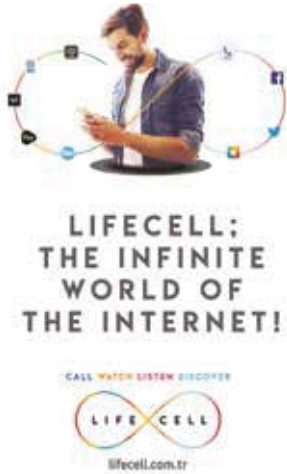


⁽¹⁾ Share among mobile voice users excluding subscribers who have not used their lines in the last 3 months

⁽²⁾ Multiplay subscribers with TV: Internet + TV users & internet + TV + voice users

OUR CONSUMER BUSINESS

We offered our Lifecell offer that meets all of communication needs through digital services and mobile internet and that is fully built on mobile data to our customers in Turkey.



In line with the digitalization of customer behavior and rising need for internet, with Lifecell, we created a new brand that gets everything, including traditional telecom services such as voice and messaging, done on internet, providing generous data incentives within its offers specific to applications, and to be used on the internet.

NEW DIGITAL BRAND LIFECCELL THAT GETS EVERYTHING DONE THROUGH INTERNET

We offer our Lifecell brand in Turkey with various offers that meets all of communication needs through digital services and mobile internet and that is fully built on mobile data to our customers.

Lifecell was a corner stone in our journey towards digital transformation. In line with the digitalization of customer behavior and rising need for internet, with Lifecell, we created a new brand that gets everything, including traditional telecom services such as voice and messaging, done on internet, providing generous data incentives within its offers specific to applications, and to be used on the internet. With Lifecell, customer services are also provided over the digital platform. We meet the basic internet requirements of our Lifecell customers by offering generous calls and messaging through BiP, music with fizy, movies and series with TV+, magazines and newspapers with Dergilik, personal cloud services with lifebox, and also a generous social media package with dedicated internet to connect to Facebook and Twitter. In addition, we give them the opportunity to explore the infinite world of the internet with internet offers to be used on their discretion. With the product launch on 25th of September, we presented three different packages, which respectively have 7GB, 9GB and 12GB internet quotas, on top of the 50GB internet quota to be used on applications and 1,000 minute calls to all directions from BiP.

According to the results of the first month, customer demand exceeded our targets and 60% of Lifecell users were new customer acquisitions.

ONE DAY IS 24 HOURS, SO 1440 MINUTES!

Lifecell drew attention to the value of the use of internet in daily life, by taking customers on a journey with a movie showing how much internet we use on an average day.

We ask users who visit www.lifecell.com.tr how many minutes of internet they use during the day, after which they watch our video, and see that their internet consumption actually exceeds their perceived level. In that manner, they become fully aware of their need for Lifecell.

WE FACILITATE LIFE.

Digitalization in Service Channels - My Account

When switching packages, we focused on Digital as well as traditional channels. We started to provide our customers the right offers at the right time through the remaining usage fields. We provided offers with increased incentives and advantageous prices at times of need according to their usage.

The Nearest Turkcell Store - turkcell.com.tr

We ensure that our customers can access Turkcell easily anytime, anywhere through turkcell.com.tr, which has 24 million monthly visits. Moreover, we provide a quick and easy experience by enabling them to have a secure login by "Tek Tıkla" – "One Click" through the Fast Entry feature. We were one of the first operators in the world to use Fast Entry technology, which is supported by the World GSM Association (GSMA) Mobile Connect. Our integration of this technology into our own websites and mobile applications enables the number of those using the Fast Entry method to rapidly increase.

We continue to enrich our customers' e-commerce experience daily through smartphone and accessory sales at turkcell.com.tr where 86% of our visitors are mobile internet users. Thanks to our "36 month contract" and "payment with invoice" features, we bring our customers together with Turkcell Store, which is full of our products, services and digital services.

Turkcell Users also Freely Connect to Life Abroad.

In 2017, Turkcell enriched the offers provided to its customers abroad and strengthened the Turkcell brand perception by offering new applications that facilitate customers' lives and accompany them, even abroad.

Your Tariff is Valid in 73 Countries

Turkcell users can utilize their domestic tariffs in 73 countries as if they were using them in Turkey, without dealing with any additional procedures, by just paying an additional daily fee. In order for customers to use this feature, regardless of their tariff price, or their segment; they need to be on a postpaid tariff, including internet, minute, and SMS at the same time.

76 countries
 Thanks to "Advantageous Abroad" package, which is valid in Turkey as well as in 76 other countries, Turkcell customers with prepaid lines can also conveniently communicate with their loved ones with rich incentives and remain connected to life while abroad with Turkcell.

"Roam Like Home" is Now Available for Tablets and Computers

For our corporate customers, "Roam Like Home" feature is now available for tablets and computers. It will be available for our individual customers within the first quarter of 2018.

Advantageous Smart World Tariff

When our customers travel abroad without choosing a package, they benefit from our "Smart World" tariff for safety purposes, instead of being charged at unfavorable linear fees.

Unrivalled Abroad Offers for Prepaid Lines from Turkcell

Thanks to "Advantageous Abroad" package, which is valid in Turkey as well as in 76 other countries, Turkcell customers with prepaid lines can also conveniently communicate with their loved ones with rich incentives and remain connected to life while abroad with Turkcell.

Your Prepaid Tariff is Valid Abroad

Our prepaid customers, who buy Uçuran Packages provided as part of our 4.5G customer offerings, can use their tariffs abroad as they wish, in exchange for an additional daily fee.

Professional Tour Guide on Your Mobile Abroad

Thanks to the Piri application, Turkcell users have their own professional tour guide on their mobile phones when abroad. The overseas tours prepared with unique content prepared by Saffet Emre Tonguç, Turkey's most traveling tour guide, tells Piri users the unknown story of the city they're visiting. Turkcell customers can enjoy discovering the beauty and stories about the cities they are visiting, by listening to Piri, a free of charge audio walking application in Turkish prepared specifically for them. With Piri's overseas tours, users can explore London, Amsterdam, Paris, Rome and Barcelona by listening to a guide in their own language.

Video Call with BiP Abroad

All Turkcell customers are able fulfil their longings with their loved ones by initiating video calls through BiP,

talking and messaging as they wish, with BiP's Abroad Campaign valid in 77 countries, which provides free of charge 1GB within BiP. Thanks to BiP's new group conversation feature, no matter how far they may be from their loved ones, they also have the opportunity to talk to all of them simultaneously. If they need to call Turkcell customer services while abroad, they can do so free of charge via BiP. Moreover, calls from BiP in all directions are charged as domestic calls.

CONTINUOUS 4.5G GROWTH WITHOUT DECELERATION

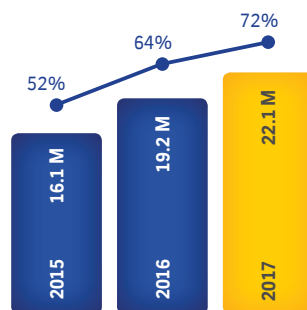
The free SIM Card campaign, the campaign folding the internet packages of customers who change their SIM cards, and the 4.5G Shake and Win campaign provided the most significant contribution during the 4.5G transformation period. In addition, on the anniversary of the launch of 4.5G technology, the 4.5G Anniversary Campaign, on which we doubled our customers' internet packages, saw the participation of 4.4 million customers. Moreover, we increased our penetration of 4.5G compatible devices with the "Bring your old phone, get a new smartphone at a discount" campaigns. At the end of 2017, the ratio of smartphone users using 4.5G compatible devices on the network rose from 35% to 49%. We started to see the return on our investments through these campaigns and managed to increase the number of subscribers in 2017.

To ensure the longevity of our strong bond, we provided our customers our rich content services TV+ and fizy, all day, free of charge in addition to callig and internet gifts, during our national and religious days such as July 15, August 30 and October 29. As an operator that embraces important occasions, we confirmed that we stand by our customers and remain confident in our network. Smartphone penetration reached 72% in 2017. 68% of smartphones on our network support 4.5G.

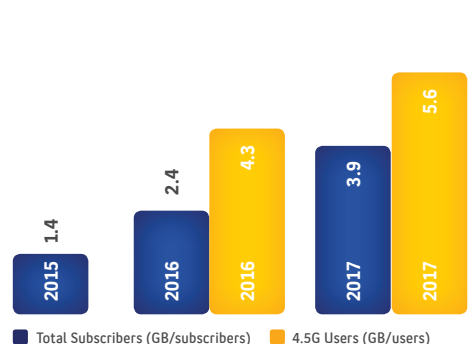
With increasing demand for our mobile data and digital service offers, average mobile data usage per user grew by 63%. Average mobile data usage of 4.5G users was at 5.6GB in 2017.



NUMBER OF SMARTPHONES & SP PENETRATION



AVERAGE DATA USAGE PER MONTH



OUR CONSUMER BUSINESS

Shake and Win has a positive effect on valuable customer retention activities, due to the continuous benefit perception it gives to customers owning a smartphone.



Shake and Win has been granted awards in the "Best Use of Gamification to Enhance Loyalty" and "Best Loyalty Program within Telecoms" categories during The Loyalty Magazine Awards held in London in June and one prize in the "Best Marketing Campaign" category from the "Global Telecom Awards" organized again in London in November. Shake and Win, which awarded 104 million GB data, 37 billion minutes and 19 billion BiP minutes to Turkcell customers, provided them with a feeling of privilege.

Shake and Win, where 28% of gifts granted to customers were TV+, fizy, Dergilik, lifebox, BiP and Paycell, became a substantive medium for Turkcell subscribers to meet with and experience digital services. At the same time, Turkcell's service penetration focus was supported by additional benefits. For example, subscribers who participated Shake and Win received additional gifts within the Dergilik Gift Campaign when downloaded magazines from Dergilik application.

Shake and Win greatly benefited Turkcell's 4.5G focus thanks to the campaign's participation prerequisite of 4.5G SIM card ownership and 800 thousand 4.5G subscription approvals taken while participating in the campaign.

Since the launch of the campaign, the number of downloads of the My Account application, which enables customers to access Shake and Win, rose from 10 million to 25 million, whereas the number of active users rose to 17 million per month.

Shake and Win has a positive effect on valuable customer retention activities, due to the continuous benefit perception it gives to customers owning a smartphone.

We Always Stand by Our Platinum Customers with Our Privileged Services.

As Turkcell Platinum, we renewed and relaunched our application and brand this year, and we reached almost two million users with the innovations in our application. Besides, we again enriched the lives of our customers with our sponsorships and privileges offered this year. We stood by our customers with sponsorships such as the Turkcell Platinum Bosphorus Cup, Turkcell Platinum International Alaçati Fishing Tournament and Turkcell Platinum Golf Challenge, and with seasonal sponsorships for venues. While continuing our current benefits offered such as cinema, car rental, free valet and Havaş, we also collaborated with major brands such as THY and D&R to provide our customers a diversity of benefits.

We Redefine Home Internet with SUPERBOX through 4.5G internet.

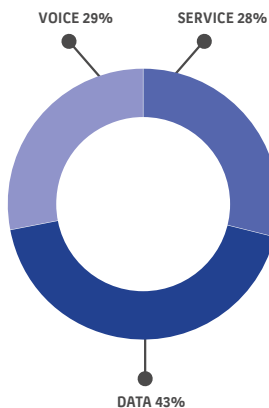
We continuously conduct our studies to bring our customers the most innovative solutions. We launched a new era in home internet with SUPERBOX in a first for Turkey, by providing internet to homes through the air at 4.5G speed, without the need for a cable internet infrastructure. Customers without fixed internet in their area, who want a fast internet connection, or else to move their fixed internet to their summer house at the same time, prefer the most innovative 4.5G technology product: SUPERBOX, which can be transported anywhere that has an electrical outlet, without any need for cables. Our customers in all the provinces have already started to use SUPERBOX, and enjoy the pleasure of home internet at 4.5G speed.

CUSTOMER RETENTION AND LOYALTY

Shake and Win (Salla Kazan)

The most popular campaign, Shake and Win, has now delivered 225 million gifts to 13.7 million Turkcell mobile customers since its launch on November 28, 2016. With this campaign, which grants customers the right to shake every Friday, two shakes were granted on the week of Ramadan and Feast of Sacrifice.

SHAKE AND WIN CAMPAIGN PRIZES





“Who knows? Sim knows.”

We set off on this path with the statement, “Who knows? Sim knows.” providing content we believed would collectively add value to their lives in one convenient place without getting lost in the digital world.



This year, we have enabled our customers to earn points in a more dynamic structure within the scope of Yellow Box, a loyalty program that benefits all Turkcell customers. Our members gained points not only by staying with Turkcell, but also by paying bills, topping up TRY, or by using My Account, BiP and lifebox applications.

We renewed the Platinum package world with enriched content so as to meet the rising internet needs of our customers. Within a short time, we switched a significant portion of Platinum customers to new Platinum packages with data offerings from 12GB to 35GB. Through our trial campaigns, we enabled customers, who had not yet experienced the privileges of the Platinum world, switch to Platinum. We ensured customer loyalty by adding TV+, fizy, lifebox, BiP and Dergilik services to all our Platinum packages and significantly increasing their active usage.

In this new period, Turkcell Platinum aims to offer more to the target group, who lives life in the fast lane, by improving our offers in light of the changing habits and social needs of its customers.

The brand’s pledge to its customers is that by choosing Turkcell Platinum they can break their daily routine for a better life. Turkcell Platinum, which says “Choose Turkcell Platinum to live an exclusive life,” reflects all the privileges and benefits provided in its commercials. Thus, Turkcell Platinum, a highly popular brand growing daily, becomes even more dynamic, appealing, convenient and privileged.

We Win Women’s Hearts and Make Them Feel Valuable with Our Sim Application.

As Turkcell, we launched Sim, Turkey’s first and only Digital Integrated Women’s Platform in 2017. The Sim application, which is created with our new service perception that closely matches our customers’ lifestyles, is to reach our women customers winning their hearts and make them feel valuable as “women”.

We set off on this path with the statement, “Who knows? Sim knows.” providing content we believed would collectively add value to their lives in one convenient place without getting lost in the digital world. We enabled them to conveniently access useful information by compiling content under the categories of “For Me”, “For My Child”, and “For My Home”. Each category contains its own unique set of information. While, “For Me” is a category featuring beauty secrets, “For My Child” is a resource for useful information about children. Meanwhile, “For My Home” shares practical and smart tips for their homes. With our Sim content, we wanted both to ease women’s lives and bring some additional joy.

We maximized their customer experience by ensuring that the videos they watched on Sim were not deducted from their data packages. We also aimed to give them added value by offering benefits specific to each category.

Yellow Box

This year, we have enabled our customers to earn points in a more dynamic structure within the scope of Yellow Box, a loyalty program that benefits all Turkcell customers. Our members gained points not only by staying with Turkcell, but also by paying bills, topping up TRY, or by using My Account, BiP and lifebox applications. We also celebrated

the birthdays of our members with gift of points. In addition to internet gifts, we have added the most popular Turkcell services, Turkcell branded promotions and close to 40 brand advantages since the beginning of the year to the gift catalogue of Yellow Box. Yellow Box’s membership number has approached 9 million, while gift usage has reached 1 million per month.

GNÇ

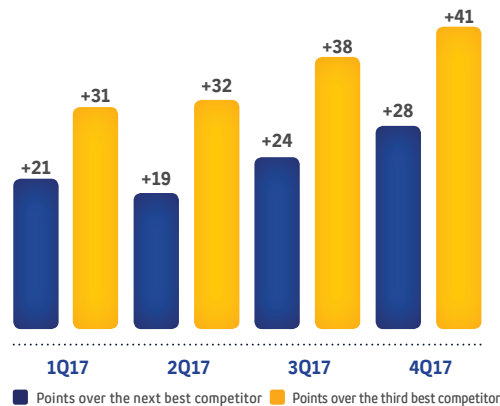
Being the most preferred operator of young people, we maintain our market leadership. Having turned our GNÇ offerings, providing generous internet incentives together with our digital services, into the most preferred ones, we increased the share of GNÇ among new postpaid customers under the age of 26 to 76%. Through our focus on postpaid customers, the share of postpaid in GNÇ offers doubled to 66% at the end of 2017, from 33% at end of 2016.

Customer Loyalty

With 20.5% annual mobile churn rate as of the end of 2017, we recorded our best performance since 2008. Our offering portfolio, which was renewed in April 2016 with the launch of 4.5G, was revised in July 2017, taking into account customer needs and market conditions. Our new offerings, which were differentiated in terms of enriched digital service content, price, and experience compared to previous one, also performed better in terms of customer churn. Throughout 2017, we observed the positive effect of the rapid rise in the customer base of these offers on the customer churn. We planned targeted mass campaigns for those who tend to churn, and rapidly followed up the competition level as well as market dynamics, whereby we enjoyed a successful year, in particular regarding customers with higher risk to churn. Additionally, campaigns offered to all Turkcell customers, such as Shake and Win, and BiP Ramadan, etc. contributed to customer loyalty and helped reduce our churn rates.

NET PROMOTER SCORE (NPS) – GAP WITH COMPETITION

We widen the gap with our competitors in terms of our net promoter score with our customer-focused approach, service quality, and product range offered.



OUR CORPORATE BUSINESS

In the corporate segment, our triple-play customer base that uses one of mobile voice, data and digital services grew by 66%.



With the help of our multi-play offers provided with TV+, fizy, BiP, lifebox, Dergilik, and BiP Fax products, we reduced customer churn rates to its lowest level of the last 11 years.



DIGITAL SERVICES HAVE BECOME THE LOCOMOTIVE OF MOBILE MULTIPLAY.

In the corporate segment, our triple-play customer base that uses one of mobile voice, data and digital services grew by 66%. With the help of our multi-play offers provided with TV+, fizy, BiP, lifebox, Dergilik, and BiP Fax products, we reduced customer churn rates to its lowest level of the last 11 years. Thanks to our data gifts to be used for our digital services, we enabled all our customers to experience these services without consuming the internet on their packages. We accelerated our customers' switch to superior packages, through increasing benefits, differentiated content and the campaigns attached to these packages.

WE DOUBLED OUR CUSTOMER BASE ON ARTISANS (ESNAF) OFFER WITH THE CONTRIBUTION OF OUR DIGITAL SERVICES.

Through Artisans offers that we launched at the end of 2016, we have not only responded to our customers' rapidly increasing data need, but also enriched package contents with digital services such as TV+, fizy, BiP, lifebox and Dergilik, differentiating ourselves from the competition. Today our artisans are listening to music on fizy, following the news and watching other programs on TV+, and reading newspapers on Dergilik. While we enabled our artisans customers to experience digital services, we continued to develop those services to facilitate their daily life. We offered BiP Fax, one of our corporate solutions, for the use of

our artisans enabling them to send faxes anywhere in the world simply by using their mobile phones. With the Legendary Artisans (Efsane Esnaf) offers we launched in March, we combined fixed and mobile internet in single invoice. While we doubled our artisans customer base along with the rise in the penetration of our digital services, we achieved an increase in both market share and brand image criteria.

4.5G - WE BECAME THE MOST ADMIRABLE BRAND IN TURKEY, WITH THE WORLD'S FASTEST INTERNET.

By offering the world's fastest internet with 4.5G, we accelerated the business of our corporate customers and became the most admired brand among operators. The periodic campaigns (10GB Bonus, 4.5G Anniversary Shake and Fold, Free SIM Card Change, Doubling Data for SIM Card Change, Corporate MODEM Change) that we designed for our customers to quickly adapt to new technology were welcomed, and contributed to the number and traffic volume of 4.5G users. Also with the contribution of these campaigns, the number of corporate 4.5G subscribers on the Turkcell network grew by 60% in 2017, and the ratio continues to rise. In addition, we grew the customer base by 50% on corporate tariffs, which we designed to meet the increasing data needs of our customers, and which were enriched with digital services during the 4.5G transition. We added value to companies of every scale, operating in sectors from energy to finance, and from production to retail, through our services strengthened with 4.5G internet speed.



Legendary Artisans
With the Legendary Artisans (Efsane Esnaf) offers, we combined fixed and mobile internet in a single invoice.



We started to offer solutions to our customers' telecom and IT needs from a single point by supporting our end-to-end solution approach adopted in our corporate business area, with our System Integration and IT Services organization.

6 points

As Turkcell, we not only maintained our leadership among corporate customers' Net Promoter Score since the first quarter of 2017, but also increased the gap between our closest competitor by 6 points, by developing products and services tailored to our customers' needs.



WE ARE THE LEADER IN NET PROMOTER SCORE (NPS).

As Turkcell, we not only maintained our leadership among corporate customers' Net Promoter Score since the first quarter of 2017, but also increased the gap between our closest competitor by 6 points, by developing products and services tailored to our customers' needs. At a time when competition was losing ground in every aspect (market share, NPS, image), Turkcell strengthened its leading position as the most promoted operator through its internet speed, a key dynamic, and its innovative digital services.

WE OFFER END-TO-END SOLUTIONS WITH INTEGRATION AND IT SERVICES.

We started to offer solutions to our customers' telecom and IT needs from a single point by supporting our end-to-end solution approach adopted in our corporate business area, with our System Integration and IT Services organization. We responded to our customers' data center solution, access, cloud infrastructure and application needs with Managed Services capabilities. Thus, in addition to increasing their efficiency, we both provided cost advantages and reduced their operational burdens.

The strategic infrastructure and solution projects we offered for our customers' mobile transformation and end-to-end IT needs, provided significant growth and greater potential, especially in large customer segments. We have added value to more than 250 of our business partners over the past two years, and achieved a revenue increase of more than 100% in Mobile Transformation, IT Managed Services and System Integration projects.

In addition to our System Integration and IT Services approach, our mission is to become a critical business partner in the restructuring process that contribute to the advancement of our country. We are also bringing significant gains to the public sector, which we focus on in line with this mission.

We started the digital hospital era with the City Hospital projects that we initiated with Rönesans Sağlık Yatırım. City Hospitals, in which we set up all the technological digital infrastructure and prepared the Information Management System, are being opened. Yozgat City Hospital was opened on January 15 and Adana City Hospital on September 18. Turkey's first digital hospital, Yozgat City Hospital, took its place among the most prestigious digital hospitals in the world, after being granted Level 6 Certification from HIMSS Turkey, which accredits the best IT practices and the innovation-based solutions in Turkey.

We undertook all technology and IT infrastructure requirements of the EYOF 2017 XIII European Youth Olympics organized in Erzurum, successfully launching this mega project.

WE ARE INCREASING THE CAPACITIES OF OUR DATA CENTERS.

The Gebze Data Center Module 1, which we opened in June 2016, reached full capacity utilization by July with its 1,000 m² available space ("White space"). We continue to provide services to our customers with the 2nd module, which we commissioned on November 15, and which has new available space of 1,000 m².

We increased the capacity of our disaster recovery center at the Ankara Söğütözü Data Center. With the introduction of the new hall, we provided our corporate customers with space to back up their systems and data for them to use in the event of a disaster.

TURKCELL ON COMMUNICATION

As the first and only digital operator in the world, we continue to connect our customers to life today, and will do so tomorrow, just as we did yesterday.



Registering successful results with the activities that we conducted throughout the year, we were ranked the most-loved company of Turkey receiving the "Lovemark 2017 Award".

On the road to leadership, we have concluded another successful year as leader, with our communication solutions that add value to life, projects that manifest our social responsibility, and our family of 37 million people.

In 2016, we announced our tariffs and offers with animated characters, the Emocans. We facilitated our customers' lives by delivering them tens of innovations and advantages showcased by these much-loved characters.

We once again differentiated Turkcell with our digital services, the definitive characteristics of being a digital operator. We underlined our leader status in terms of customer perception through BiP's renewed and developing world on a daily basis; Yaani, Turkey's first and only native search engine; Dergilik, which grows by adding further newspapers to hundreds of magazines, and a full range of innovative digital services. Moreover, Megastar Tarkan, who released his first album after seven years, chose fizy, Turkey's most well-known and used domestic digital music platform for collaboration, whereby we have accomplished many innovations together.

Marking a first in Turkey with our new digital brand Lifecell, we provided our customers a solution offering all communication services, including calls and messaging, wholly from the internet and digital platform.

We were granted "Ookla 2016 Turkey's Fastest Internet" award as a result of speed tests undertaken by internet users in Turkey on the Speedtest by Ookla® application and the speedtest.net website. We announced this great development in 2017 through our much appreciated Emocan commercial film.

We once again reinforced our leadership in the hearts of our users, through our strong presence during special days such as Republic Day, Mother's Day, and Father's Day. We pleased our elder fold in nursing homes with our "Bayram Olsun" campaign. We touched the hearts of millions, scaling the heights of interaction in social media while celebrating the Republic Day. The support we gave to Turkish sports and the championship of our National Amputee Team crowned our leadership in the hearts of our users.

Registering successful results with the activities that we conducted throughout the year, we were ranked the most-loved company of Turkey receiving the "Lovemark 2017 Award". As the first and only digital operator in the world, we continue to connect our customers to life today, and will do so tomorrow, just as we did yesterday.

WE ARE CONNECTED TO OUR COUNTRY, DEMOCRACY AND TO EACH OTHER MORE THAN EVER

For our strong bonds to never fall apart, today calls and internet is free to all Turkcell users!
In respect to Turkey, who showed our faith to the whole world...



3000 EBP minutes + 3 GB internet + 500 minutes + 2000 text messages are given to all Turkcell users on July 15, 2017 valid for 24 hours starting from 9 am.

2 million
We used outstream video commercials on our fizy Tarkan campaign for the first time in Turkey. We were able to run video broadcast commercials on websites within the Google Display Network with the outstream video commercial model. While we reached over 2 million additional users within the campaign, targeted interaction figures were also achieved.

We continue to pioneer firsts in the media.

We used outstream video commercials on our fizy Tarkan campaign for the first time in Turkey. We were able to run video broadcast commercials on websites within the Google display network with the outstream video commercial model. While we reached over 2 million additional users within the campaign, targeted interaction figures were also achieved.

With our Superonline TRY 69.90 campaign, we marked another first by using YouTube trueview for action, which is a communication model directly guiding actions such as download and sales from YouTube video commercials. When we compared the instream campaign designed with the same video, to the targeted search query campaign, the form cost was noted to be 50% lower.

In line with our vision of pioneering innovation and delivering firsts, we also brought novelty to our creative process. We designed a technological creative with interactive transitions for our CSR campaign, in media first beta partnership with Adcolony-Aurora. By simultaneously targeting people with disabilities and their relatives, we were able to design a communication that embraced all our citizens within the scope of our corporate social responsibility efforts.

At Superonline, we reinforced the power of targeting through our differentiated creatives. According to the speed test we performed simultaneously on different

operators, we showcased offers related to different creatives. We finalized the sales cycle by directing the consumer to the nearest TIM (Turkcell Communication Center).

We remained at the forefront of the telecom sector with another first in Facebook targeting. With integrations initiated in September, we can reach out to people interested in our (or similar) products, whether or not they visit turkcell.com.tr or our applications through Facebook Dynamic Product Ads' (DPA) broad targeting capability.

We entered the data-based planning period by advancing beyond traditional planning methods not only in digital, but all media channels. We can make planning on TV based on business results (such as download figures and cost per download) together with common media metrics. As for the campaigns where we trace image key performance indicators such as business results, we launched our optimization strategy that considers TV watching habits of users who comment positively on our commercials on social media.

We also initiated the first data-based digital open-air broadcast with a similar mission. We are able to deliver appropriate messages according to the density of our target mass in one location. Additionally, by utilizing cinemaximum card data at movie theatres, we are able to add important criteria such as gender, concession expenditure, and age to our hall planning.

OUR DIGITAL SERVICES

BiP was used in 192 countries in total, and downloaded by 18 million people, including two million abroad as of the end of 2017.



BiP

Over BiP, which has 4.3 million monthly active subscribers, approximately two billion messages are transmitted over the application while more than 25 million calls are placed and over a million hours of calls are made each month.



BiP – YOUR NEW COMMUNICATION AND LIFE PLATFORM

In 2017, Turkey's most innovative communications and life platform BiP added "Group Video Call" and "Game," in addition to its existing messaging, voice and video call features, as well as the "Discover" platform positioned as a new market place. Furthermore, it advanced the in-app customer experience to a highly improved level compared to previous years by continuing to renew the design in accordance with user preferences throughout the year.

Continuing to grow its customer base at an accelerating pace, BiP was used in 192 countries in total, and downloaded by 18 million people, including 2 million abroad as of the end of 2017. Over BiP, which has 4.3 million monthly active subscribers, approximately two billion messages are transmitted over the application while more than 25 million calls are placed and over a million hours of calls are made each month.

It is possible to find tens of stickers and CAPS on almost a daily basis on every topic over BiP, which has enormously enriched the sticker and CAPS space throughout the year which is highly favored by the users. In the last quarter of 2017, content-wise, BiP strengthened its position compared to its competitors by adding brand-new stickers and CAPS for its users abroad. The most popular sticker sets of the year were the World of Hearts, Step by Step Turkey, and funnel heads prepared by Yiğit Özgür.

Thanks to its feature enabling calls through the GSM network, BiP can initiate calls whether or not the receiving party has BiP on their phone. In addition, BiP supports the "Group Video Call" feature for up to six people simultaneously.

The "Game" area where users enjoyed themselves in 2017, was clicked on by more than two million unique visitors, more than eight million times. While the number of games on BiP continues to increase each and every day, those most enjoyed by users in 2017 are bubble shooter, bricks and sudoku.

With over 150 services positioned under the Discover platform, total number of followers exceeded 12 million. The paid and free services launched in many areas, from sports to finance, and from magazines to entertainment and information categories, continue to meet end users. The number of new services to be launched under BiP Discover is expected to accelerate in 2018 as well. Furthermore, the cooperation of the Red Crescent with BiP allowed for donations to be made via BiP, whereby such donations were made via a communication application in a first in Turkey.

The BiP name was heard in 2017, not only with its innovative features, but also through its campaigns with Turkcell. In line with Turkcell's goal of becoming a digital operator, traditional Ramadan, Feast of Sacrifice and Autumn Campaigns reached more than 4.5 million people with BiP, whereby BiP became one of the most used and popular applications of 2017.



With over 150 services positioned under the Discover platform, total number of followers exceeded 12 million. The paid and free services launched in many areas, from sports to finance, and from magazines to entertainment and information categories, continue to meet end users.



*Send a fax



With the Smart Fax service, BiP has the feature of being the first application to send faxes through an instant messaging application.

506 thousand

We reached 506 thousand customers by growing our IPTV customer base by 146 thousand. Offers, in which we provided television, fiber internet and fixed call needs in a single package, ranked among our most popular campaigns.

BiP SMART FAX - FREEDOM OF FAX TRANSMISSIONS OVER BiP TO ANYWHERE IN THE WORLD!

Smart Fax channel, positioned at the end of 2016 under the "Discover", which is positioned as the market place for the next generation digital communication platform BiP application, was followed by 195 thousand users within a year. Followers conveniently sent 34.8 thousand fax pages through BiP Smart Fax without having to look for a fax machine. With the Smart Fax service, BiP has the feature of being the first application to send faxes through an instant messaging application.

TV+ REACHED 2.2 MILLION USERS.

TV+ continues to play an important role in Turkcell's digital operator vision by enabling its users to access TV series, films and television programs they want, wherever and whenever they want. Popular for its user-centric experience, rich content and tailored offers in 2017, TV+ was awarded the "Best Consumer Facing OTT Service" prize at the world-famous Broadband Awards 2017.

Thanks to the new generation mobile viewing habits of our growing customer base, TV viewing time on mobile phones and tablets increased from 34 minutes to 63 minutes per day.

We reached 506 thousand customers by growing our IPTV customer base by 146 thousand. Offers, in which we provided television, fiber internet and fixed call needs in a single package, ranked among our most popular campaigns. While meeting our customers' fixed and mobile needs in a single package with our convergence offers, we also provide users the convenience of receiving a single invoice with our TV service.

In addition to the rich content and superior technical features of TV+, which enables easier use, we introduced our customers to a diversity of new content this year. We continued to enrich our national and local channel choice by increasing the number of channels broadcasting in HD format. The selection of radio channels, a popular feature of TV platforms, was offered to TV+ users.

In addition to the UK Premier League, the most prestigious football league in the world, the NBA, home to the best basketball players in the world and the key motor sport events such as Formula 1 and MotoGP can be viewed on TV+. The world's leading tennis tournament Wimbledon, and FIBA Champions League were also broadcasted on TV+. Additionally, summer and winter Olympics from 2018 till 2024 will be viewed on TV+.

We enriched our e-sports content by adding FB TV, which is the club channel with the widest access in Turkey, as well as e-sports channel Gametoon, to our platform.

By renewing the movies, we began to feature Hollywood's blockbuster hit movies. The selection of content in our movie channels is much stronger than in previous years. The movies such as Martian, John Wick 2, The Revenant, Interstellar, Mad Max: Fury Road are just to name a few... TV+ attract the attention of our customers with its 4K channel, movie and video selection, and distinctive features.

We began to offer popular Hollywood movies with an English subtitle option on English education and entertainment channel English Club TV.

In an era where TV series draw much greater interest than movies, we present our customers new series both on our series channels and our optional video viewing service. We will continue to shape our content strategy by placing greater emphasis on Turkish movies and foreign series.

Documentaries that blend documentary and fiction, such as Mars and The Gifted, were presented to customers under Nat Geo brand.

We launched our specially designed new box in order to provide a better service to our home users, and enable them to enjoy a new generation television experience in their homes. With our new boxes, users can enjoy fizy, lifebox and YouTube, as well as TV+ on their televisions. We continue to offer the best viewing experience to home users on demand with our Ultra HD supported 4K content box and 4K content on our platform. In addition, with our application world feature, all our home users will shortly have access to hundreds of applications such as Twitch and WSJ, along with fizy, lifebox and YouTube.

Within the scope of our strategy of appearing on every screen, we deployed TV+, which we offer to the home users who are Superonline fiber internet customers, on Apple TV, Android TV, and Smart TV applications, respectively. Thereby, we increased the number of screens on which our users can have the next generation television experience. Our users can also watch broadcasts on their TV sets, by using TV+'s reflection feature on their mobile devices.

We offer a unique TV and video viewing experience with infrastructure improvements that will enhance TV+'s performance and enable us provide tailor made offers to the users. By listening to our users, we take into account their changing needs as well as global trends, and are working every day to improve the entire TV+ experience.

OUR DIGITAL SERVICES

At fizy, Turkcell subscribers do not consume their mobile data while listening to their favorite music, radio stations, or watching video clips.



In 2017, fizy users experienced live concert excitement. With the Tarkan Harbiye Open Air Concerts being the leading event, we broadcasted six live concerts via fizy performed by key artists and many groups such as Oscar and The Wolf, Kaan Tangöze, Baba Zula, Deniz Tekin, Vega Mor ve Ötesi.



fizy
Turkey's best-known and most widely used platform fizy music has been downloaded 14.2 million times as of 2017. Only in 2017, more than 2.2 billion songs were played on the fizy.

fizy - TURKEY'S MUSIC PLATFORM

fizy is Turkey's music platform with its high sound quality, live concert broadcasts, exclusive artists' performances, Turkey's most popular radio stations, and its many other features. At fizy, Turkcell users do not consume their mobile data while listening to their favorite music, radio stations, or watching video clips. We achieved important successes in 2017 with fizy, which is preferred by more and more users every day.

The 20th High School Music Contest was organized with the sponsorship of fizy.

Turkey's largest youth organization "fizy 20th High School Music Contest" began with record high number of applications. The number of visits to fizy.org platform, which we created particularly for the contest, having the "Most Successful Youth Organization of the World" award, and which includes the contestants' performance videos, received record number of visits.

On the final day, we had a live 12-hour broadcast on fizy with concerts, behind-the-scenes footage and conversation with artists and other interviews.

We launched fizy Premium Subscription.

In June 2017, we offered fizy Premium subscription to the approval of users. We positioned fizy Premium subscription as a top-level subscription model, including high sound quality, video content exclusive to fizy Premium subscribers, and more radio stations, in addition to existing fizy subscription offers.

High Sound Quality: fizy Premium users can listen with high sound quality at 320 kbps (AAC).

More Radio Stations: With fizy Premium subscription, users can access all of Turkey's most-loved radio stations in the radio section.

Special Video Content: Users have access to video content, acoustic sessions, and the recordings of fizy concerts, exclusive to fizy Premium subscribers, and which cannot be accessed elsewhere.

In 2017, 14 concerts were broadcasted live on fizy.

In 2017, fizy users experienced live concert excitement. With the Tarkan Harbiye Open Air Concerts being the leading event, we broadcasted many live concerts via fizy performed by key artists and many groups such as Oscar and The Wolf, Kaan Tangöze, Baba Zula, Deniz Tekin, Vega Mor ve Ötesi.

Between June 2 and 10, 2017, we broadcasted six Tarkan Harbiye concerts live via fizy. With the concert broadcasts, we reached out to an audience 35 times higher than the average audience size in Harbiye. The microsite prepared for Tarkan, on which concerts were broadcasted, was visited by more than 1.3 million users in total.

fizy users truly loved the radio and video feature.

In 2017, users preferred radio and video feature much more. With the radio feature, fizy offers its users a different and extensive archive spanning many musical genres, as well as Turkey's most popular radio stations.

We won the appreciation of music lovers by further expanding the video content, taking into account the ever-increasing video viewing numbers, and incorporating the video section to our content in line with user expectations.

We quintupled the music archive.

We expanded the music archive in line with the expectations of our users. Enriching the music experience with features such as radio, videos and a weekly discovery list, fizy offers a better experience for users by quintupling its music archive.

Ukraine is listening to fizy, too.

In May 2017, we launched fizy to Ukrainian users with the radio application. Providing access to the country's 35 most popular radio stations, including Jam FM, Auto



Yaani stands out for its precise comprehension of Turkish, more relevant demonstration of results corresponding to searched content, and the ability to offer the search results pages for Turkcell subscribers without consuming their data packages, and makes a difference by displaying the closest places to users in location-based searches.

Radio, Radio Rocks, Retro FM, Nashe Radio, Kiss FM and others, fizy also grows its user base in the Ukraine. With its easy-to-use and handy interface, fizy will soon enable access not only to radio stations in Ukraine, but also to all songs and features of the application.

Easier to use fizy

In September 2017, we simplified the menu by switching the application navigation from the Hamburger Menu to the Tab Bar. Thus, users had a better music experience with an application on which they can easily access radio and video, as well as their lists and favorite songs, and where flows are more user-friendly.

YAANI - TURKEY'S SEARCH ENGINE

Turkey's search engine Yaani was introduced to users in October 2017. Yaani stands out for its precise comprehension of Turkish, more relevant demonstration of results corresponding to searched content, and the ability to offer the search results pages for Turkcell subscribers without consuming their data packages, and makes a difference by displaying the closest places to users in location-based searches. The data content of Yaani is stored at Turkey's largest data center, opened by Turkcell last year. Yaani, which received intense user interest, was downloaded more than 1.5 million times in its first two weeks and reached 3.5 million downloads currently. Yaani was ranked first on the most downloaded free apps list within just two days at both App Store and in Google Play app markets.

Being initially designed as a mobile browser, Yaani enables location-based searches. Yaani users can view the closest results according to their location. For example, while Yaani users search for movies at movie theatres, they can also view the showtimes of the closest one. Meanwhile, those seeking alternative places to eat, can easily access the restaurants and cafes closest to them, and get there with contact information.

⁽¹⁾Includes users who utilized the zero rating benefit of Dergilik magazines and newspapers via browser.

Yaani works through integration with Turkcell services, whereby for example, users who search for songs on Yaani can directly listen to the song they are searching for on the fizy application.

Yaani also remembers important days for Turkey and displays a distinct logo for users on its main page for each special day.

DERGİLİK - THE APPLICATION THAT CHANGES READING HABITS

Dergilik offers the opportunity to read hundreds of Turkey's popular magazines and newspapers digitally on one platform. We concluded 2017 with 7 million⁽¹⁾ monthly active users, after the launch of our Dergilik application with a new face in 2016. While improving its user-friendly experience also in 2017, we made it more enjoyable for our users to read magazines and newspapers by enhancing magazine and newspaper downloading and reading performance.

Increasing the number of magazines in its portfolio from 250 to 413 in 2017, Dergilik added the most popular local magazines, as well as Turkey's most widely read newspapers to its platform. Turkey's richest and most popular digital magazine and newspaper reading platform, Dergilik, continues to take firm steps to become Turkey's digital publishing dealer by offering many features that enrich the reading experience.

Among others, reading offline and automatically downloading the current edition of the magazine with one instruction, being informed of the current edition of magazines listed on the favorite list, and a subscription offer that enables the reading of hundreds of magazines at the price of a single magazine are some of the features offered by Dergilik.

In an attempt to add value to our customers' lives, in September 2016, we started to offer a monthly 5GB mobile internet package that can be used to download and read magazines in the Dergilik application. The package was offered within the scope of consumer tariffs. Users pay no extra fees in addition to their tariffs for these benefits that serve to support Turkcell loyalty.

lifebox - MEMORY PROBLEM OF SMART PHONES HAS BEEN RESOLVED WITH LIFEBOX!

With its features allowing the safe storage and sharing of photos, videos, music and documents, lifebox presented its brand-new features to users all over the world in 2017.

While the volume of stored content is approaching two billion, lifebox started to offer a solution regarding the loss of phone books during the change of devices with its phone book back-up feature initiated in 2017.

OUR DIGITAL SERVICES

With its features allowing the safe storage and sharing of photos, videos, music and documents, lifebox presented its brand-new features to users all over the world in 2017.



lifebox, offering Apple TV and TV+ applications to its users in 2017, enables its users to enjoy their memories on the large screen.

155 countries

Available to all operators across the world, and providing language support in Turkish, English, Arabic, German, Russian, Ukrainian and Romanian, lifebox has millions of users in 155 countries, especially in Ukraine, Germany and the USA.

'Free-up Space' feature, which was launched in 2017 as a brand-new ability, provides a solution to the memory limitation of smartphones. lifebox now finds photos and videos which are safely backed up on both lifebox on the device, and erases them from the device memory according to the preferences of users.

Another innovative feature enables users to safeguard all photos and videos they have accumulated so far on social media, by conveniently transferring them to lifebox with one click. Besides, users can add extra security to their memories that they had safely backed up through lifebox's touch ID feature.

lifebox, offering Apple TV and TV+ applications to its users in 2017, enables its users to enjoy their memories on the large screen. And with its photo edit feature, users can edit their photos, add filters, frames, and stickers, with the opportunity to share them.

Available to all operators across the world, and providing language support in Turkish, English, Arabic, German, Russian, Ukrainian and Romanian, lifebox has millions of users in 155 countries, especially in Ukraine, Germany and the USA. Everyone who downloads and logs into the lifebox application is given a free of charge 5GB of storage space.

UPCALL - THE APPLICATION THAT TRANSFORMS THE CALLING EXPERIENCE

UpCall is an application enriching and facilitating our customers' calling experience with the many different features it offers. When a call is received from a number that is not saved in the phonebook, the caller can be seen on the screen while the phone rings; the calling experience can be made fun by adding picture and Emocan stickers, while the call is being initiated; a note stating the reason for the call can be delivered to the other party while the phone is ringing.

The UpCall application also has a smart search features that enables to access the number of an unknown person or place through number query with name; identify the owner of an unknown number; as well as initiate a group call with a single click and speak to everyone in the group simultaneously.

Users can easily track all call-related service notifications from one screen with UpCall, and manage calls more effectively.



With the UpCall application, which has also started to create solutions for institutions, users in the same institution can see name and title information when they call each other, even if the number is not on their phonebook. In addition, with the feature of adding topics to calls, call centers will now be able to communicate the reason for calling their customers while the phone is ringing. The initial implementation was carried out at Turkcell call center calls.

GOALS ON MOBILE - A SPECIAL SERVICE FOR FANS

With our Goals on Mobile applications, which have been exclusively designed for fans of the four largest teams (Goals on Mobile 1903, Goals on Mobile 1905, Goals on Mobile 1907, Goals on Mobile 1967), and which enriched its content in 2017, we provide our customers with live goals, newsflashes, special videos, live scores from all over the world, as well as score stats, league tables and live commentary during games. Through our Goals on Mobile Live Score application, which is exclusive to İddaa (a betting business brand in Turkey) lovers, we offer live scores from all over the world and make a difference with our application with Turkey's Smart Analysis system enriched with artificial intelligence. Our applications enable fans on the stands to chat with other fans, and provide them the opportunity to discuss the agenda, and share prizes by organizing tournaments through its soccer game PisBurun - DirtyNose, in a first in Turkey. More than 150,000 videos were viewed per week through our service with its renewed content structure, which this season started displaying images from Spain's La Liga, England's Premier League and many other important leagues of the world.



Piri Travel Application

With our brand-new application, Piri, which we launched in 2017, our customers enjoyed an audio tour guide service while traveling in Turkey and abroad. They were able to hear about the history of places they visited, as well as local stories of the regions from famous guides, who are experts in their field, in Turkish.

TURKCELL ACADEMY

Turkcell Academy allows users to freely access the training they find useful for their needs anytime and anywhere.

The Turkcell Academy service, which was launched in 2014 to reshape the learning experience, brings users digital learning content in various categories such as technology, innovation, personal development, marketing, leadership, and certification programs, etc., through its website and mobile application.

The Turkcell Academy application has been created as a platform where users can plan their own personal development with more than 1,500 trainings prepared by experts, including world renowned educators, and one where they can access all necessary information on their mobile, and track their developments.

With the new training packages launched in 2017, the first step was taken to offer paid training packages aimed at different needs across various categories to the market.

With the implementation of Fast Entry and Paycell integration in September 2017, we allowed our customers to quickly purchase the packages they required, with automatic entry to the application, and mobile payment.

The Turkcell Academy mobile application was downloaded by 2 million users in 2017. Approximately 2 million learning videos were viewed in 2017.

Enriched with Turkcell's technology and education know-how, as well as its content network partnership with the world's foremost institutions, Turkcell Academy creates opportunities in the information access and personal development of users supported by Turkcell's mobile strength.

MY OFFICIAL TRANSACTIONS (RESMİ İŞLERİM)

Through the Turkcell Official Transactions application, which we offered by combining the valuable information in government agencies with our mobile infrastructure; our subscribers can track their children's school exam results and report cards approved by the Ministry of National Education; can follow the lawsuits filed against them; inquire about their unpaid tax liability, electricity bills, and traffic fines, if any; and query their Findex credit note. When purchasing a new vehicle, they can discover its damage status from the Tramer service, prepared in cooperation with the Insurance Information and Monitoring Center, the sole competent authority. In 2017, 28.3 million inquiries were made on the application, which can send the requested information to our subscribers without them having to query repeatedly.

PİRİ TRAVEL APPLICATION

With our brand-new application, Piri, which we launched in 2017, our customers enjoyed an audio tour guide service while traveling in Turkey and abroad. They were able to hear about the history of places they visited, as well as local stories of the regions from famous guides, who are experts in their field, in Turkish. With Piri, whenever required, users can easily follow their local route to discover must-see places in the city, along with their stories, according to their own specific programs.

Piri, which is one of the benefits offered by Turkcell for its customers travelling abroad, serves as a unique travel guide application for those who like to travel. Thanks to the "Your Tariff is Valid Abroad" service, Turkcell subscribers travelling abroad do not face a shocking invoice experience, and can initiate video calls with their loved ones over the BiP application. And thanks to Piri, they can experience their trips with tours voiced by professional tour guides.

Within the scope of the application, tours abroad are offered in London, Amsterdam, Rome, Paris and Barcelona; and in Karaköy, Hagia Sophia-Sultanahmet, Beyoğlu-Galata, Cihangir in Istanbul; as well as in Edirne, Konya and Kars.

Launched in May 2017, Piri was downloaded by 130 thousand people, and the tours were viewed by 13 thousand people.

TURKCELL FAST ENTRY

Turkcell Fast Entry, which is a customer authentication service provided via mobile phone number, is compatible with the Mobile Connect service rendered by the World GSM Association (GSMA). In 2017, the service was opened to non-Turkcell users and made available for use by OTT services. Turkcell Fast Entry realized more than 10% of the Mobile Connect service traffic in the world in 2017.

TURKCELL E-COMMERCE PLATFORM

Turkcell developed a new model that enables users to faster become members on the internet platforms, easily reach customer services via BiP, and make payment more smoothly. With "Fast Entry" service, users can sign up simply by entering phone numbers on the websites, while 24/7 customer service is provided via BiP. Payments can be performed either by reflecting to the invoice through Paycell integration, credit card, or Turkcell Consumer Finance Company by drawing credit.

While, double-level security is ensured with the mobile phone and the SIM card within, web platforms, providing services online, offer their visitors a swifter experience. The new technology developed by Turkcell started to be used initially on the new generation TV platform, Blu TV and travel site Fulltrip. In the process of Turkcell's transition to a service-oriented experience provider from a technology-focused infrastructure provider, the

OUR DIGITAL SERVICES

Turkcell manages marketing activities in a wiser manner with Corporate Marketing and Big Data Services.

Turkcell secure e-commerce platform created a layer that provides the most secure customer acceptance, 24/7 customer service, and payment.

ARIKOVANI (BEEHIVE) - TURKEY'S CROWD-FUNDING PLATFORM

Beehive is a crowd-funding platform initiated in January 2016 to support Turkey's entrepreneurial ecosystem and it pioneers a first in this area for technology initiatives in Turkey.

Beehive enables the project owners to get the financial resources they need for launching the products they work on with the support of individuals in society in large and small amounts, instead of a certain person or institution. More than 4,500 project applications have submitted to Beehive thus far. Out of 44 projects selected, 18 successfully have completed their campaigns and raised more than TRY 2.7 million in funds. The campaigns of our other projects are ongoing.

There is a wide range of projects on Beehive, which soon became the market leader in terms of the scale of funds raised, from the Smart Note Book to the Smart Stick for the visually impaired. We help further grow entrepreneurs, who successfully completed the crowd funding campaign in this wide scope, by introducing them to investors.

PARTNERSHIP ECOSYSTEM MANAGEMENT

The Turkcell Partner Network, one of Turkey's long-established business ecosystems, has been working with business partner companies since 2004, and manages an ecosystem of more than 200 business partners, who employ over 10 thousand people, including distribution channels. The Partner Network creates and announces business models for companies within the ecosystem; monitors business partners' compliance with stipulated criteria and regulations.

We continued development studies on partner.turkcell.com.tr, the window of Turkcell Partner Network on the world. We switched to a new application form, enabling external business partner candidates to better introduce themselves and be evaluated more soundly by Turkcell. We began to receive the financial metrics of partner candidates and proposed project information, if

any, in the application phase. We also made numerous improvements in the section that can be connected to through Login, and transitioned to a more user-friendly structure.

We completed the first phase of the DSS partnership dashboard project. We can now track the monthly revenue trend information of our business areas, list the most successful business partners both in each business area and the total ecosystem, and view profile pages, which have the introductory, revenue, shareholder, and contact information of our revenue-generating business partners on B2C business.

BUSINESS APPLICATIONS

Smart Fax

Our Smart Fax application helps protect nature by reducing the use of paper, allowing our customers to send, and receive their faxes via mobile phones, e-mails and the internet. In addition, with Cloud technology, all these operations can be done anywhere without having to reach the office. In 2017, our customers utilized this benefit by sending and receiving 3.1 million faxes via Smart Fax.

E-Company

We developed the Turkcell E-Company platform to support the digital transformation of companies. We provide our customers with the facility to manage e-books, e-invoices, e-archive invoices, accounting, smart fax and e-mails through devices such as phones, computers, tablets etc., in all environments with internet access, from a single platform, and via Cloud Technology. Thus, our clients can instantly follow up their company's current financial situation, and generate the reports they need. On our platform that we have developed according to international security standards with Turkcell quality and assurance, all of our customers' data is stored safely at the Turkcell Data Center.

10 thousand
The Turkcell Partner Network, one of Turkey's long-established business ecosystems, has been working with business partner companies since 2004, and manages an ecosystem of more than 200 business partners, who employ over 10 thousand people, including distribution channels.



We launched the Turkcell Academy Corporate learning platform in 2015. We provide end-to-end services to our corporate customers through online training, which is available on the platform, creating a more efficient employee development path.



With Turkcell Corporate Marketing and Big Data Services, companies can reach their current and potential customers at the right place and time, and obtain the insights into their customers they require.

Take your business to the next level with TURKCELL ACADEMY!



Exams and Reporting



Mobile Accessibility



Upload Your Exam Content



+2500 Education and Certificate Programs

Turkcell Academy Corporate

We continue to accompany employees' developmental journey with the Turkcell Academy Corporate learning platform.

We launched the Turkcell Academy Corporate learning platform in 2015. We provide end-to-end services to our corporate customers through online training, which is available on the platform, creating a more efficient employee development path.

With new generation learning methods, we have helped to develop over 100,000 employees from companies of diverse dynamics operating in sectors such as retail, health, and technology, finance, food, services and energy, right across Turkey. Through this platform we enable companies to personalize their own training management platforms and design end-to-end in-house learning processes such as planning, reminders, and reporting of trainings. We provide mobile access to rich content trainings at any time. We support mobile transformation initiatives by contributing to the more efficient development of human resources and ecosystems of corporations, and to the way they do business.

CORPORATE MARKETING SOLUTIONS

With Turkcell Corporate Marketing and Big Data Services, companies can reach their current and potential customers at the right place and time, and obtain the insights into their customers they require.

While companies digitally manage their marketing activities with the Self Service Messaging Platform (Mesaj Üssü), they communicate with their customers more effectively with Rich Content Messaging. Moreover, they can realize efficient and cost-effective campaigns and enrich their marketing activities by giving free TRY-min, SMS-MMS and internet to their customers with Digital Promotion products. They can also provide mobile website and application based free connection services with Bulk Data. In addition, they can keep their databases updated using device and process capabilities through Turkcell Smart Capabilities services. Through Smart Map and Mobility Index, companies can regularly report on their current and potential customers' habits based on density and mobility data, and have the opportunity to make their planning correctly and realistically. With Analytical Services, companies can use both their own data and Turkcell capabilities, and thereby feed their decision supporting mechanisms for various business units.

TURKCELL SALES CHANNELS

As Turkcell, we started to reflect our “digital operator” vision to all our sales channels. We started digital transformation primarily in the retail channel. We continue to digitalize our stores, which are the faces of Turkcell, with changes we will make in the trading model.



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



OUR SALES CHANNEL STRUCTURE

We bring all advantages, campaigns, devices, services and facilities offered by Turkey's leading communication and technology company Turkcell, to our customers. We continue to provide services and solutions to our customers through our Turkcell Consumer Sales Channel, Alternative Sales Channels, Turkcell Fiber and DSL Solution Centers and Corporate Sales Channel.

Within the framework of our integrated structure, we present our fixed and mobile converged Turkcell solutions all over Turkey through our Turkcell and Turkcell Plus stores. We work to provide our customers with the same service quality at each point.

OUR RETAIL CHANNEL

We commenced our holistic digital transformation journey in our retail channel, at the beginning of 2017. Within the framework of retail transformation, in our stores, which face our customers, we realize the transformation in the decoration, infrastructure, trading model and culture of our employees, by focusing on our customers and their expectations.

In our digital stores, which were renewed with a focus on experience, there are designated areas where our customers can experience all of our new products, services and technologies, as well as smart devices.

This comprehensive digital retail transformation is taking place for the first time in Turkey at Turkcell.

With this transformation, in our stores, we bring our customers together with digital screens that can be managed centrally, online store in store, a mobile service that enables every employee to perform every transaction, secure digital signature and digital label, as well as applications such as after sales smart support. In our new stores, we realize all of our communication and interaction with our customers through digital screens. In all of our transforming stores, we manage digital content on LCD screens, having entirely removed paper posters and brochures. We pioneered another first for Turkey by introducing secure digital signature technology via tablets. All of our employees have the flexibility to serve our customers in our stores with tablets in hand and digital signatures. Thus, transactions, which were previously time consuming, have become faster to complete. Our customers also have the opportunity to purchase the devices and accessories they want from our online store screen within our stores without ever having to stop by the cashier and have them delivered to their



In our digital stores, which were renewed with a focus on experience, there are designated areas where our customers can experience all of our new products, services and technologies, as well as smart devices.



We offer our fixed and integrated Turkcell solutions, new digital services, smart devices and new technologies across Turkey through our Turkcell Stores, which are renewed and digitalized within the scope of our integrated structure.

homes. We have realized a transformation, wherein our physical stores and online store were integrated together, and where the customer could buy the desired product from the channel of their choice.

Along with transformation, for our indispensable employees, we initiated Turkey's first "Certification Program" in the retail sector. Now, all of our employees working at Turkcell stores are evaluated and certified, after receiving specific retail training. All training and evaluation processes within the scope of the certification program are also designed entirely in digital format. A total of 80 thousand hours of training was provided for approximately 11 thousand employees. Our employees who succeeded in the digital test and evaluation centers were entitled to receive certificates.

We offer our fixed and integrated Turkcell solutions, new digital services, smart devices and new technologies across Turkey through our Turkcell Stores, which are renewed and digitalized within the scope of our integrated structure. We work towards ensuring same service quality at each and every sales point.

In the Exclusive Channel, we serve our customers with a team of 8,200 service personnel, 4,610 of which have already been certified, at 1,404 Turkcell store. With our certified experts in fixed and mobile communications technologies, we offer coaching services to around 18 million customers visiting our stores each month regarding new technologies that ease their lives and enable them to experience products.

In the Non-exclusive Channel, we supply products to 1,853 Authorized Sales Points and 4,126 Turkcell Sales Points (TSN) through 7 Turkcell Distribution Centers (TDM) and provide information about our products and services. We introduce our new technologies, services and offers to our customers.

OUR ALTERNATIVE SALES CHANNEL

On our Individual Telesales Channel, which increased sales volume by 18% compared to the previous year and reached 11 million units, we focused on bringing products and services to our customers when in need.

We gained sales competence and focus on written channels such as Social Media, WEB Chat, proactive chat, and turned every channel where we reach the customer, into a sales channel. The Consumer Telesales Channel became a vital channel for DSS products with the Activity Project aimed at increasing the share of channel's sales over 95% in products such as TV+ and fizy, starting the sales of lifebox establishing a sales bonus scheme, increasing the active usage of BiP, Dergilik, and My Account. The IVR technology Robot

sales digital sales scheme used to shorten the average speech duration, which was one of the biggest cost items of the channel, achieved a 16% sales success rate and began to see use for all products.

OUR CORPORATE SALES CHANNEL

We serve all our public, strategic, large and small-scale customers in Turkey through a segmented structure.

We provide end-to-end integrated telecom services with Turkey's largest and most widely spread sales force on our Corporate Sales Channel. We are digitalizing companies with our system integration, IT services, corporate applications, data center and cloud solutions. In 2017, we increased the revenue share of products on the fixed front and contributed to profitability of the Company with these products of strategic value. We continue to lead the digital transformation of corporate customers.

A team of approximately 2,000 employees at our Corporate Solutions Centers realizes 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 nearly 500 portfolio managers.

OUR ONLINE SALES CHANNEL

Our Online Sales Channel also continued its steady growth in 2017. It became one of the vital players in its category in Turkey's e-commerce sector through the services offered on our online sales channels (Mobile, Web and in the My Account application). With a digitalization vision, many products and services offered at our TIM stores since 2017, are today accessible 24/7 through our Online Channels.

We continue to facilitate our customers' lives with innovative services. With the "Payment with Invoice" service that we launched as a first in Turkey, we give our customers the option to pay for their purchases of up to TRY 250 on our online sales channels, by reflecting the purchase amount to their Turkcell invoices. In accordance with Omni-Channel approach, with the "Online Store Screens" located in our TIM stores we also provide access in our stores to products sold digitally. We started to meet the demand of our customers with these screens under all circumstances, even if a product cannot be found in TIM's inventory. We expand our portfolio daily in terms of product diversity. We achieved a 40% increase in terms of customer preference compared to 2016 on the back of campaigns, business partnerships and launches, as well as the attractive product and price proposals we offer.



In the Exclusive Channel, we serve our customers with a team of 8,200 service personnel, 4,610 of which have already been certified, at 1,404 Turkcell store.

OPERATOR RELATIONS AND WHOLESALAS

We give direction to the telecommunication sector in Turkey. We have become the most important capacity and internet provider of many neighboring countries.



By enabling other national operators to utilize our own infrastructures, we both created new business areas and pioneered successful and major projects that contribute to the technological transformation of our country.

3.5 Tbps

Within the scope of our wholesale data services, our international carrying capacity exceeded 3.5 Tbps.

We have cooperated with the world's largest global traffic exchange platforms and played a major role in their decision to come to Turkey.

We stand by to the change in Turkey's telecommunications sector through business partnerships realized with national and international operators in roaming, interconnection, wholesale voice and wholesale data services.

TURKEY, MAIN INTERNET ROUTE

We have become the most important capacity and internet provider of many neighboring countries with the activities that we have been carrying out since 2008 towards our vision of transforming the silk road into a fiber one, and our main strategy of positioning Turkey as the main internet route, with Istanbul as the regional internet hub.

Through our collaborations with the world's leading operators, we have served as a bridge providing wholesale customers with seamless access from east to west, at the speed of light.

THE CENTER OF TRAFFIC EXCHANGE IN REGION: ISTANBUL

Within the scope of our wholesale data services, our international carrying capacity exceeded 3.5 Tbps.

We have cooperated with the world's largest global traffic exchange platforms and played a major role in their decision to come to Turkey. Thus, we have taken another crucial step in transforming Istanbul into the traffic exchange hub of the region. We have also played a significant role in bringing content providers to the point where they wish to provide their services from Istanbul.

WE EVALUATED 2018 ISSUES AT THE WHOLESALAS CUSTOMER EVENT.

In 2017, we organized an event to contribute to the strategy of turning Turkey into a regional digital hub and positioning Istanbul as its technology center. During the event, participated in by 250 senior executives from 40 countries, we talked over 2018 issues and evaluated new cooperation opportunities that will add value to the sector.

JOINT INFRASTRUCTURE COMPANY OF TURKEY

By enabling other national operators to utilize our own infrastructures, we both created new business areas and pioneered successful and major projects that contribute to the technological transformation of our country.

We played a role in the initiation of studies to establish a common infrastructure company that will enable our country to reach information in the fastest and cheapest manner, facilitate information processing, ensure the preservation of information and create a competitive environment for all service providers, with a focus on real productivity in the area of service richness.

TURKCELL USERS NO LONGER TURN OFF THEIR PHONES ABROAD.

We began to act as a group regarding agreements reached with other operators within the scope of international roaming. And we have been able to position the efficiency gained through our cooperation with many major international operators as a benefit for our consumer and corporate customers' international tariffs. And so, even when our subscribers are abroad, we are in a position to meet all their communication needs with advantageous offers.

CUSTOMER EXPERIENCE FOCUS

Within the scope of Turkcell customer experience service model, we create confidence, provide convenience, and offer personalized solutions in the service we provide to our customers.



STATE OF EMERGENCY (OHAL)

We stand by our customers during incidents that require urgent communication, such as natural disasters or terror either in Turkey or abroad. We automatically define free of charge Emergency Communication Packages, including internet, minutes, and SMSs, to our customers' lines in the region. Accordingly, our efforts were deemed worthy of the "Best Technology Use" award at the Loyalty Magazine Awards in the UK for customer experience and loyalty.

Service to Immigrants

As Turkcell, we are providing services to facilitate the lives and meet the needs of our immigrant customers. In addition to their basic needs, we are structuring our service processes and channels with an awareness of the importance of mobile communication for this customer segment.

Through our center in Siirt, we started to provide call center services in Arabic language in Turkey and served 9 thousand customers per month in Arabic. We send some SMSs that our customers receive about their Turkcell subscriptions in Arabic. With the Arabic language option at turkcell.com.tr, we target our customers' fast and easy access to the basic information they need in the digital environment, marking a first for Turkey.

With the "Hello Hope" mobile application, we offer Turkish language learning, simultaneous audio translation from Turkish to Arabic and Arabic to Turkish, access to critical information that facilitates everyday life, and training videos for more than 3 million Syrian refugees living in Turkey. Thanks to the application, which is a world first serving all operators' Syrian customers, users can call the Turkcell Arabic call center with one touch.

Voice of the Customer

As the customer experience team, we listen to the "voice of the customer" at every interaction, and based on the feedback we receive, we strive to provide customers the most feasible value propositions.

We receive a diversity of feedback from our customers; during their calls and through the sales channels, and My Account, My Company, application consultant, chat and other digital channels, as well as social media among many others, after which we evaluate their wishes and complaints.

We conduct and evaluate customer questionnaires, focus group studies, and similar market surveys regarding our products and services at each point; from the initial idea stage to presentation to the customer, and from usage to pricing. In so doing, we are able to provide necessary feedback to our employees, improve ourselves, and offer a better customer experience. We share all these customer focused activities with our employees during annual evaluations held with management every year, as well as meetings and site visits.

#mycustomer

Within the scope of Turkcell customer experience service model, we create confidence, provide convenience, and offer personalized solutions in the service we provide to our customers.

We work on the #mycustomer project on all mobile/ fixed channels on which consumer and corporate Turkcell customers are contacted. We conduct this project with employees to redefine service values and cultural principles, design the effective customer experience targeted, and create behavioral models that we aim for our customers to reflect.

ICTA Experience Store

Within the context of The Information and Communication Technologies Authority (ICTA), we serve in three areas; namely, ICTA Experience Area, ICTA Store, and ICTA Complaint Office.

ICTA Experience Area

Our visitors can experience hundreds of items of content and user-friendly features of TV+, the TV platform, which redefines the TV viewing experience in Turkey; BiP, the new generation instant communication application; UpCall, which offers a brand-new call experience; lifebox, which ensures you safely enjoy keeping your memories with you at all times; Dergilik, which brings hundreds of popular magazines to the tip of your finger; and Turkcell Academy, which offers thousands of items of training in the digital environment.

In this area, visitors can also view "the Beehive Platform", where we aim to realize technology initiatives, and the "Hello Hope" application, which connects Syrians to daily life in Turkey. Turkcell's Gebze Data Center, one of the largest and most important digital transformation investments in Turkey of recent years, can be visited with VR technology in the same area.



Voice of the Customer

As the customer experience team, we listen to the "voice of the customer" at every interaction, and based on the feedback we receive, we strive to provide customers the most feasible value propositions.

CUSTOMER EXPERIENCE FOCUS

With Secure Digital Signature, we ensure a paper free environment in all our stores, and provide our customers a more reliable, swift and easy digital experience.



Thanks to the studies undertaken to assure that our customers get the best quality service, not only in Turkey, but also wherever they are in the world; they are now able to use as much internet as they want, without the fear of being invoiced as if abroad.

Our ICTA Store

This is our store where customers can carry out all transactions with secure digital signature technology and also get "Smart Support" service for their devices.

ICTA Complaint Office

This is our Complaints Office, where we meet our clients who apply to the ICTA to communicate their complaints.

Our Proactive Services

Proactive Roaming Services

Thanks to the studies undertaken to assure that our customers get the best quality service, not only in Turkey, but also wherever they are in the world; they are now able to use as much internet as they want, without the fear of being invoiced as if abroad. We prevent invoice shocks by reaching out to customers who have a high current invoice amount due to roaming, informing them and offering package switching options. In so doing we continue to reassure our customers that we are always with them. For our customers who want to reach us in alternative ways, we offer the BiP service channel; help SMS, as well as International Help Service available in 20 countries.

Tariff Consultancy

Along with the launch of 4.5G and the increase in mobile internet usage of our customers, the right package selection has become crucial. For this reason, we warn our corporate and retail customers against the risk of exceeding their package quota both through traditional and digital channels such as IVR and My Account. We offer them more convenient packages for their use, and facilitate switch transactions.

With our Tariff Consultancy team, we take actions for our postpaid subscribers who have 30 days left for their contract, or a high current/invoice risk score. We manage their invoice experience, meet all demands and requirements related to the invoice, and prevent them from having a bad surprise by managing their invoice expectations.

New Generation Digital Services and Solutions

Secure Digital Signature

Thanks to our Secure Digital Signature solution, signatures can be appended by pressure pen devices such as a tablet, etc. in the digital medium instead of paper, while the

agreement is stored in the digital environment. Elements that distinguish the signature are measurable technical data such as pressure, acceleration and speed information.

With Secure Digital Signature, we ensure a paper free environment in all our stores, and provide our customers a more reliable, swift and easy digital experience. As a customer benefit, we accelerate our efforts towards advantage provision and digitalization. With the secure digital signature, we improve the time productivity with a reduction in transaction time of 60%, collecting the needs of our customers on one page. To date, we have saved TRY 2.3 million in costs. We are planning to digitalize 150 million documents and achieve TRY 40 million in cost savings once we complete the digital signature transformation in all service points. While Turkcell pioneered a first for Turkey in digital customer experience, Turkey also ranked among the first three countries in the world to utilize a biometric signature in this manner, along with the Czech Republic and Spain. Its contribution to Turkey's economy is expected to be around TRY 300 million. By this means, 20 thousand mature trees and 342 thousand tons of water are conserved.

Environmentally Friendly Invoice

We aim to ensure that invoices are always sent to our customers in a safe, timely and transparent manner. In this respect, by using digital channels in the transmission of the invoices, we are contributing to both fast delivery to our customers and the preservation of nature. In 2017, we ranked first in the world among telecom companies by reaching an environmentalist invoice subscription and transmission rate of 97% for consumer mobile and 85% for fixed.

Being a Digital Operator

In today's world where digital leads technology, as Turkcell, our main goal is to have our customers enjoy a unique experience. We also stand with them on our digital channels in order to facilitate their lives and enable them to access everything they need to know about Turkcell, wherever they are. With the holistic experience Turkcell customers enjoy when using all of our products and services, we are designing an end-to-end journey experience in pre-sales and after-sales processes utilizing our integrated communication and technology services. Thus, we offer seamless services that are converged across all service channels through which we communicate with our customers.



With the holistic experience Turkcell customers enjoy when using all of our products and services, we are designing an end-to-end journey experience in pre-sales and after-sales processes utilizing our integrated communication and technology services.

400 million
On the My Account application, 400 million transactions are made per month. The remaining balance is checked 73 million times while the amount and details of invoices is requested 17 million times.

By joining to the OTT world together with the latest developments, we provide a digital customer experience not only to our customers who are Turkcell subscribers, but also to customers of other operators. In our globalizing world, we started to serve our customers in new markets we entered through our OTT services to the same level of quality and reliability that we have been offering to date in Turkey.

In order for our customers to get the same service from all channels, we undertook the new subscription, port in transactions on the web enabling us to provide service from the home without the need to visit a store. We enabled an in-store sales experience, by selling online products through our website. At the same time, we enabled the help pages on our website turkcell.com.tr to serve in four languages (English, Russian, Arabic and Ukrainian) to assist foreign national customers.

Fast Entry

By integrating Fast Entry to Turkcell's many digital channels and applications, we improved customers' login experience and removed the problem of a forgotten password. Fast Entry is a customer authentication service provided via mobile phone number, and is supported by many GSM operators across the world through World GSM Association (GSMA) Mobile Connect infrastructure, which is a global solution. Used 2.5 times by a customer per month, Fast Entry's monthly usage reached 700 thousand.

My Account

We reached 25 million downloads with our My Account application, which we developed to meet the needs and facilitate the digital habits of our customers. We created a free application for our customers on which they can process their transactions instantaneously, and that can be accessed 24/7. We carried out many studies to provide our customers offers, services and applications that best suit their usage, and proactively introduced our offers. On the My Account application, 400 million transactions are made per month.

The remaining balance is checked 73 million times while the amount and details of invoices is requested 17 million times. The application, which is well adopted through gamification schemes such as Shake and Win, our customers pay their bills, top-up TRY, benefit from offers that best suit them and earn gifts by shaking their phones. At the same time, My Account has become a 360-degree digital application enriched daily by its innovative capabilities such as making an appointment from Turkcell stores and following requests submitted to Turkcell.

We enabled our customers using Superonline to track all their products from My Account and realize transactions. At the same time, we took steps to support our omnichannel strategy with functions such as making an appointment from our stores, following requests submitted to us, and tracking mutual SMS communication carried out with Turkcell. In addition to these, we have increased customer loyalty with our gamification activities such as Shake and Win.

My Company

With the My Company application used by our company representatives to provide convenience and advantages to our corporate customers, all of our customers can process transactions 24 hours a day, 7 days a week, whether from their mobiles or computers, and access information on our products and services. In 2017, 120 thousand companies used the Turkcell My Company application with 400 thousand users to realize 150 million online transactions. At the same time, we brought the speed and convenience of making transactions without paper to our representatives' lives through transactions specific to My Account such as collective payment, online campaign approval, SIM card activation, and approval of user line transactions.

Application Consultant

We provide services for 13 applications, and meet 25 thousand requests per month with our application consultant team, another area where we have increased the momentum of our activities. We will start to serve instantaneously via app chat in the near future. We respond to complaints/ comments regarding our applications on the App Store and Google Play with our Application Consultant team to provide better and faster customer solutions. A platform was created where our customers can take "Feed Up" screenshots concerning any problems they may have with the My Account application, one of our biggest digital contact points with customers, and automatically communicate with the application consultant team. As a result, we have enabled our customers to reach faster and easier solution. Our next goal is to integrate this platform to all applications.

Tariff Consulting with Chat

In order to be closer to all our GSM users and solve their problems faster and easier, we provide tariff consulting for our customers who login to the My Account application, any time they are in need, and support their technical needs. We had served our customers 1.4 million times through BiP Customer Services, 9.3 million times on My Account, and also provided a live and on-site chat service through the GNÇ application and turkcell.com.tr.

We launched ChatBot on BiP Turkcell Customer Services on December 7, 2016. We received 19% of incoming calls through ChatBot.

Via simultaneous Proactive Chat, we proactively offer help on our web page for customers who are interested in our devices and packages. We also sell devices here.

SOCIAL MEDIA

We handle 100 thousand responses on average per month from 22 accounts on Twitter, Instagram and Facebook, our social media channels, and among our closest contact points for the problems and suggestions of our customers regarding their digital experiences. We respond to all user requests, complaints and suggestions within 30 minutes. We provide the most accurate instructions and solutions through uninterrupted dialogue.

SOCIAL RESPONSIBILITY

In recognition of its social responsibilities, Turkcell continued to pursue its social-benefit focused projects in 2017, at the same pace.



Turkcell was the only Turkish company awarded by the United Nations in New York, for its humanitarian services provided to Syrians.

Since our establishment we have met our responsibility to society through projects that we carried out together with our stakeholders and supported in diverse fields such as education, culture, the arts and sports.

As Turkcell, the basis of our corporate social responsibility projects is formed by the United Nations Sustainable Development Goals and Turkey's Vision 2023. As much as we reflect the expectations of our stakeholders to all our business processes, we also build our social responsibility projects in line with focus of "equality of opportunity".

HUMANITY AWARD TO TURKCELL

The UN Global Compact, the sustainability platform launched by the United Nations to eliminate poverty and ensure that all people live in peace and prosperity, determined the 10 private sector leaders in the world most supportive of their development goals this year. Among the ten names was Turkcell CEO Kaan Terzioğlu, due to Turkcell's services and support for Syrian refugees.

HELLO HOPE PROJECT

The Syrian war that started in 2012 created a vast humanitarian drama, causing the broadest migration movement that have taken place in the region since World War that. As more than 5 million Syrians left their country, Turkey opened its doors to over 3.2 million of them, in so doing becoming the nation to host the largest number. As Turkey's Turkcell, aware of our responsibility, we have planned all actions according to the needs of these Syrians. Within the scope of the Hello Hope project; we initiated partnerships with experts such as the AFAD (Disaster and Emergency Management Authority) and Turkish Red Crescent. The Hello Hope Project continues in two phases, and we continue to provide services through our mobile application and Hello Hope Technology Center.

The "Hello Hope" mobile application, launched in support of Syrians to overcome the language barrier problem, a major obstacle to their participation to social life, completed its first year. The application contains the features of audio translation, learning Turkish words and phrases commonly used in daily life in written and audio format, easy access to information useful in daily life in Turkey, and easy access to the Turkcell Arabic Call Center. Aimed at facilitating the daily lives of Syrians, and at providing an opportunity to live an adopted lifestyle, the application was designed to be available to all operators' customers, and has to date registered approximately 700,000 downloads.

In another phase of the Hello Hope project, we launched a Technology Center at the Kahramanmaraş Temporary Housing Center in association with AFAD and Prodea Systems.

At our Hello Hope Technology Center, we provide;

- > The first free fiber internet connection service offered for the education of Syrians in Turkey,
- > The Hello Hope application, which is a solution to the need to learn Turkish, to communicate and access information over Turkcell T tablets,
- > Opportunity of listening to music with fizy and watching TV on Turkcell TV+, and Khan Academy's K12 training, content on news and health.



Talented students, who attend the Science and Art Centers that we supported within the scope of the Whiz Kids project in 2017 under the auspices of the Ministry of National Education, came together in Antalya.



Our efforts to ensure a greater inclusion of Syrians in social life through technology and communication have been communicated at various organizations including the GSMA, the United Nations and the World Economic Forum and have received numerous awards on international platforms.

TURKCELL WHIZ KIDS PROJECT

Turkcell hit the road to assist Turkey's greatest resource, talented students, to overcome impossibilities and access the educational opportunities required to develop through new generation technology and learning. The "Turkcell Whiz Kids Project", which gathered under the roof of Science and Art Centers (BİLSEM), was initiated under the auspices of the Ministry of National Education for unique students from all over Turkey with the potential to steer the future. The project aims to enable such students to realize their potential and access future technologies.

The trainings that aim to bring out the creativity and potential of talented children, allow students to create their own product by combining various variables, such as teaching them to design and produce using three-dimensional printers, write their own mobile applications with App Inventor training, and construct their own circuits with electronic training.

The project was initiated in 2016 in seven provinces including Istanbul (Bağcılar), Adana, Ankara, Şanlıurfa, Ordu, Kütahya and Erzincan. Technology laboratories in Sivas, Istanbul (Kadıköy), Ankara, Mersin, Amasya, Erzurum and Rize were completed in the second year. The project continues with the laboratories established in schools in Afyon, Aydın, and İzmir. Within the scope of the Turkcell Whiz Kids Project, the number of classrooms opened throughout Turkey reached 20.

Within the scope of the project; we also provide technological support to some of the successful schools beyond the scope of BİLSEM. Thanks to the Whiz Kids classes formed in 2017 in Gökçeada Greek Middle School

and High School, Mardin Midyat Sivrice Middle School and Kocaeli TEVİTÖL schools, these students also had the opportunity to benefit from the project.

Within the scope of the project, we aim to create educational and developmental opportunities in Science and Art Centers, and create value for 10 thousand children within three years.

In another phase of the project, more than 20 thousand students studying at BİLSEM were distributed Maker and Coding kits. Thanks to these kits, all students can realize their dream projects relying on their handicraft, by using modules that communicate with each other through special magnets.

Antalya Science and Art Festival

Talented students, who attended the Science and Art Centers that we supported within the scope of the Whiz Kids project in 2017 under the auspices of the Ministry of National Education, came together in Antalya.

A total of 1,200 students, teachers and parents participated in the Science and Art Centers Festival from 94 Science and Art Center. The festival unites the Science and Art Centers to share information, products and technology, as well as ideas and projects that enable our country's talented students to become production-oriented and project-based minded individuals.

During the event, where Turkcell held five workshops, children met with experts in their fields and enjoyed the opportunity to exchange ideas. Over four days, a selection of literature, robotic and technology-related tournaments (BİLROTEK), as well as workshops on visual arts, Traditional Turkish Arts, music, software-informatics, astronomy and photography were organized. Along with workshops and contests, interviews were realized on leadership, science, literature and art. The festival ended with exhibitions of visual arts and photography workshops, student concerts and an awards ceremony.

SOCIAL RESPONSIBILITY

In the collaborative project “Women Developers of the Future” conducted by Turkcell, TOBB (The Union of Chambers and Commodity Exchanges of Turkey), and the “TOBB Women Entrepreneurs Council”, our aim was to help women keep pace in the software era, and become entrepreneurial leaders by learning mobile technologies.



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.

WOMEN DEVELOPERS OF THE FUTURE

We took our “Future Developers” Project, launched five years ago to activate our country’s potential in the IT sector, to another level in 2017 with “Women Developers of the Future”.

As Turkcell, we initiated a project in association with TOBB (Union of Chambers and Commodity Exchanges of Turkey) and the TOBB Women Entrepreneurs Council. The purpose of the project is to support women in developing mobile applications by educating them on software, and improving women’s employment capacity and entrepreneurship in this area. We support them in keeping pace with software developments, and in being one step ahead in terms of entrepreneurship by recognizing mobile technology.

In the first stage, the program was realized by almost 1.400 women. Within the framework of the “Women Developers of the Future” trainings, we provided online mobile application development lectures across Turkey during weekdays, and classroom lectures in 18 cities (Istanbul, Ankara, Izmir, Şanlıurfa, Gaziantep, Diyarbakır, Trabzon, Kayseri, Antalya, Denizli, Van, Adana, Karabük, Eskişehir, Sivas, Aydın, Samsun and Elazığ) during the weekends. Following the trainings, in the process of “Project Development”, we encouraged participants to prepare their own projects, and provided consultancy through Turkcell’s volunteer trainers, and business mentors guided by TOBB.

During the Women Developers of the Future Provincial Finals staged within the framework of our project, 319 women competed with 203 projects across 18 provinces. 48 successful projects qualified to participate in the semi-finals held on 6 October 2017. In the Grand Finale, 10 teams selected in the semi-final made a presentation and the first three groups were announced at the awards ceremony.

In addition to receiving support at the commercialization stage, winning projects will benefit from internship at the technoparks, employment and incubation center in their provinces. Furthermore, we created employment for 100 tester women who were successful in the selection process out of 664 women in total, who were entitled to participate in project development process upon completing the Women Developers of the Future’s classroom trainings and received achievement certificates. In this manner, we aim at having end-user tests of Turkcell products and services. In the first phase of the tester women project with a duration of six months, we employed 100 tester women, who live in various regions and cities of Turkey, and who have successfully completed the selection and training process, at Turkcell Group, offering them the possibility of remote working. We will also provide women with the opportunity to realize their entrepreneurial dreams and ideas by opening up successful projects for funding on Beehive, Turkcell’s crowd funding platform.

MAJOR SUPPORT FOR EDUCATION FROM TURKCELL

People Without Boundaries Program

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 light of this vision, we provide solutions in a diversity of fields under the roof of “People Without Boundaries” to make the lives of our disabled citizens easier, and to better integrate them into daily life.

Education Without Boundaries Program

We support the development of disabled students in education and employment within the framework of the Education Without Boundaries Program initiated in June 2015 under the auspices of the Ministry of National Education. The program aims to increase the competence of disabled children with special education needs, and to ensure their participation in social life.

As Turkcell, we touched 1 million disabled people's lives in 23 years on our way to value the future of Turkey. We use every means available like our products and services to remove social barriers against disabled people.



Within the "Education Without Boundaries Program", we organized cultural tours for disabled students and parents. City tours were held in five cities, namely İstanbul, Denizli, Urfa, Maraş and Adana with tour guides.

Within the scope of the program, more than 10 thousand disabled students with special education needs were reached in 84 schools across 45 provinces within two years.

- › Students with mild mental disabilities are being prepared for post-school business life in professional workshops in 48 Special Education Centers established through the Turkcell Education Without Boundaries Program.
- › With the skills they acquire in accommodation and travel services, food and beverage services, and handicrafts workshops, students are prepared for employment after school.
- › With the technology classes established at all 16 schools for the visually impaired throughout Turkey, students are prepared for employment and developmental opportunities are provided through technology training.
- › In 20 schools for the hearing-impaired, computer classes and other necessary workshops are established to prepare young people for employment in graphic design, computer technologies and similar fields.
- › Detailed trainings are provided according to individual interests to contribute to their development in classes where they gain fundamental computer skills required for employment at state institutions and private companies.

Within the "Education Without Boundaries Program", we organized cultural tours for disabled students and parents. City tours were held in five cities, namely İstanbul, Denizli, Urfa, Maraş and Adana with tour guides. 90 visually impaired students and their parents participated in the İstanbul Bosphorus Tour, which was held during Disabled People week. Saffet Emre Tonguç, the historian and writer, guided children and parents on the İstanbul Bosphorus Tour.

Turkcell Dialogue Museum

In addition to the products and services we have developed under the roof of "People Without Boundaries" to add value to the lives of the disabled, and to ensure their active and equal participation in daily life, we are also conducting new social responsibility projects to provide thorough and permanent solutions. We believe in the importance of creating awareness of the need for solutions to social problems. Hence, we transformed the "Dialog in the Dark" Exhibition, which was initiated in cooperation with the İstanbul Social Enterprise, İBB and Metro İstanbul, into the permanent "Turkcell Dialogue Museum" with the addition of the "Dialogue in the Silence" Exhibition. The museum, which has been hosting the Dialogue in the Dark Exhibition with the support of Turkcell since 2014, introduces visitors to a different world along with visually and hearing-impaired guides, together with the "Dialogue in the Silence" Exhibition.

Within the scope of the project, almost 40 visually and hearing impaired people are employed in İstanbul with the support of Turkcell.

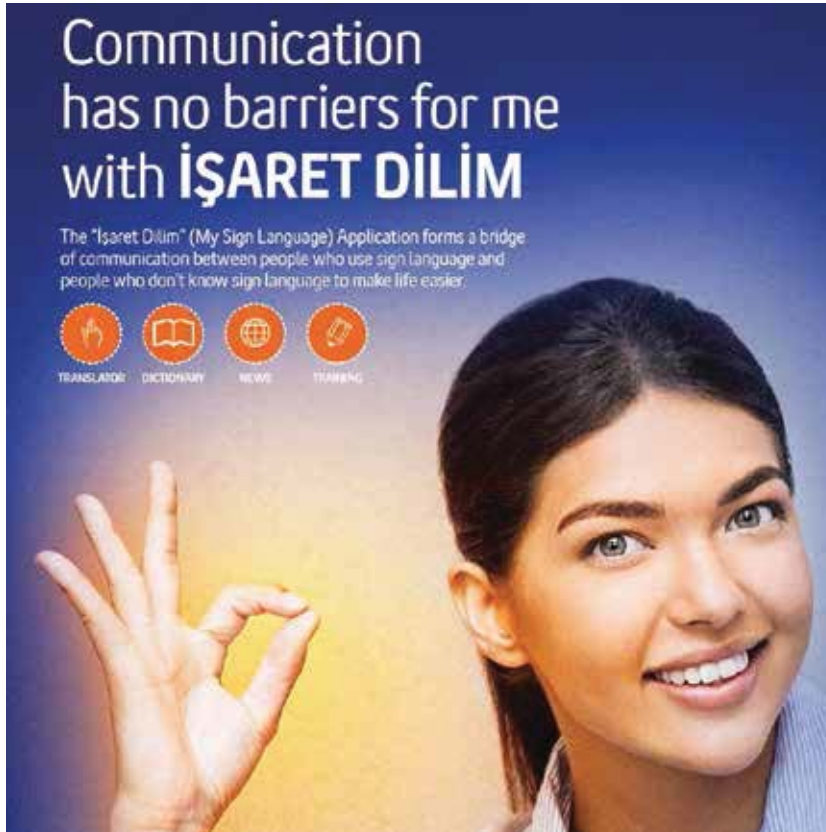
Turkcell – Young Guru Academy (YGA) My Dream Companion Workshops Leadership Training Program

The Turkcell –YGA My Dream Companion Workshops Leadership Training Program is a leadership program active since 2015, in which visually-impaired, secondary education students have been discovered and raised as role models.

Since day one of the project, close to 200 visually impaired students in seven provinces have taken their first steps towards becoming the leaders of the future. During 10-week workshops held on two occasions, students took 730 hours of science, art and leadership training. They received one-on-one mentorship from role models after four camp programs, in which 40 speakers participated.

SOCIAL RESPONSIBILITY

Within the framework of disability football sponsorships that we initiated in cooperation with the Turkish Football Federation, we provide sponsorship support for both national team and leagues of four federations.



Within the scope of My Dream Companion mobile application, visually impaired people can follow the agenda in different categories such as science and technology, health, sports, politics, economics, and disability, as well as through the current articles of over 150 columnists. Additionally, they can access intellectual content, including hundreds of audio books, journals and magazines.

Turkcell My Dream Companion

Within the scope of My Dream Companion mobile application, visually impaired people can follow the agenda through different categories such as science and technology, health, sports, politics, economics, as well as through the current articles of over 150 columnists. Additionally, they can access intellectual content, including hundreds of audio books, trainings and magazines.

Visually impaired users can obtain detailed information on stores in their vicinity through the My Dream Companion application with beacon technology at 23 Shopping Malls in cities such as Istanbul, Ankara, Gaziantep, Adana, Konya, Izmir, Kocaeli, Antalya and Mersin. They can use the navigation service for areas such as a shop they wish to visit, an elevator, reception, or toilet facilities. With the same technology, users can access commentary on the art works they view at exhibitions held at Yapı Kredi Cultural Center, listening to audio descriptions of each art work through the application.

With the audio description technology we launched in December 2015, the visually impaired can follow all movies, at all movie theaters in Turkey without missing any visual detail. The audio description service, a first for the world, and which made available for 70 movies screened in theaters to the visually impaired, has been awarded in the category of Accessibility and Integration to Social Life at GSMA 2016. It was also selected as the application with the highest social impact in the MEFFYS 2016. Following this, another global first was achieved, enabling the visually impaired to access audio descriptions of broadcast TV programs via My Dream Companion.

My Sign Language Application

The My Sign Language application facilitates communication between the hearing-impaired and those who do not know sign language, thereby supporting the personal development of the former. Within the scope of this application, a simultaneous translator of written and spoken text into Sign Language is provided, along with a digital dictionary, in which sign equivalents of more than 3,500 words can be found, current news and personal development in sign language, and child development and sign language trainings. At the same time, users can start video calls via BiP through the application, and communicate in sign language free of charge.

Federation of Disability Football Sponsorship

We support our work in different fields with our projects in sports, so that our disabled citizens can enjoy a more active life. We continue our disability sports sponsorships initiated with the cooperation of the Blind Sports Federation, with Hearing Impaired Sports Federations, the Physically Disabled Sports Federation, and the Special Athletes Federation in the football branch. Within the framework of disability football sponsorships that we initiated in cooperation with the Turkish Football Federation, we provide sponsorship support for both national team and leagues of four federations.

Our Amputee National Team became the European Champions in 2017, sustaining the European Championship success of our Visually Impaired National Team of 2015. We hope to achieve similar successes in other disability branches over the coming years.



Turkcell Academy's online education platform www.turkcellakademi.com offers special trainings for visually impaired and hearing impaired people under the category of "Education without Boundaries".



Academy without Boundaries

Turkcell Academy's online education platform www.turkcellakademi.com offers special trainings for visually impaired and hearing impaired people under the category of "Education without Boundaries". Many training programs for the hearing impaired ranging from technology to personal development, and from the business world to leadership are provided with the language sign option. There are trainings for the hearing impaired that teach "Turkish Sign Language" prepared in cooperation with the Turkish Federation of the Hearing Impaired, as well as trainings for the visually impaired that teach smartphone usage specific to iOS and Android. Turkcell Academy has also started to offer educational programs for parents with hearing and visually impaired children that can support child development.

Gökçeada Greek Middle School and High School Renovation Work

One of the projects we initiated in line with our principle of creating equality of opportunity and adding value to Turkey's future was the work we carried out in the development of historical Gökçeada Greek Middle School and High School, which resumed its academic life in 2015 after a break of half a century. We created a technology class to maximize the educational opportunities for students and designed them a special program. Accordingly, students in the technology class will receive education in technology with the use of three-dimensional printers, Arduino electronic learning kits and software equipment, and will be able to produce local software of the future by creating their own software with the coding kits

given as a gift to them. Additionally, in the teaching process, students also benefit from the outdoor sports area, amphitheater and botanical garden, thanks to the sports and recreational facilities built with our support.

We reintegrated Sâmiha Ayverdi Anatolian High School, Fatih Vocational and Technical Anatolian High School, and Vatan Vocational and Technical Anatolian High School to Education.

Three projects were added in 2017 to the school renewal and construction work initiated within the framework of the protocol signed with the Ministry of National Education and Istanbul Governorship. Within this scope, Turkcell built Sâmiha Ayverdi Anatolian High School, as well as Fatih and Vatan Vocational and Technical Anatolian High Schools, and earned them to education.

The schools were built to meet all student needs from open-closed gymnasiums to fully-equipped conference rooms, and from laboratory areas to classrooms, in a healthy environment. Schools also featured special platforms, ramps and elevators for people with physical disabilities.

Within the scope of education scholarships, Turkcell continues to provide education scholarship support for about 7,500 high school and university students every year.



Three projects were added in 2017 to the school renewal and construction work initiated within the framework of the protocol signed with the Ministry of National Education and Istanbul Governorship.

SOCIAL RESPONSIBILITY

In order to improve our energy efficiency, we focus on energy saving in our process improvement efforts. We also reduce our waste and dispose of it by separating it at its source.



As Turkcell, we detect our environmental impact areas with a keen awareness of our environmental responsibilities, and manage our operations by taking these into consideration.

TRY 33 million
Turkcell saved TRY 33 million worth of energy with its conservation solutions.

SUSTAINABILITY INITIATIVES

As Turkcell, we detect our environmental impact areas with a keen awareness of our environmental responsibilities, and manage our operations by taking these into consideration. We are aware of the fact that innovations in the telecommunication sector we operate in contribute significantly to reducing the environmental impact of business world overall.

We attach great importance to compliance with environmental principles, which are among the United Nations Development Program's Sustainable Development Goals. While supporting sustainable industrialization with our technology, we build our infrastructure considering the future of the climate and the environment. And in developing our services, we aim to reduce our environmental impact.

We closely monitor our carbon footprint in combating climate change and in targeting reduced carbon emissions, we annually increase the use of renewable energy sources in our business processes. In order to improve our energy efficiency, we focus on energy saving in our process improvement efforts. We also reduce our waste and dispose of it by separating it at its source.

Sustainability Report 2016

With our sustainability report published in August 2017, we shared our sustainability management approach and the sustainability practices and performance of the operating period between January 1, 2016 and December 31, 2016 with our stakeholders in full transparency.

This report, in which we adopted the internationally accepted sustainability reporting standard of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Principles as a guide, also contains the seventh Communication on Progress of the United Nations Global Compact (UNGC), of which we have been a signatory party since 2007. We have declared our support for UNGC's principles regarding human and employee rights, the environment and the fight against corruption, as well as our progress in these fields.

Data for 2012, 2013, 2014 and 2015 has been included to illustrate our economic, social and environmental performance, and to enable comparisons. Stakeholder feedback is important for us to enhance our sustainability performance and improve our reporting. For this reason, stakeholder opinions gathered from different channels, and related to several of our applications and initiatives, are included in the report.

Carbon Disclosure Project (CDP)

As a company that has long internalized sensitivity to climate change, we have been studying the risks and new opportunities created by climate change, and have turned these studies into a part of our strategic plans. In 2017, we participated in CDP Turkey (Carbon Disclosure Project) and shared the comprehensive report we prepared for our 2016 performance with the public.

In 2015, we received the "CDP 2015 Turkey Climate Disclosure Leadership" award as one of the five companies included in the top 10% of the index.

Energy Conservation Activities

Seeing people, economy and environment as a whole, Turkcell takes each of its steps with the awareness of sustainability. Putting the energy-saving technologies and practices at every stage of business processes into practice for this purpose, Turkcell contributes both to protecting the environment and to reducing Turkey's energy bill. As a result of the energy efficiency and conservation solutions it has implemented throughout 2017, Turkcell saved TRY 33 million worth of energy which was more than 97 million kilowatt hours. The amount of energy saved was equivalent to the total electricity consumed by 36 thousand homes per year. Not limiting the energy conservation to infrastructure, but turning it into a life style, Turkcell has accomplished successful projects that focused on energy conservation while modernizing its network as well. Also this year, Turkcell added new ones to the solar panels and wind turbines it had installed in 26 locations in the previous years. As a result of these recently built solar panels and wind turbines; the communication units that run on renewable energy have contributed significantly to energy conservation. Thus, only by modernizing its network, Turkcell saved 25 million kilowatt hours of energy in 2017, which was equivalent to the electricity consumed by 9 thousand homes per year.



We adopt the principle of sustaining our effectiveness in social, environmental and corporate governance areas, with the responsibility of being Turkey's digital operator, and in light of our position within the industry.



ISO 50001 - ISO 14064 Certificate

Turkcell the first mobile operator with ISO 50001 and ISO 14064 Certification

We are moving forward with a systematic, transparent and proactive approach in our studies to combat climate change. We follow our performance in line with our set targets. We continue to develop practices to lead the sector in energy and greenhouse gas management.

We have proven to be an environmentally friendly company with human and benefit-oriented initiatives related to international standards in social, economic and environmental areas of influence. We have fulfilled all our responsibilities regarding greenhouse gas emissions standards, and in 2015 we became the first telecom operator to receive the "ISO 14064 – Accounting and Verification of Corporate Greenhouse Gas Emissions" certificate in Turkey. In 2017, we continued our studies and have again received ISO 14064 certification.

BIST Sustainability Index

We adopt the principle of sustaining our effectiveness in social, environmental and corporate governance areas, with the responsibility of being Turkey's digital operator, and in light of our position within the industry. The BIST Sustainability Index provides a performance evaluation means to companies for making improvements of their future plans, and of establishing new objectives. The index also provides the opportunity for companies to develop their risk management skills regarding corporate transparency, accountability and sustainability. As Turkcell, we experience the pride of protecting our place in 2017 BIST Sustainability Index with our actions meeting the selection criteria.

SPONSORSHIPS

In 2017, we continued our support of our National Teams in football, basketball, athletics, swimming, sailing and disability football.



We are proud of our Amputee National Team. As their first and only sponsor, we shared the joy of the trophy in the European Championship together.

Our Support for the Development of Turkish Sports Continues.

For so many years now, Turkcell has maintained its pioneering efforts to develop sports in Turkey, and to help Turkish athletes and National Teams enjoy a solid reputation nationally and internationally. In 2017, we continued our support of our National Teams in football, basketball, athletics, swimming, sailing and disability football.

Within the scope of individual amateur sports, we continued our support for the disciplines of running, fishing and golf, organizing events under our name throughout the year.

We have gathered all our sports projects and sponsorships under the "Turkspor" roof.

Continuous Support of Football and Basketball

Since 2005, we have maintained our sponsorship of the A National Football Team, as the "Main Sponsor", having begun our engagement as the "Official Communication Sponsor" in 2002. And for the past two years we have enhanced and diversified our support of football, by adding our Super League Communication sponsorship, Turkcell Super Cup, to which we gave our name, as well as sponsorship of the Football Summit.

We have continued to support our National Basketball Team for 15 years. We were also by the side of our A National Basketball Team when it qualified for the second round of the European Basketball Championship this year.

Our A National Women's Team that participated in the European Women's Basketball Championship in Prague, Czechia in 2017, completed the tournament in fifth place and qualified to participate in the 2018 Women's World Championship.

The Joy of European Championship with our Amputee National Team!

In 2017, we continued to support our efforts across diverse fields with sports sponsorships, to provide our disabled people greater involvement in daily life. This year, we broadened the scope of our support for disability sports, which we started in cooperation with the Blind Sports Federation. We ran sponsorships for the Hearing-Impaired Sports Federation, the Physically Disabled Sports Federation, and the Special Athletes Federation, again in the discipline of football. Within the framework of these sponsorships that we realize in cooperation with the Turkish Football Federation, we support both the respective National Team and league of each federation.

Our visually-impaired National Team became in the European Champion in 2015 and participated Rio Paralympics Games in 2016. This success was followed by our Amputee National Team's European Championship in 2017. We are working to provide all necessary support to register similar achievements over the coming years, in other disabled categories.

Our Swimming and Athletics Projects

We give the greatest support to amateur sports.

By 2020, we plan to invest TRY 28 million in the swimming and athletics projects initiated in partnership with the Turkish Ministry of Youth and Sports in 2013. With this project, we have, thus far, provided the greatest and longest term support to amateur sports in Turkey.



We are actively involved at every step of the project, which aims to increase the successes and the number of licensed athletes of Turkish sports in the international arena. We work with the Athletics and Swimming Federations across many areas, ranging from the implementation of innovative and modern management models and expansion of the pool of young athletes, to continuity of elite athletic development and consultancy on corporate and technological development.

As of 2017, we have supported increasing the number of licensed athletes in swimming from 18 thousand to 99 thousand. We have established the first certified Swimming Learning System of Turkey and taught 34,000 children to swim with the right techniques in 40 provinces. With the Bob Bowman Program, we have provided 6 athletes and 21 coaches with the opportunity of sportive development in the US. For the first time in Turkey's history, our 2 swimmers from the National Team obtained the right to join the Olympics with an A Ranking. With the Turkcell High Performance Program ongoing in six cities, we have developed more than 40 elite athletes for National Teams and won more than 80 medals in international competitions.

In athletics, we have reached over 32 thousand young athletes in 64 contests, to which we gave our name and support. We supported the number of licensed athletes to increase over 158,500 as of 2017.

We continue the construction of the Turkcell Olympic High Performance Center, which is Turkey's first IAAF certified education and camp center, in Izmir.

In 2017, we enabled our country to register numerous firsts in athletics. We participated in the World Athletics Championship in London with a record number of athletes. We brought our country the first World Championship gold medal in its history thanks to our national athlete, Ramil

Guliyev. With his success reported in the international media, Guliyev was nominated for the "Athlete of the Year in Europe" award by the European Athletics Federation.

Our other young talent, Mizgin Ay, who came through the project, won a gold medal in the 100 meters competition at the 2017 World Star Athletics Championship, realizing a first for Turkish sports.

Our national athlete Yasemin Can has been nominated for the "Rising Star of the Year - Women" award by the European Athletics Federation for the gold medals and championship records she won in the European U23 and European Indoor Championships.

Thousands of sports fans ran for peace in the Turkcell Gallipoli Marathon.

On October 1 with the participation of our CEO Kaan Terzioğlu we realized the third Turkcell Gallipoli Marathon, Turkey's first thematic marathon, in the unique atmosphere of the historical Gallipoli Peninsula. Over 5 thousand athletes participated in the marathon.

In the activity area, we brought together public and celebrities; namely, Pascal Nouma, Kadir Çöpdemir, Burcu Esmer soy and Ceyhun Yılmaz, who visited the activity area. We reached over 10 thousand people at the 3-day marathon fair, in which more than 10 brands participated as supporter and sponsor. We reached thousands of people through the fizy application thanks to the Pamela concert that we organized at the Marathon Fair under fizy sponsorship, and broadcasted both in the area itself and on the application. Through a dedicated marathon channel aired within BiP, we shared information regarding the marathon and communicated with participants personally. On the day of the marathon, we identified free fizy for all runners with chips and enabled them to listen to the Turkish/foreign jogging lists, custom made for the marathon. This year, we offered participants another first by providing them the ease of registering for the marathon using mobile payment.

We planted over 10 thousand seedlings in the forest area of Çınarlı village and enlarged the "Turkcell Peace Forest", which we created last year by planting 10 thousand trees in the Güzelyalı region.

We will continue our support for the marathon, where we provided athletes and sports fans with a unique running experience, over the years to come.

The Turkcell Platinum Golf Challenge brought golf enthusiasts together in Bodrum.

Turkcell Platinum united golf lovers in Bodrum in 2017. Over 100 golfers competed in the tournament held this year for the first time in Bodrum within the scope of the Turkcell Platinum Golf Challenge. The two-day tournament was attended by Turkcell CEO Kaan Terzioğlu and former Minister Fikret Ünlü, as well as key figures from the business world such as Nihat Özdemir, Fikret Öztürk and Cemal Kalyoncu.

99 thousand

In respect of 2017, we have supported increasing the number of licensed athletes in swimming from 18 thousand to 99 thousand.

We have established the first certified Swimming Learning System of Turkey and taught 34,000 children to swim with the right techniques in 40 provinces.

With the Bob Bowman Program, we have provided 6 athletes and 21 coaches with the opportunity of sportive development in the US.

SPONSORSHIPS

We will continue to support culture and the arts by integrating our technology that improves and facilitates life, into museums.



Culture and the Arts

Our vision perceives culture and the arts as being among Turkey's most important values. And in an attempt to support and raise these values, we became the Communication and Technology sponsor of Sakıp Sabancı Museum in 2014. For the first time in Turkey, we designed educational programs specifically for toddlers aged 0-36 months, enabling them to visit the museum together with their parents.

We will continue to support culture and the arts by integrating our technology that improves and facilitates life, into museums.

Tarkan fizy Partnership

We provided privileges to fizy users in tandem with the release of the new album of Turkey's megastar Tarkan. The first clip from the album, "Yolla", which could be downloaded and streamed for the first time using fizy, was exclusively available on fizy for a week.

We broadcasted Tarkan fizy concerts staged between July 1-10, live on our fizy application. We brought Tarkan together with about 40 thousand people at the Cemil Topuzlu Açıkhava arena, and over 200 thousand fans over the application. We organized an additional concert on September 15 in response to strong demand. We hosted nearly 4 thousand invitees at all our concerts.

Lastly, we provided a further privilege for fizy users. We launched Tarkan's second clip in December exclusively for fizy users for two weeks, and achieved record viewing numbers.

fizy High School Music Contest

The 20th anniversary of the high school music contest was held with the sponsorship of fizy. The contest was realized with the intense participation of 500 high schools. The audition videos posted on the fizy high school music contest platform, visited by 1.7 million users, had received over 220 thousand votes within three weeks.

Galatasaray High School won the first prize in the event, in which 34 high schools competed on the final day.

Golf enthusiasts met again during the Turkcell Platinum Golf Challenge.

The Turkcell Platinum Golf Challenge was held at the Kemer Country Golf Club in Istanbul on October 20-22. Over 250 golf players participated in the three-day tournament, which was organized for the third time this year. The tournament, which attracted the attention of leading executives from the business world, as well as celebrities, concluded with the awarding of the top-three ranked golfers in 28 categories.

Set the sail for freedom with Turkcell Platinum Bosphorus Cup!

Turkcell Platinum Bosphorus Cup 2017, one of Turkey's key sporting events in the international arena, saw its 16th outing on May 11-14, 2017, and was attended by over 100 vessels from around the world. After four days of uninterrupted excitement, the team to lift the cup this year was "Orient Express VI" led by Bülent Atabay.

Turkcell Platinum Bodrum Challenge took place for the first time.

The Turkcell Platinum Bodrum Challenge, organized for the first time in Bodrum this year, took place with the participation of 16 vessels and 150 sailors on August 12-13. The colorful event attended by the recreational craft of spectators, drew great interest from local and international sailors.

Business world goes fishing with Turkcell Platinum in Çeşme.

The Turkcell Platinum Alaçatı International Fishing Tournament was held in Port Alaçatı on October 5-8. For two days, 300 notable individuals from the business world, who enjoy sports fishing, gathered with more than 80 vessels. The Turkcell Platinum Alaçatı International Fishing Tournament, an international event since its outset due to the considerable interest of foreign participants, again hosted many contestants from across the world this year.

1.7 million

The audition videos posted on the fizy high school music contest platform, visited by 1.7 million users, had received over 220 thousand votes within three weeks.

HUMAN RESOURCES

Our aim is to make Turkcell a place where talented people can achieve their goals successfully. Thus we want to create a seamless employer experience which will lead to satisfied customers experience.



As a result of our digital transformation, we have opened a way for new working models for a unique working experience. We have put pioneering applications into practice such as; establishing agile work teams, mobile working, and "office station".



HR ONCE AGAIN...

The brands need to clearly define the experience that they want to offer to their employees, as they do to their customers, because talents are important to us like our customers. We, as Turkcell Human Resources, have re-designed employee experience end-to-end.

We started to see the important outcomes of our "HR Once Again" initiative that we have been pursuing with this aim since 2016. Within Project teams that we have formed under this initiative in order to provide an excellent employee experience, 800 Turkcell employees are working from Human Resources teams as well as from all levels and different functions.

In this process, we enrich our Human Resources practices with mechanisms that will create further added value for our employees, and reassess our communications language in line with the promise of our brand and employee experience we want to create. Thanks to our agile working teams, we develop applications that can be the first in our country, and even in the World. We run quick tests and apply the appropriate ones.

Our goal is to make Turkcell a place where talented people are carrying out successful operations. So that, we want to create a seamless employer experience which will lead to satisfied customers experience.

Career Management

Within the scope of the Career Management project, we started to launch new applications that further touch Turkcell employees in parallel with the employee experience we want to create. Our goal with this project is to create opportunities for our employees to guide their career journeys, and ensure them to discover their potential.

Among them, within the framework of Turkcell Apprenticeship Program, we started to bring together Turkcell employees from different departments in physical environment, and enabled them to share their experiences in very different venues. Within the framework of the program, our employees worked in a department they want for a week, to figure out how it functions and experienced that department.

With structured mentoring and reverse mentoring programs, they improved their dialogue skills between generations at Turkcell. Thanks to these programs, we have provided an environment in which we can support our employees in their careers and the opportunity to develop themselves with continuous learning independent from time and place.

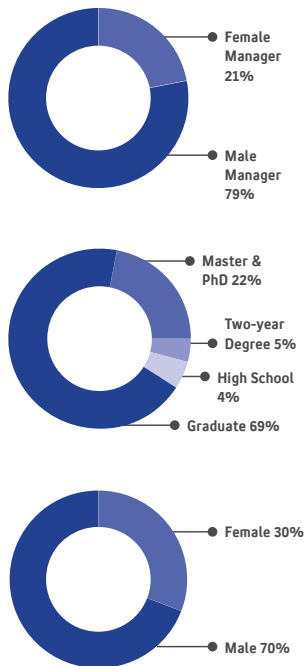
A New Approach to Performance Management: Flex Performance System

One of the most important outcome of our transformation journey that we launched in 2016 to prepare Turkcell for a human resources management approach beyond its time, was the Flex Performance

HUMAN RESOURCES

We take advantage of analytical data as an advantage of our digitalization. We know that communication with our employees is the key to personal and collective performance.

TURKCELL EMPLOYEE PROFILE



The number of Turkcell employees is 3,967 and the number of Turkcell Group employees is 19,768, as from December 31, 2017.

System. This year, we initiated the Flex Performance system, which is compatible with our strategic goals, and based on the needs and dynamics of each business.

Within the system, "Performance Coaches" who are selected from the business units to identify targets that meet the definition of SMART (Specific, Measurable, Achievable, Realistic, Timely) are guiding our employees by providing counseling in order to be of further support to them in their target setting process. Evaluations based on the specified SMART targets can be made in an updated manner, thanks to the structure of Flex Performance System that supports the continuous feedback. Thus, our employees are able to closely monitor the impact of their work on their performance.

Continuous Feedback

All our employees can now give instant feedback to each other via the Mobilim system in connection with the identified main target and sub-targets. Thanks to the feedback that is given and received, Turkcell employees have the opportunity to instantly and continuously monitor their progress and their contribution to the business.

Pioneer Practice LTI (Long Term Incentive)

We have become the first publicly traded company in Turkey to implement the LTI plans that we have developed for Turkcell in order to create a common interest with our shareholders, support sustainable success by focusing on our three-year strategic goals, and ensure the loyalty of talented employees.

The LTI plans, which eliminate the "short term results and decisions that will benefit the Company in the long run" contradiction that has been going on between the professional managers and shareholders for years, are used worldwide by the companies to reach long-term strategic goals and to build common interests with shareholders. By this means, it contributes employees to focus on the long-term sustainable success of the Company, and initiate new and innovative approaches.

We have studied many different models in the world while launching the plan we developed specifically for Turkcell. We designed the most appropriate model in accordance with the direction that we want to go as Turkcell and our three-year strategic goals. Thus, we took our pioneering step in our industry by launching our LTI plan since 2016.

The performance indicators in our Turkcell UVT plan are the share return ratio calculated by subtracting the weighted average cost of capital (WACC) from the total share return ratio and our share performance compared to the peer companies in BIST and our emerging markets. According to these evaluations, the bonus amount is determined, and the reward amount obtained is distributed to employees with a three-year payment plan.

Employee Journey

At Turkcell, we are working to make our employee journey, which starts with the job interviews, a unique and best experience for all of our employees. While shaping this journey, the feeling that we want to pass on our employees is that Turkcell always enables its employees to have the firsts and the best in terms of experience, and it values its employees.

We constantly improve ourselves by continuously measuring our employee journey through various surveys, making improvements in our processes, and on the matters, which we can take useful actions.

At Our Technology Service: We removed the dependency on office presence

At the point where we reached today in terms of technology, Turkcell employees are able to speedily communicate within themselves both in written, audio and visual manner through our instant messaging application BiP. We can seamlessly access our e-mails and all of our files in the system by means of VPN anytime, from anywhere in the world. Thanks to the high speed home internet that we offer to Turkcell employees, they can comfortably work also from their homes, as if they are in the office. As human resources, we turned the working ability, independent from time and location, into an opportunity, and we brought innovative working models into the lives of Turkcell employees. Among those, thanks to "plan the day" practice, our employees are able to decide themselves, together with their managers, to the hours they will be in the office, provided that they fill in their daily working hours. "Mobile work" is a practice specific for Turkcell employees, enabling them to work from anywhere they want for four times a month. As for "Office Station" practice, Turkcell employees can work from any Turkcell location they want by using the office station space particularly prepared for them.



Our young employees who started to work through the GNÇYTnk program were included in a unique orientation and training program. Young employees experienced an intensive and efficient orientation process featuring applications carrying Turkcell to virtual reality environment, activities that combine games and training, and social responsibility projects.



Being "Mother" at Turkcell

We know what it means to be a working mother. We have observed that when our working mothers spent more quality time with their children, it reflects positively in their productivity at work. Therefore, we provided some privileges to working mothers at Turkcell:

- We provided new mothers with the opportunity to work from office between 10:00-15:00 and from wherever they want for the rest of the time. Our new mothers can benefit from this practice until their baby is 16 months old. With this practice, we increased the efficiency of our employees while supporting them protect their work-life balance.
- Our working mothers are granted leave of absence to be with their children on the first day the schools are opened, without any deduction from their annual leave. We do the same for the days when the report cards are given.

Human Resources Analytics

Our Human Resources Analytics studies, which we conducted to determine our strategies and actions with data-based foresight, was one of our key focus areas also this year.

We started to reach more accurate and reliable employee data through our Data Quality Initiative that we launched to improve the data quality of our employees in 2017.

Analyzing the internal interactions of our employees through analytical data models, we generated information that would provide foresight into our organizational studies, and made interactions between processes visible.

By examining the career movements of our employees through descriptive models, we revealed foresight that would allow us to better manage our Human Resources processes.

Our studies in the area of Human Resources Analytics pioneer the extension of data-based decision making culture in the Human Resources field in Turkey.

Next Generation Recruitment: GNÇYTnk

Tens of thousands of successful young people, who graduated from Turkey's best universities applied also this year, to our GNÇYTnk, Turkey's first and most comprehensive young talent recruitment program, which targets new generation talents born in the digital world. 225 young people selected from 82 thousand young candidates who applied to the program, in which application, selection and recruitment processes were realized through mobile platforms, as well as game structures and video interviews, started to work in Turkcell on a full-time basis.

Our young employees who started to work through the GNÇYTnk program were included in a unique orientation and training program. Young employees experienced an intensive and efficient orientation process featuring applications carrying Turkcell to virtual reality environment, activities that combine games and training, and social responsibility projects.

In August, GNÇYTnks, who stepped into business life at Turkcell, were included in an intensive training program prepared by Turkcell Academy in order for them to quickly adapt to Turkcell. In this context, while young people were trained with the Massachusetts Institute of Technology (MIT), they also had the chance to participate in special programs with global brands such as Cisco, Huawei, Nokia, Oracle and Verscom.



Our Human Resources Analytics studies, which we conducted to determine our strategies and actions with data-based foresight, was one of our key focus areas also this year.

HUMAN RESOURCES

Cyber Camp, which earns qualified human power, specialized in cyber security that is increasingly growing in importance in the world and our country, has been sponsored by Turkcell this year.



In order to raise awareness about the impact of digital transformation on humans, we organized psychology seminars where the effects of digital transformation, internet, new technologies and social media on our psychology were shared.



Our 69 young talents, who succeeded in post-training exams, were able to study abroad.

2017 GNÇYTNIK Training Journey is in our lives!

Through Turkcell Academy GNÇYTNIK Training Journey, we aimed for our 225 young talents to be specialized with a development path, consisting of six modules, spreading about two years, with Turkcell leaders, development partners who are experts in their subject, and the world's leading universities.

Turkcell Employees Are Here Module

In this module, the youngsters received information from our Chairman of the Board, Mr. Ahmet Akça, our CEO Kaan Terzioğlu and our Executive Vice Presidents regarding Turkcell's vision, the journey of Digital Turkcell and our corporate culture. In addition, in this module, they had training that will raise their awareness on topics such as corporate life, professional stance etc. and they participated in the social responsibility activities.

Customer is Here Module

After receiving theoretical training on Turkcell customer values and principles, our GNÇYTNIK gained experience on the field by serving to our customers for 19 days, in Call Centers, Turkcell Communication Stores (TİM) and Fiber Solution Centers (FÇM) around Turkey. They came back with 900 detection and suggestion that will further improve the customer experience.

Technology is Here

In this module, our young people also received trainings from Turkcell ICT/NT teams and different institutional universities in order to improve their technology visions. They developed 46 different applications by getting MIT App Inventor training. Our 69 young talents, who succeeded in post-training exams, were able to study abroad.

Our New Business World is Here Module

Our New Business World is Here Module, through which our GNÇYTNIKs developed their financial perspectives; listened to Turkcell's activities in different business areas; and learned about the regulative approaches in all of our businesses, has been realized with 12 different seminars.

Culture is Here Module

We are moving towards a "civilization consciousness", which is being built on common values agreed by whole humanity, and coinciding with the changing and evolving needs of the globalized world. This new civilization consciousness is not only of capital importance to our country and region, but also to the whole world. Therefore, in order for Turkcell's young talents to gain the civilization consciousness, and be inspired by all civilizations while building holistic, comprehensive and permanent systems, we realized "Alliance of Civilization Seminars" with Prof. Dr. Bekir Karlığa, National Coordination Chairman of MEDAM İstanbul Center for International Civilization Studies and Alliance of Civilizations Turkey. In addition, in order to raise awareness about the impact of digital transformation on human, we organized psychology seminars where the effects of digital transformation, internet, new technologies and social media on our psychology were shared.

Entrepreneur Leaders are Here Module

Turkcell Academy GNÇYTNIK Training Journey will continue with the "Entrepreneur Leaders are Here" module, which we will realize with MIT as of March 2018.

Cyber Camp

Cyber Camp, which earns qualified human power specialized in cyber security that is increasingly growing in importance in the world and our country, has been sponsored by Turkcell this year. 40 participants selected from 35 thousand applicants received training on cyber security for two weeks. After the lectures given by the expert trainers, the participants had the opportunity to practice what they learned with the Capture the Flag and Bug Bounty contests. As a result of the evaluations, we, as Turkcell, employed 11 successful participants in various fields.

Turkcell Volunteers is an assistance community, which is formed of Turkcell Group employees who have voluntarily gathered together.



The Turkcell Volunteer Team in 2017 focused on children suffering financial distress, and set off once again this year with the goal of raising our children as tech-savvy, curious, environmentalist, questioning individuals with strong communication skills.



TURKCELL VOLUNTEERS

Turkcell Volunteers, made up of Turkcell Group employees who have voluntarily gathered together, again initiated pioneering aid projects in 2017 with the material and spiritual support of Turkcell employees.

The Turkcell Volunteer Team in 2017 focused on children suffering financial distress, and set off once again this year with the goal of raising our children as tech-savvy, curious, environmentalist, questioning individuals with strong communication skills.

One of the projects, for which great effort is made this year, was the conversion of two unused classrooms in Merkez Gazi Middle School in Hatay, into libraries. These empty classrooms, not efficiently used before, were entirely renovated and transformed into libraries, which was equipped with rich content, featuring reading corners and to computer stations. In addition, the children attending the school were provided with stationery support.

Other prominent Volunteers projects in 2017 were as follows;

- The photocopier needed by the Hatay Samandağ Yaylıca Middle School was provided. Clothing was also distributed to this village school, which faces tough conditions during the winter months, while stationery support was also provided.
- First aid and sports equipment support was provided to 163 students in Kars Akçakale Middle School. Books were sent for their library.
- School trousers, t-shirts and sweaters were bought as uniform support for 280 students attending Edirne Keşan Şehit Er Akın Buluş Elementary School, and books were also sent. Additionally, stationery packages were prepared and delivered to the children.
- Books were sent to the library of Edirne Merkez Gazi Elementary School. New boots were bought for 210 children to ensure that they spent a warm winter.

TURKCELL ACADEMY

We are striving to strengthen the knowledge and competence of employees of Turkcell and Turkey, who can capture the business opportunities in all sectors that are newly formed and changing.



We offer equal opportunities for our employees to gain the competencies they will use in the jobs of the "future". Through the integrated learning model offered by Turkcell Academy, we earn all our employees brand new competencies outside of their field or expertise, and we carry the qualified workforce into the future at Turkcell and in Turkey.

WE ARE PREPARING TURKCELL ECOSYSTEM TO 21ST CENTURY!

With digitalization, our learning and teaching habits, and methods are changing. Our ability to access to a wide variety of information resources is accelerating and our storage capability is becoming easier. Many research and business areas are opening under topics such as artificial intelligence, smart devices, robots, virtual reality, big data, internet of things.

We are striving to strengthen the knowledge and competence of employees of Turkcell and Turkey, who can capture the business opportunities in all sectors that are newly formed and changing. We design the future with our competent human resources in the world where the rules are rewritten by Industry 4.0.

As Turkcell Academy, we realized trainings, for Turkcell employees, that we prepared with the global strategic cooperations, by supporting the classical effective methods such as "on the job learning and mentoring" with the most recent training technologies. Thus, we initiated the mobilization of the longest running programs ever made in the field of corporate education.

We offer equal opportunities for our employees to gain the competencies they will use in the jobs of the "the future". Through the integrated learning model offered by Turkcell Academy, we earn all our employees brand new competencies outside of their field or expertise, and we carry the qualified workforce into the future at Turkcell and in Turkey.

"TURKCELL DIGITAL MASTERS": TRAINING PROGRAM THAT WILL MOVE TURKCELL FORWARD IN DIGITAL TRANSFORMATION

We launched "Turkcell Digital Masters Program" in October with Udacity, one of the world's leading Mooc platforms, in parallel to the vision of the skills that will serve them to transform their digital knowledge and experience at Turkcell into technologies making a difference in IoT field. With this comprehensive program, it is targeted to support Turkcell to be a data driven company, and its strategies in the direction of digital transformation, also to enhance Turkcell employees' job descriptions by equipping them with new competencies brought by the new world and earn them expertise.

Within the scope of Turkcell Digital Masters Program, there are six different nanodegree programs that Udacity has created in cooperation with the world's leading institutions in their fields (such as Google, AT&T, Salesforce, Cloudera). With these programs, such as Data Foundation, Introduction to Programming, Business Analyst, Data Analyst, Machine Learning and Artificial Intelligence, which will confront us in Industry 4.0, it is aimed to educate personnel at qualification not already existing in the sector and to provide productivity in Company operations through these competencies. The program continues with 1,189 participants.

WE LAUNCHED TURKEY'S PARAMOUNT MARKETING PROGRAM!

As Turkcell Academy, continue to add value work for our Company and our employees within the framework of our strategic priorities. With the Turkcell Marketing Masters Program, which we carried out in 2017, we both aimed to earn our employees a common marketing point of view, and to add a brand-new expertise in their careers.

Our employees, whichever team they work for, and whatever expertise they have, had the opportunity to participate in the Marketing Masters Program that was taught by the cognoscentis from world class universities such as Boğaziçi, Wharton, Illinois.

This 100-hour training program, spreading over a year, is the most comprehensive marketing program provided in a company. With this program, our employees had the opportunity to learn many subjects from theory to practice, from conventional marketing to digital marketing, from our country's and the world's most valuable teachers. On this Program that we particularly supported with online training, and digital projects, our participants discovered the delicacies of marketing in the digital world especially in the second semester with Illinois and Boğaziçi Universities, and were entitled to the certificates of these valuable universities.

1,150 people applied for the program, after the launch we realized throughout Turkcell, and 780 of them were entitled to get the Wharton Certificate in the first semester and added value to their career. At the end of the case studies and the final exams, 286 people were



In addition to online trainings, we conducted face to face knowledge sharing meetings with 10 thousand students in 105 universities in 81 provinces of Turkey and in the TRNC, in order to introduce our young people to current information in the software field.



We started the second GNÇYTNK program with 225 young talents, which aims to recruit successful young people.

eligible to continue the program in the second semester. We awarded the first 10 people, who had the highest average grade as a result of the evaluation carried out at the end of each period with a master's degree in Turkey or overseas certification programs, and continued to support their development.

WE EQUIPPED OUR EMPLOYEES WITH DATA SCIENCE!

While we embrace technology and digital in our every training program in parallel to our strategy of being a digital operator; it was also one of our important priorities to raise Turkcell employees who make data-based analyses, question and take decisions.

With Data Science Enablement program, we aimed to explore our competent employees who set their heart on data science and analytics, however working with different teams in Turkcell, and position them as "Data Science Messengers" in our Company.

These people will continue to add value to our Company by learning data science from A to Z and participating in different projects within Turkcell. At the first stage, we received 700 applications for the program, in which 36 people would be selected and trained. In our program, which encompasses a wide range of topics from statistics to programming and data design, we supported them with assignments, projects, on-the-job coaching, and platforms where they can apply what they learn, as well as in-class training. After our six-month training path, our participants began to lead big data and analytical projects on different teams of Turkcell.

WE RAISE TURKEY'S SOFTWARE DEVELOPERS WITH TURKCELL DEVELOPERS OF THE FUTURE.

With Turkcell's Developers of the Future program, which has been carried out since 2013, we aimed to teach all participants, especially young people, the software and programming, starting from the mobile world.

In this context, we provided a pool of Turkish content related to Android, iOS and web programs. In five years, we have reached 113 thousand registered users, 37 million page views, and 3 million users. In addition to online trainings, we conducted face to face knowledge sharing meetings with 10 thousand students in 105 universities in 81 provinces of Turkey and in the TRNC, in order to introduce our young people with current information in the software field.

In 2017, we initiated "Women Developers of the Future" Project, in association with TOBB (Union of Chambers and Commodity Exchanges in Turkey) and TOBB Women Entrepreneurs Council in order to support women to develop mobile applications by educating them about software, and improve women's employment capacity and entrepreneurship on this area.

Nearly 1,400 women applied to "Women Developers of the Future". Our volunteer Developers of the Future Messengers provided online training across Turkey during weekdays and in-class training in 18 cities during weekends, on Android Programming. 664 women, who successfully completed the training, were entitled to participate in a two-month "Project Development" process, in which they received technical assistance from Volunteer Developers of the Future Messengers and one-to-one consultancy from business mentors guided by TOBB. The Grand Finale was realized with top 10, out of 48 most successful Project teams that were evaluated in semi-finals in İstanbul. In addition to supporting women on their path to entrepreneurship, we provide employment for 100 successful tester women and continue to create new job opportunities by having them carry out the end user tests of Turkcell products and services.

WE RAISE LEADERS OF THE FUTURE.

We continued to raise the leaders of the future also this year in parallel with the vision of becoming a "Digital Operator", mission of creating global leaders, and through grade-based leadership development programs targeting nearly 700 managers. On ICE, which stands for "Information-Communication-Entertainment" and participated by all our directors and managers different from the previous years, we mentioned about the relationship of positivity-efficiency in productivity of the team, as well as change processes. In addition, we also hosted C-Lounge sessions where exemplary leaders within Turkcell Group and outside the Company conveyed their success stories and leadership paths.

With the 2017 Director Development Program, we aimed at differentiating our services we offer to our customers through our global products and services, which are among Turkcell's important initiatives, and looking at all the work we do from a broader perspective. In this context, with IMD Business School, we included all our directors and directors' successors in the Global Leadership Program. With the IMD Global Leadership Program, we aimed to strengthen the vision of leadership in the region, leadership in the digital, and leadership in integrated telecom, which are among key strategic priorities of Turkcell.

With the "Learning from the Leaders" approach, we implemented the internal mentorship program within the entire Turkcell group. With the internal mentorship program, by having our experienced managers working in Turkcell Group companies share their knowledge and expertise with the employees in need, we aimed to ensure the development of our employees and support to establish a common management culture. In this context, we positioned all of our volunteer, experienced managers as mentors in the program that includes young talents, new managers and director successors as mentee. This comprehensive journey has been accredited by the EMCC (European Mentoring Coach Council), a leading institution in setting standards related to the mentorship.

TURKCELL ACADEMY

As Turkcell Academy, we continue to add value to our Company and our employees within the framework of our strategic priorities.



In December, we realized a "Turkcell Information Sharing lecture" where we brought Turkcell CEO Kaan Terzioğlu together with MIT students to convey Turkcell's work on IoT, artificial intelligence and mobile technologies, and the opportunities to be derived in these areas.

A FIRST IN THE WORLD FROM TURKCELL AND MIT: TURKCELL NEW FRONTIERS PROGRAM & INNOVATION AND LEADERSHIP DEVELOPMENT PROGRAM SPECIFIC TO TURKCELL

Turkcell Academy initiated two major training programs in 2017 with the Massachusetts Institute of Technology, one of the world's leading universities. The MIT New Frontiers Program and the MIT-Turkcell Innovation & Leadership Bootcamp have the feature of being the first training program specifically tailored for a company by the MIT. By investing in the future with Turkcell New Frontiers Program, we are preparing Turkcell management for the digital transformation.

Under the MIT -Turkcell Innovation & Leadership Bootcamp program, through which Turkcell planned to train new and young leaders, the GNÇYTNNs had a special and intensive training blended together with MIT content and practices, for a week. The selected project teams went to MIT's Boston campus and were entitled to participate in the "Global Bootcamp".

Young people were trained in setting up business plans and developing presentation skills while learning global new technologies and global product / service life cycles. Later, young talents who attended MIT's globally renowned "New Venture" program learned how to lead a process of a product or a service, from idea to the implementation phase, and what kind of know-how they should have. Following one-week intensive program, the project teams working on the "Internet of Things, Face Recognition Systems and Video Call" topics that are the champions of the Turkcell-MIT Leadership and Innovation Bootcamp, continued to develop their projects together with globally renowned professors and mentors on MIT's Boston campus. In March 2018, we plan to carry out the "IoT & Leadership Bootcamp" study with MIT for our new GNÇYTNNs.

In December, we realized a "Turkcell Information Sharing lecture" where we brought Turkcell CEO Kaan Terzioğlu together with MIT students to convey Turkcell's work on IoT, artificial intelligence and mobile technologies, and the opportunities to be derived in these areas.

WE ENABLE OUR MESSENGERS TO SPECIALIZE WITH CERTIFICATION.

The biggest transformation in the retail sector is being carried out at an accelerated pace at points where we meet with our customers, primarily in our Turkcell Communication Centers located throughout Turkey. We perceive our store staff as the most important part of the major transformation initiated at Turkcell stores.

We improved our store staff, who are in direct contact with our customers and who are the most important messengers of transformation, with the latest and newest trainings in the world and we added value to their careers with "Certification Training Journey". We made our staff ready for the field transformation, by combining different training technologies with many training courses, from orientation training for the staff on the field to focus trainings compatible with business strategies.

7,622 field staff who successfully completed the certification journey were entitled to receive the "Turkcell Academy Certificate". The satisfaction rate of our employees who were satisfied with the certification process on the field was measured as 92%. In this process, while we provide our employees with the opportunity to improve themselves, we are also leading the way to raise qualified workforce in the retail sector. In this program that we created to train more competent and more qualified dealer employees, we develop our employees with both digital and in-class trainings by utilizing the experience of Turkcell Academy's extensive training staff, business partners, industry-leading consultants and various universities.

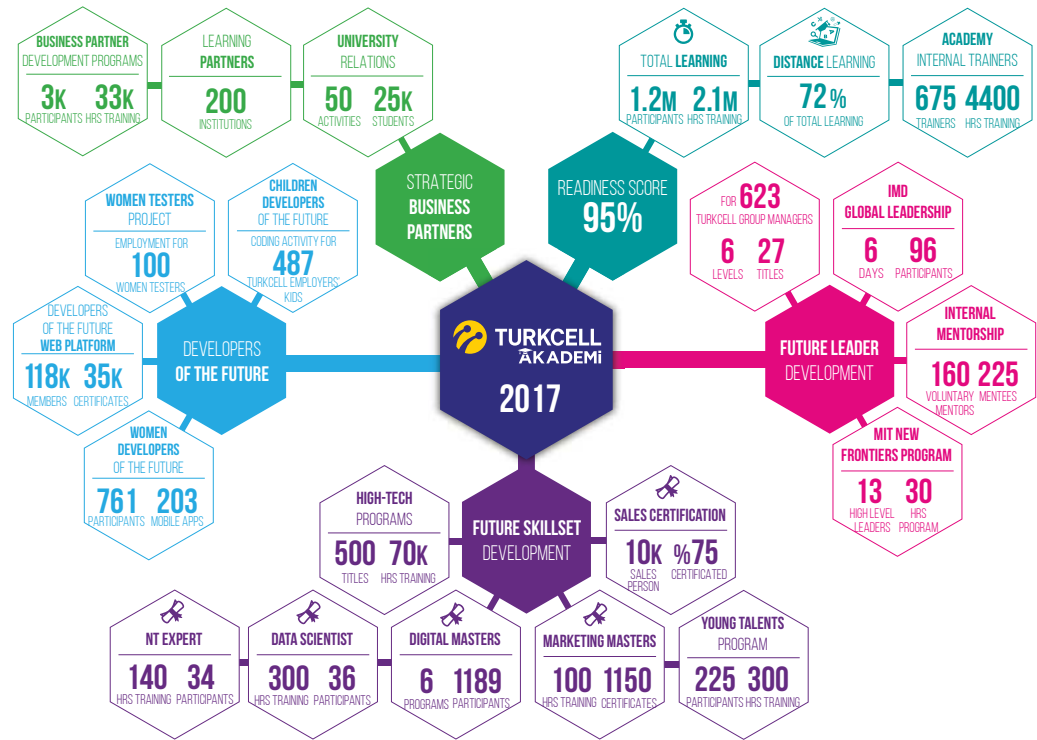
We expanded the program this year by also including our Corporate and Fiber Solution Center employees in our certificate program, along with our Turkcell store staff. If our employees, who receive trainings specific to profile, become successful at online examinations and then online evaluations, they begin to enjoy the privileges of being a certified employee.

WE ALSO DEVELOP THE EXPERTISE OF OUR DISTRIBUTORS.

We continue to develop KVK and GENPA employees in accordance with the needs of the future world. In this direction, we designed certification programs specifically for the needs and performance targets of KVK and GENPA



In parallel to our vision of becoming a digital operator, with the university-industry cooperations, we support young people in being equipped for the jobs that are shaped with new technologies on their development path.



2017 OPERATIONS

employees with the leadership of Turkcell Academy. We have implemented 25 thousand hours of digital and in-class training solutions to a total of 900 employees, with 10 different training programs on leadership, sales, product management, corporate culture and specific functional focus areas. We ensured that 100% of sales and product management teams were successfully certified. We prepared the 2018 development plan parallel to the five different workshops participated by the leaders and professionals, questionnaire study, output of the 2017 training programs and top management strategies.

WE SUPPORT YOUNG PEOPLE THROUGH UNIVERSITY COOPERATIONS.

In parallel to our vision of becoming a Digital Operator, with the university-industry cooperations, we support young people in being equipped for the jobs that are shaped with new technologies on their development path. Within this context, we have delivered a qualified work force to the IT sector by accessing more than 3,000 students in 15 universities with nine certificate programs prepared with the corporate knowledge and experience of Turkcell Academy in the October 2017-December 2017 period.

TURKCELL AKADEMI IS THE BEST CORPORATE UNIVERSITY AGAIN!

Having won more than 45 international prestigious awards since its establishment, Turkcell Academy has been awarded the "Best in the Sector - The BEST" prize for the second time, by the Association for Talent Development (ATD), one of the authorities in employee training and

performance development on global scale. Turkcell Academy added another one to its achievements that make a difference in training and development by bringing home "Best in the Sector - The BEST" prize awarded by ATD to the best companies in their field. In 2017, it was also deemed worthy of three separate prizes in the Brandon Hall Group Excellence in Learning Awards with its training and development projects prepared for "4.5G" and "Convergence". Indeed, Turkcell Academy, annually the recipient of prizes at the awards organization held by Brandon Hall, one of the most prestigious consulting companies in the world, has added further achievement to its global success. This year, Turkcell Academy received awards in the categories of "Best Sales Training and Performance Program", "Best Business Strategy Transformation Support Program" and "Best Creative and Extensive Education Initiative Program".

Turkcell Academy has won 3 prizes at Brandon Hall HCM Excellence in Technology Awards with the Turkcell Academy Corporate Education Management Platform, My Academy Mobile Application and Turkcell Service Sales Model Simulation. Turkcell's success was registered in the "Best Development in Education Management Technologies" category, with the Turkcell Academy Corporate; at the "Best Mobile Education Technology" category, with My Academy Mobile Application; and at the "Gaming and Simulation Applications" category, with the Turkcell Service Sales Model Simulation. Turkcell Academy General Manager Banu İŇci Sezen was awarded the "Top 50 Leaders of the World" prize in the "Strategic Use of Technology in HR" at the "World HR Congress" organized for the 25th time.



Programs for Life (HAP) trainings, developed by Turkcell Academy to support personal development, were carried out also in 2017.

OUR SUBSIDIARIES

lifecell continues to offer unique digital products, and leads the development of the telecommunication market in its home country.



In line with the need for payment services without cards and cash in the Ukrainian market, lifecell launched an online money transfer service through the oplata.lifecell.ua portal.



Having commenced operations as a mobile operator in February 2005 in Ukraine, lifecell has a population coverage rate of 99% and a geographical coverage rate of 95%. A wholly-owned subsidiary of Turkcell, lifecell has 8 million three-month active subscribers and 11 million registered subscribers as of the end of 2017. 53% of registered subscribers actively use mobile internet services.

lifecell stands out for its mobile internet services on the back of 3G speed, and is a leader by smartphone penetration. Its revenue in TRY terms increased by 16.5% to TRY 664.7 million at the end of 2017.

The Company continues to offer unique digital products, and leads the development of the telecommunication market in its home country. lifecell initiated many new applications in Ukraine in 2017. These include cloud storage application "lifebox", music application "fizy", online magazine application "lifecell Magazines", sports application "LifeSport" and the first free application packages (video, social networks and digital communication). All of these products are also offered to the users of other operators.

In line with the need for payment services without cards and cash in the Ukrainian market, lifecell launched an online money transfer service through the oplata.lifecell.ua portal. Paycell LLC was established in August 2017

as a subsidiary of lifecell LLC to serve as a financial institution and provide credit, leasing, money transfer and electronic money services. Financial leasing and lending licenses were obtained in October 2017, while additional licenses are planned to be obtained in 2018.

Within the scope of the social education program "lifecell Universities", the Company opened up a telecommunications laboratory for students offering technical expertise training at the Lviv National Polytechnic University ("LPNU") in December 2017. The aim of the project is to equip the largest technical universities of Ukraine with modern telecommunication equipment, and to support the professional development of students.

At the end of 2017, lifecell signed a cooperation and sponsorship protocol with the National Sports Committee for the Disabled of Ukraine.

In November, lifecell conducted a speed test together with Ericsson to demonstrate to the public the fastest 4G connection, reaching a speed of 453.89 Mbps.

The Company is fully prepared for the launch of 4G LTE in Ukraine and expects the launch of mobile number portability in order to offer the fastest internet connection, greatest quality service and freedom of choice for the Ukrainian people.

1.6 million
Being the third operator in the market with its 1.6 million customers, BeST started to offer 4G service through LTE infrastructure established by beCloud in August 2016.

BEST



Having joined in Turkcell Group in July 2008, BeST (Belarusian Telecommunications Network) was the first operator to offer 3G service in Belarus in November 2009. The coverage area of BeST reached 99.7% in 2017 (geographical coverage: 93.0%).

Being the third operator in the market with its 1.6 million customers, BeST started to offer 4G service through LTE infrastructure established by beCloud in August 2016. BeST has a wide ranging product portfolio consisting of various voice and data packages, and further enriches its portfolio with digital services in line with Turkcell's strategy of providing digital services and solutions on a global scale. Within this context, BeST included BiP, Apps Club, Yandex Music and ITV digital services in its portfolio.

With a growing subscriber base and increasing device sales, BeST's revenues grew by 13.4% in local currency, reaching BYN 111.8 million in 2017. On a TRY basis, Company revenues increased by 40.3% to TRY 210.4 million.

Lifetech, established as a 100% affiliate of BeST to serve in the area of telecommunication and infrastructure solutions, information and communication technologies, software development and security services, successfully carries out Turkcell Group projects with close to 200 employees as of 2017. Lifetech advances with the vision of also providing its services to non-group companies.

KUZEY KIBRIS TURKCELL



Kuzey Kibris Turkcell 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.

Kuzey Kibris Turkcell, which has been offering 3G products and services since October 2008, pioneered a first in Turkcell Group, TRNC, and the world in 2016. It became the world's first digital operator, launching its new digital brand Lifecell, which exclusively operates on the internet.

The Company is the market leader in the TRNC with an infrastructure covering 100% of the population, and has a market share of 62% according to data from the Information and Communication Technologies Authority as of the third quarter of 2017.

Lifecell Digital Ltd., established in December 2017 with a 99.99% participation of Kuzey Kibris Turkcell to provide Internet Service Provider (ISP) services, also supports the vision of being an integrated digital operator.

Kuzey Kibris Turkcell's 2017 revenues grew by 16.4% and were realized as TRY 158.2 million.

TURKCELL EUROPE



Founded in Germany in 2010 as a Mobile Virtual Network Operator (MVNO), Turkcell Europe provides services to approximately over 300 thousand customers through marketing cooperation realized with Deutsche Telekom. Operating under the Lifecell brand as of 2018, Turkcell Europe has begun to introduce its innovative digital services to its users in Germany in parallel with Turkcell's global vision.

The Lifecell brand differentiates itself from its competitors with its special digital offers in addition to the mobile voice, mobile internet services and advantage packages offered through the T-Mobile network within the scope of the marketing agreement signed with Deutsche Telekom. Lifecell unites its customers with the rich world of digital services through BiP, acting as a bridge between countries with its messaging, audio and video call abilities; fizey, which brings customers millions of local and foreign songs, video-clips and live concerts; Dergilik enabling them to easily track magazines in Turkey and throughout the world on their mobile phones and tablets; and TV+, through which they can watch films, TV series and programs from all around the world, anywhere they choose.

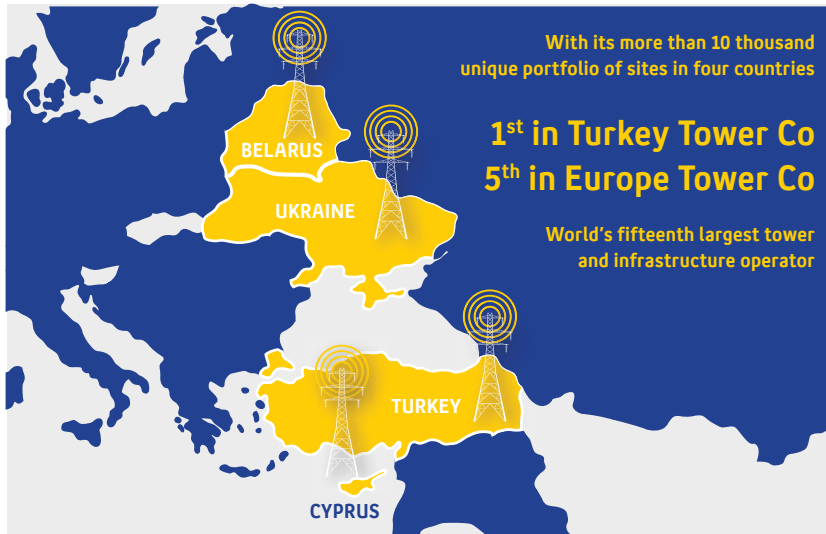
Among the growth targets of the Lifecell brand beyond Germany are other countries in Europe with dense Turkish populations and a diversity of customer segments. As a global player, Lifecell is set to continue on its path in Europe by adding many more innovative products such as payment systems and travel applications to its portfolio, with the vision of bringing its services to all potential customers.



The Company is the market leader in the TRNC with an infrastructure covering 100% of the population, and has a market share of 62% according to data from the Information and Communication Technologies Authority as of the third quarter of 2016.

OUR SUBSIDIARIES

Turkey's 1st telecommunications infrastructure company
with a total site portfolio of 10,337...



With 14 locations in Turkey and 4 locations in Ukraine, Turkcell Global Bilgi operates in 18 locations in total as of the end of 2017 and provides employment to approximately 12 thousand people with 8 thousand table capacity.

TURKCELL GLOBAL BİLGİ



Turkcell Global Bilgi offers new generation creative solutions in customer experience by closely monitoring technological innovations in addition to its 18-year experience in customer service. Acting as the strategic business partner of its customers, Turkcell Global Bilgi aims to increase the customer satisfaction and revenues of companies by delivering customized solutions meeting the needs of over 60 companies, including Turkcell itself.

With 14 locations in Turkey and 4 locations in Ukraine, Turkcell Global Bilgi operates in 18 locations in total as of the end of 2017 and provides employment to approximately 12 thousand people with 8 thousand table capacity. With 7,300 female employees, the ratio of female employees employed by Turkcell Global Bilgi is 60%.

Turkcell Global Bilgi, which realized the first technology investment in the east of Turkey with the Erzurum Call Center, is also the first, and still the only Turkish call center to serve abroad with its Ukrainian investment. It ranks among the top 500 IT companies in Turkey.

Turkcell Global Bilgi won the first prize in the "Best Sales Campaign" and "Best Self-Service Technology" categories and the second prize in the "Best Outsourcing Business Partnership" category at

the EMEA regional finals of the "2017 Top Ranking Performers" awards of "ContactCenterWorld", the world's largest call center industry organization.

Turkcell Global Bilgi manages communication with the end consumer from many channels such as face-to-face service, telephone, audio and video response systems (IVR and IVVR), e-mail, SMS, web chat, the next generation customer experience platform BiP and social media. It also develops tailor-made solutions for its customers through its design team, which handles customer services end-to-end to create a unique customer experience.

GLOBAL TOWER GLOBALTOWER

Global Tower was established as a 100% subsidiary of Turkcell in 2006 to provide tower and infrastructure services. Operating in four countries, Global Tower became an international player by establishing UkrTower in Ukraine in 2009 and BelTower in Belarus in 2016. It provides the infrastructure needs of telecom operators, the media, ISPs, and the energy, public and private sectors.

Global Tower recorded net revenues of TRY 212 million in 2016 and increased its revenues by 21% to TRY 257 million in 2017. In the medium-term, Global Tower targets to increase its revenues on average by 15%-20%. In 2017, EBITDA increased by 24% to TRY 139 million. Mid-term EBITDA growth target is 12%-16% on average. Consolidated tenancy ratio was 1.53x in 2017 and is expected to reach 1.80x-1.90x in mid-term.

Global Tower is Turkey's first and Europe's fifth largest telecommunications infrastructure company with a total site portfolio of 10,337, of which,

- > 8,288 are in Turkey
 - > Owned: 3,724
 - > Operated: 2,354
 - > Contract Management: 2,210
- > 1,103 are in Ukraine (Owned)
- > 831 are in Belarus (Right of use)
- > 115 are in TRNC (Right of use)

Global Tower's main areas of activity are:

- > Leasing services
- > Build-and-sell services
- > Contract management services
- > Maintenance services



TÖHAŞ offers quick and easy payment services to over two thousand member merchants and over five million customers with the Paycell brand. TÖHAŞ aims to enable its customers to use their Paycell accounts more effectively with the Paycell Application, which made its way to the application markets in August.

Global Tower serves its customers in the growing telecommunication sector with an end-to-end service understanding. To this end, it expands its product range with the introduction of new business lines such as satellite services. Global Tower expects the growth momentum achieved to date to continue in the upcoming period, and aims to take its long-term sustainable business plan abroad.

TURKCELL FİNANSMAN **FINANCELL** (CONSUMER FINANCE COMPANY)

Turkcell Finansman A.Ş. received its operational permit from the Banking Regulation and Supervision Agency in March 2016 and started to serve in approximately 3,000 Turkcell stores throughout Turkey with Financell brand, by carrying Turkcell quality to the finance sector to provide flexible payment solutions to customers' equipment needs through financial loans.

Turkcell Finansman A.Ş. has granted TRY 4.2 billion in loans to around 3.1 million customers and became one of the most important players in the Turkish financing sector with an asset size of more than TRY 4.6 billion by year-end of 2017.

Having started to serve in the Turkish Republic of Northern Cyprus as of October 2017, Financell provides financing support for the sale of technological products at Turkcell stores there.

TURKCELL ÖDEME VE ELEKTRONİK PARA HİZMETLERİ* **PAYCELL** (TURKCELL PAYMENT SERVICES)

Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. (TÖHAŞ), the payment services company, extended the scope of its Payment Institution license obtained from the BRSA in 2016 to an Electronic Money license in 2017, and made collaborations with many new business partners and conducted projects during the year.

TÖHAŞ offers quick and easy payment services to over 2 thousand member merchants and over 5 million customers with the Paycell brand. TÖHAŞ aims to enable its customers to use their Paycell accounts more effectively with the Paycell Application, which made its way to the application markets in August.

Having obtaining its electronic money license, Paycell added Paycell Card, its prepaid card designed for its customers who don't use credit cards and banking products, and Paycell Digital Money, which can be uploaded to Paycell accounts, among its payment solutions. In addition, bringing into use rapid payment services that will ease the lives of its customers, such as institution bill payments, fuel payments without leaving the vehicle, and Turkcell Invoice and Package uploads, Paycell aims to rapidly increase its payment services in 2018 as well.

**After the registration of the General Assembly resolution on 20.02.2017, the trade name of Turkcell Ödeme Hizmetleri A.Ş. will be referred to as Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş.*

İNTELTEK

Inteltek (owned 55% by Turkcell, 20% by Intralot SA, and 25% by Intralot Iberia Holding SA) conducts Head Agency, Central System Administration and Risk Management operations within the scope of sports betting games administration in Turkey.

Inteltek achieved the condition of being one of the world's largest operators in the state-controlled betting games sector with its "iddaa" game and brand created in 2004. The added value of "iddaa" in terms of tax and public contribution to the Turkish economy exceeded TRY 4 billion in 2017.

Inteltek has been successfully operating in the same field in Azerbaijan through its 51% subsidiary "Azerinteltek" by creating "Topaz" brand.

Inteltek aims to become the largest social game provider by reproducing its success in games within the games of chance in the "games" sector. It has stepped into the gaming industry with its gaming platform developed on Turkcell BiP application, with www.playcell.com, which has games for children and teens, and with www.gamecell.com for adults.

TURKCELL TEKNOLOJİ (TURKCELL **TEKNOLOJİ**) **TECHNOLOGY**

As Turkey's largest R&D center built at a single campus, Turkcell Technology carries out its R&D and innovation activities with over 700 R&D personnel in Küçükkyalı Technology Plaza. In addition to Turkcell Group, this center runs product and service development processes under the same structure, and provides services to 15 countries with different products, services and infrastructures.

The focus areas of Turkcell Technology include; Big Data Processing, Business Intelligence Applications, Customer Relationship Management and Solutions, Network Management Solutions, Location Based Technologies, New 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, Internet of Things (IoT), Campaign Management Systems and Over-The-Top (OTT) solutions.

Turkcell Technology carries out technology and software export activities in the CIS, Middle East, Africa and European regions, and continues its sales and after-sales maintenance activities abroad with 24 products in total. RoamSelect, one of the locomotive products designed and developed by Turkcell Technology, is used in 10 countries, while SimSelect is used in 7 countries, and Campaign Management System in 5 countries.

With national and international patent applications, Turkcell Technology aims to be a pioneering technology company on a global scale. Patent application process makes a significant contribution to differentiating the services and products of

OUR SUBSIDIARIES

Lifecell Ventures' mission is to deliver digital communications, entertainment, music, TV, money transfer, e-commerce applications, and cloud solutions.



Turkcell Technology has received many prestigious awards in consequence of the innovative and original technologies it has produced in 2017.

Turkcell Technology, and rendering them competitive, with export potential. The Company continues to work intensively and shares this experience with universities, incubators, SMEs and other business partners to ensure that the process gains wider recognition. Since 2008, Turkcell Technology has been the leader in Turkey's telecommunications sector with its 788 national and 79 international patent applications.

Continuing its R&D activities by taking part on the EUREKA platform within the scope of international collaborations, Turkcell Technology continues to work on new project applications in the H2020 program. With the responsibility of being on the board of ITEA3 and CELTIC+ clusters, and with the support of TÜBİTAK, Turkcell Technology is working hard to move the R&D companies in its ecosystem to international platforms. In this manner, in areas such as industry 4.0, 5G, cognitive IT and Fintech that can carry the scientific and technological development of our country one step further, research continues to explore the known state of various techniques. In this manner, ideas capable of transferring our country to a more advanced level are discovered, and their architectural designs are developed and constructed.

In line with business partnerships and the vision of a digital operator, Turkcell Technology takes part as a project partner in a number of new project applications in areas such as (Artificial Intelligence, Large Data Analysis and Analytical Applications and IoT solutions) under ITEA and CELTIC cluster programs in 2017.

Turkcell Technology has received many prestigious awards in consequence of the innovative and original technologies it has produced in 2017.

Pioneering the production of new technologies, Turkcell Technology has also conducted important research into the dissemination of technology, and produced many Academic and Technical Publications on national and international platforms in 2017.

Turkcell Technology enriched its collaborations with universities in 2017. These include joint R&D projects determined in line with strategic focus areas that generate innovative solutions to enrich customer experience; postgraduate and PhD programs organized at the Turkcell Technology campus; trainings and

conferences providing technology transfer at various universities, and the Young Talent Program aimed at enabling new graduates start their career at Turkcell Teknoloji in line with their targets.

LIFECCELL VENTURES

Lifecell Ventures is a 100% Turkcell subsidiary established in the Netherlands. In line with Turkcell Group's strategic priority of enhancing its operations both in international and domestic markets, Lifecell Ventures aims to spread its digital products and services and OTT (over-the-top) services to regional and global markets.

Lifecell Ventures' mission is to deliver digital communications, entertainment, music, TV, money transfer, e-commerce applications, and cloud solutions. It also leverages technology to provide consumers with a new digital experience around the world, and to enable telecom operators to compete effectively.

Lifecell Ventures aims to digitalize the telecommunications industry.

TURKCELL ENERJİ ÇÖZÜMLERİ VE ELEKTRİK SATIŞ TİCARET (TURKCELL ENERGY SOLUTIONS)

Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. received an electricity supply license, valid for a period of 20 years from the Energy Market Regulatory Authority on May 11, 2017 to trade electricity energy and/or capacity. With its license, it serves both eligible individual and/or institutional customers across Turkey, leading the change in the energy sector and providing the best customer experience in the industry.

The Company, which handles energy supply activity within the framework of digital and intelligent energy solutions, carries out studies to spread the renewable energy based off-grid applications in parallel to its vision of providing its customers uninterrupted energy.

AWARDS

We were granted the GSMA's most prestigious and oldest award, "Outstanding Contribution to the Mobile Communication Industry".



At the EU Excellence Awards in HR, Europe's most prestigious human resources organization, we were ranked first with GNÇYTNK "Recruitment and Talent Acquisition" category, overtaking the leading competitors in the world.



JANUARY

Webrazzi Awards

Our Company was named the "Most Digital Brand of the Year" by Webrazzi readers.

FEBRUARY

The Human Resources Summit Respect for Humanity Award

Our Company received an award in the "Screening the Highest number of Candidates" category at the Human Resources Summit, Respect for Humanity Award ceremony held annually by Kariyer.net.

Global Mobile Awards

Turkcell has been deemed worthy of the GSMA's most prestigious and long-standing "Outstanding Contribution to the Mobile Industry" award. Turkcell CEO Kaan Terzioğlu collected the award from GSMA Chairman Sunil Mittal on behalf of five operators, which have received the award.

For its "Hello Hope" mobile application, our Company also received the "Mobile in Emergency or Humanitarian Situations" award under the "Social and Economic Development" category in the Glomo Awards organized by the GSMA.

Mixx Awards

With fizy (Heart Rate), 4.5G (Sanalika) and "Çanakkale'ye Mektuplar" (Letters to Çanakkale), Turkcell was granted awards in 4 different categories at the IAB Mixx Awards.

50 Most Effective HR Managers Research

Turkcell's Executive Vice President of HR, Seyfettin Sağlam has received an award in "Turkey's 50 Most Effective HR Managers" research, organized by Fortune Turkey and DataExpert.

MARCH

The Top 50 Leaders of the World in Strategic Use of Technology in HR

Turkcell Academy General Manager Banu İşçi Sezen has received an award at the 25th World HR Congress by making the list of the "Top 50 Leaders of the World in Strategic Use of Technology in HR".

A.C.E. Awards

We have been deemed worthy of three prizes at the A.C.E. (Achievement in Customer Excellence) Awards organized by şikayetvar.com. In this competition, which measures customer satisfaction and evaluates companies according to this criterion, we ranked first, leaving the competition behind in the communication category. In addition, in the ISP category, Turkcell Superonline, and in the digital platform category, TV+, won third place.

EU Excellence Awards in HR

At the EU Excellence Awards in HR, Europe's most prestigious human resources organization, we were ranked in the first with GNÇYTNK in the "Career and Recruiting Event" category, overtaking the leading competitors in the world.

AWARDS

Turkcell has been awarded five prizes for four projects at the Association of Direct Marketing Communicators' traditional Direct Marketing Awards.



During the Golden Compass Awards organized by the Turkish Public Relations Association (TÜHİD) for the 16th time this year, our Company has received awards for the "Turkcell Gallipoli Marathon" in the sports sponsorship communication category, and for "Letters to Çanakkale" in the corporate responsibility digital communications category.

The Peer Awards for Excellence

At The Peer Awards for Excellence, which takes the pulse of the business world, we won first place in the regional category for the Turkcell Employee Journey project.

APRIL

Global Council of Corporate University

Being a finalist in three separate categories, Turkcell Academy was deemed worthy of an award in the "Best Corporate University-Business Impact" category for the 4.5G Convergence Development Program at the award ceremony organized by the Global Council of Corporate Universities, a joint platform of the world's leading institutional universities.

Direct Marketing Awards

Our Company has been awarded five prizes for four projects at the Association of Direct Marketing Communicators' traditional Direct Marketing Awards.

Our Awards:

- > A Good Day from GNÇ / Best Roadshow Activity (1st), Best Guerrilla Activities (3rd)
- > What a Beautiful Thing Football Is / Best Sports Marketing Activities (2nd)
- > Letters to Çanakkale / Best Integrated Interactive Marketing Campaigns (2nd)
- > Bayram Olsun / Best Integrated Interactive Marketing Campaigns (3rd)

TBD, R&D Special Award

We received the Special Award from the Turkish Informatics Association (TBD) for our contributions to the sector in the area of R&D, employment and productivity. We received our award at a ceremony organized by the TBD at the 24th Information Processing Center Managers Seminar (BİM'24) held in Antalya.

European Business Awards

Turkcell Academy has been named the Best Corporate University for Business Impact within the scope of the European Business Awards.

Shorty Awards

Our platform, "Yeter Çektiğin" initiated along with Turkcell Starry Nights concerts, has won the grand award in social media tool category in the Shorty Awards, among the most important global events of the social media world.

IDC CIO Awards

We received the third prize in the Business Enablement category under the IDC CIO Awards with the Collaborative Analytics Platform.

MAY

UNESCO-Pearson Initiative for Literacy Award

Our company's "Hello Hope" application has been selected as one of the best 14 applications within the scope of the UNESCO-Pearson Initiative for Literacy Awards.

Global Telecoms Business Innovation Awards

With our Daily Optimization and Real Time Action projects, our Company has been granted two separate awards in the Global Telecoms Business Innovation Awards 2017, in the "Software and Service Innovation" category.

International Business Excellence Awards

Within the scope of the International Business Excellence Awards, we have been deemed worthy of a prize with our "Home Service and Disabled-Friendly Store" project.

TÜHİD Golden Compass Awards

During the Golden Compass Awards organized by the Turkish Public Relations Association (TÜHİD) for the 16th time this year, our Company has received awards for the "Turkcell Gallipoli Marathon" in the sports sponsorship communication category, and for "Letters to Çanakkale" in the corporate responsibility digital communications category.

Social Media Awards

Within the scope of Social Media Awards organized by Marketing Turkey for the first time this year, we have been deemed worthy of four awards in total, as Turkcell. We have been the leader of the Telecommunications category within the scope of BoomSonar's "Social Media Brand Index".

The awards we received for "Yeter Çektiğin" in the Social Media Campaign category, "Letters to Çanakkale" in the Special Day Campaign category, and "Turkcell Social Media Experience Management" in the Social CRM Management category, have crowned our achievements.

Great Place to Work 2017

Turkcell Global Bilgi has been named the Best Employer of 2017 in the Best Employers of Turkey Survey, announced by the Great Place to Work Institute, for the 5th time in our country.



Our Turkcell Volunteers project has been awarded in two categories by the CSR Awards. In the ceremony held at the London Parliament Building, Turkcell received the silver medal in the Corporate Social Responsibility category, and the bronze medal in the Employee Loyalty category.

Contact Center World.com EMEA Region

Turkcell Global Bilgi won first place with its projects in Ukraine in the "Best Sales Campaign" and "Best Self-Service Technology Use" categories in the EMEA (Europe-Middle East and Africa) regional finals held in London, by "ContactCenterWorld.com", the world's largest call center industry organization. Turkcell Global Bilgi also received the second prize in the "Best Outsourcing Business Partnership" category for the call center outsourcing service offered to MediaMarkt.

Top 500 IT Companies Survey

Within the scope of Top 500 IT Companies Survey, our Company ranked second in the communications sector based on sales revenue performance. According to the same survey, Turkcell Global Bilgi ranked first in the Call Center Service category.

Best of Digital Awards

Our fizy application was named the "Best Music Platform" as chosen by young people at the Best of Digital Awards.

JUNE

WSIS Prizes 2017

At the WSIS Prizes 2017 organized by ITU (International Telecommunication Union), the organization responsible for the information and communication sector of the United Nations, we have been considered worthy of an award in the "Cultural Diversity and Identity, Linguistic Diversity" category for the "Hello Hope" application.

Global Telecoms Business 50 Innovators to Watch List

Turkcell Senior Vice President Gediz Sezgin was the sole name from Turkey to make the "50 Innovators to Watch" list compiled by Global Telecoms Business.

The Loyalty Magazine Awards

Our Company has been awarded in two categories for Shake and Win, and in one category for each of the GNÇ and Turkcell Emergency programs, at The Loyalty Magazine Awards 2017. Separately, our Company was considered deserving of the Central and Eastern Europe and Turkey Region Grand Prize for its achievements.

Contribution to Reading Award

Our Dergilik application has won the "Contribution to Reading" award of the Turkish Journalists' Association.

CSR Awards

Our Turkcell Volunteers project has been awarded in two categories by the CSR Awards. In the ceremony held at the London Parliament Building, Turkcell received the silver medal in the Corporate Social Responsibility category, and the bronze medal in the Employee Loyalty category.

JULY

ATD BEST Awards

The Turkcell Academy has been considered deserving of "The BEST" award by the Association for Talent Development (ATD), which is regarded as one of the global authorities in employee training and performance development.

AUGUST

Stevie Awards

We were deemed worthy of the HR Department of the Year award by the Stevie International Business Awards (IBA).

SEPTEMBER

UN Global Compact

The UN Global Compact, the sustainability platform launched by the United Nations to eliminate poverty and ensure all people in the world live in peace and prosperity, designated Turkcell CEO Kaan Terzioğlu the "Sustainable Development Goals" leader due to his studies related to Syrian refugees. Terzioğlu was the only person from Turkey to make the list of 10 names.

GTB Power 100 for 2017

Turkcell CEO Kaan Terzioğlu has been included in the Power 100 for 2017 list compiled by Global Telecoms Business. Terzioğlu was one of the 12 names on the list from Europe.

Brandon Hall HCM Excellence Awards

Within the scope of the Brandon Hall HCM Excellence Awards, a leading organization globally, we have received four different awards for our HR and training projects; namely for; Employee Loyalty, Information Security Training and Convergence Trainings.

AWARDS

Turkcell, Hello Hope project, received an award in the category of Diversity & Inclusion at the Ethical Corporation Responsible Business Awards.



Museum enables people experience what visually and hearing-impaired people go through in daily life, fostering greater empathy, by taking one step beyond mere awareness.

Ethical Corporation Responsible Business Awards

Our Company has received an award for the Hello Hope project in the Diversity & Inclusion category at the Ethical Corporation Responsible Business Awards. Turkcell was the only company from Turkey to receive an award in the organization which was held for the 8th time.

The Smarties Awards

Carrying out activities in more than 50 countries with over 800 members with the primary objective of developing and expanding mobile marketing, MMA honored successful projects from around the world with The Smarties Awards. Our Company received four awards in total at the event.

Digital Impact Awards

"Yeter Çektiğin" project won prizes in three categories in the Digital Impact Awards 2017, held in London. The project was initiated at the Turkcell Starry Nights concerts to enable users willing to share a post on social media enjoy the concert, instead of taking photographs or shooting video.

Crystal Apple Awards

Our Company has been honored with 6 prizes at the Crystal Apple Awards, taking place parallel to the Crystal Apple Festival, which was organized this year under the theme of "Creativity is Contagious".

Annual Excellence in Education Awards

We have been chosen the "Education Friendly Company of the Year" at the Excellence in Education of the Year Awards, the results of which were determined by a survey of 140 thousand people and organized by Arti Education Magazine and egitimtercihi.com.

CIPS Supply Management Awards Europe 2017

We have received the Best Procurement Consultancy Project of the Year Award at the CIPS Supply Management Awards Europe 2017, organized by CIPS and Procurecon Europe, two leading platforms for supply chain and procurement in the international arena.

The Owl Awards

As Turkcell, we have been granted two separate awards within the scope of the Turkish Researchers' Association Owls Awards. Trabzon Discovery Research carried out for 61Cell has won the Visionary Owl Award, and the Undergrads Research for GNC won the Insightful Owl Award.

OCTOBER

Broadband Awards 2017

TV+ won first place in the Best Consumer Facing OTT Service category at the Broadband Awards 2017, the prominent award organization in the broadband market.

Excellence in Automation at SON World Awards 2017

In the Excellence in Automation at SON World Awards 2017 organized by Informa, we have been awarded the SON Deployment & Technical Innovation award for the Smart Network Optimization software that we have brought to the Turkcell network.

IPRA Golden World Awards

The Turkcell Dialogue Museum, which has been supported by Turkcell since 2014, has been honored with a prize at the IPRA Golden World Awards. The

6 prizes

Turkcell has been honored with 6 prizes at the Crystal Apple Awards, taking place parallel to the Crystal Apple Festival, which was organized this year under the theme of "Creativity is Contagious".



Our brand was crowned by awards received within the scope of Brand Week İstanbul 2017. According to the "Turkey's Most Loved Brands" survey conducted in 2017 by MediaCat, Turkcell was selected the most loved brand in the GSM operator category.



NOVEMBER

Lovemarks 2017 Turkey Awards

Our brand was crowned by awards received within the scope of Brand Week İstanbul 2017. According to the "Turkey's Most Loved Brands" survey conducted in 2017 by MediaCat, Turkcell was selected the most loved brand in the GSM operator category.

Felis Awards

Our Company has been awarded in a total of four categories at the Felis Awards, which aims to enhance the production technique of marketing communication, the cornerstone of brand building, with creativity and quality in sub-disciplines.

Deloitte Fast 50

Turkcell Ödeme ve Elektronik Para Hizmetleri (TÖHAS – Payment Institution) has made it to the Deloitte Fast 50 list, compiled in Turkey since 2006, and determining the 50 fastest growing technology companies in our country.

9th CSR Marketplace - Sustainable Development Academy Awards

We have been awarded for the Hello Hope at the Sustainable Development Academy Awards within the scope of Objective 10: Reduced Inequalities.

21st Logistics & Supply Chain Excellence Awards 2017

Turkcell was awarded in the Procurement Transformation category at the Logistics & Supply Chain Excellence Awards 2017, one of the world's most prestigious awards in the field of Logistics and Supply Chain.

DECEMBER

İnovaLİG 2017

As Turkcell, this year, we were the champion of the "Sources of Innovation" category at İnovaLİG 2017, organized by the Turkish Exporters Assembly (TIM), in cooperation with IMP3roveAcademy. We also received the Communication Innovation Special Award at the award ceremony held during Innovation and Entrepreneurship Week.

6th Private Sector R&D and Design Centers Summit Awards

The success of the Turkcell Technology R&D Center has been awarded. At the 6th Private Sector R&D and Design Centers Summit, organized by the TR Ministry of Science, Industry, and Technology, General Directorate of Science and Technology, and which has awarded the Best R&D centers, the Turkcell Technology R&D Center won first prize in the "Computer and Communication Sector" category.

Boğaziçi University Informatics Awards

Turkcell has ranked first in the "Best Mobile Operator of the Year" (Turkcell) and "Best Internet Service Provider of the Year" (Turkcell Superonline) categories, as a result of the public and jury vote at the Boğaziçi Informatics Awards, organized by the Boğaziçi University Informatics Club (Compec).

Purchasing and Supply Chain Management Summit

With our "Supply Chain Transformation Project", we were granted "The Best Purchasing 4.0 Project" award at the 7th Purchasing and Supply Chain Management Summit organized by the Purchasing Professionals and Executives Association (TÜSAYDER).

INVESTOR RELATIONS

Having a market capitalization of TRY 34.1 billion (USD 9.0 billion) as of December 31, 2017; Turkcell, the only Turkish company listed on both BIST and the NYSE, has become the 5th largest among the companies trading on the BIST.

SHARE PERFORMANCE

Turkcell shares commenced trading simultaneously at the Borsa Istanbul (BIST) and the New York Stock Exchange (NYSE) on July 11, 2000. Shares are traded under the TCELL ticker at the BIST, and as American Depository Shares (ADS) at the NYSE under the TKC ticker. Two ADSs represent five shares.

Turkcell's issued capital has a nominal value of TRY 2.2 billion, including 2.2 billion shares, each with a nominal value of TRY 1. Having a market capitalization of TRY 34.1 billion (USD 9.0 billion) as of December 31, 2017; Turkcell, the only Turkish company listed on both BIST and the NYSE, has become the 5th largest among the companies trading on BIST.

The size of Turkcell's American Depository Receipts as of year-end 2017 is 48.1 million.

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% re-offer yield, to be traded on the Irish Stock Exchange.

Our Company's Board of Directors has decided to execute share buyback transactions and purchase our Company's bonds in an attempt to protect our investors against any instability perception that may arise in the short and medium-term; subsequent to the events on, and after July 15, 2016, and due to the potentially negative reflection of global macroeconomic volatility on

Turkey. Accordingly, within the framework of the Capital Markets Board's announcements dated July 21, 2016 and July 25, 2016, the Board of Directors has resolved that the maximum fund amount set aside for share and bond buyback would be TRY 150 million and the maximum number of shares and bonds to be bought back should be determined not to exceed this amount. This amount has been raised to TRY 300 million in 2017. Within this context, a total of 6,815,563 shares (in exchange for TRY 65.6 million in total), and bonds of a USD 18,000,000 nominal value, were bought back in 2016. In 2017, there has been no share buy-back. Bonds, bought back in 2016, were sold back to the market in 2017.

Turkcell's institutional investors constitute 77.8% of the shareholder base. Additionally, 43.5% of Turkcell's institutional investors are located in North America, 32.8% in the UK and Ireland, and 18.8% in Europe (including Turkey). While 57.2% of the institutional investors are "Value" focused investors, more than 90% of institutional investors have been investing in Turkcell for more than a year (Source: IPREO, January 2018).

OUR BUSINESS PRINCIPLES

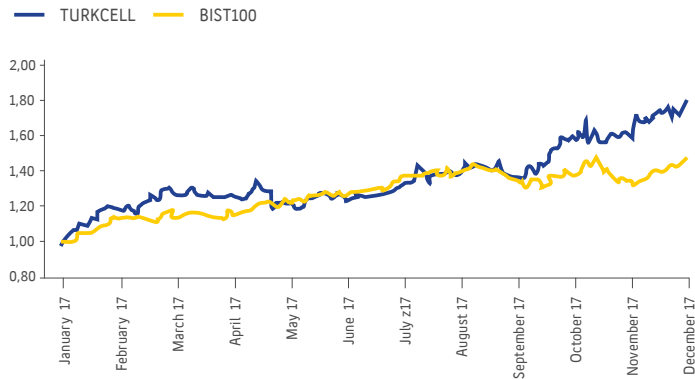
We adopt corporate governance principles.

The basic work policies adopted by the Turkcell Investor Relations Department include accessibility, rapid feedback to stakeholders and analysts, and the perpetual informing of stakeholders transparently, consistently and in a timely fashion.

Share Information*					
TCELL (TRY)	2013	2014	2015	2016	2017
Lowest	7.98	8.44	8.92	8.01	8.44
Highest	9.98	11.54	12.21	11.22	15.48
Closing	8.88	11.19	8.92	8.97	15.48
TKC (USD)	2013	2014	2015	2016	2017
Lowest	10.14	9.44	7.55	5.74	6.01
Highest	13.90	12.99	12.93	9.73	10.20
Closing	10.45	11.83	7.65	6.22	10.13
Stock Exchange Symbols					
Country	Stock Exchange			Ticker	
Share	Borsa Istanbul			TCELL	
ADR	NYSE			TKC	
Bond	Irish Stock Exchange			ISIN: XS1298711729	

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

SHARE PERFORMANCE (RELATIVE) (2017)



Source: Bloomberg

Accordingly, we disclose information to all investors through our 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. The Turkcell Investor Relations team has an accurate knowledge and a grasp of its Company’s strategies, while analyzing the business model and opportunities, and makes a difference by effectively communicating these strategies to investors. The inquiries and requests of investors and analysts are met rapidly and accurately within the framework of related legislation. As the Investor Relations Department, throughout 2017, we:

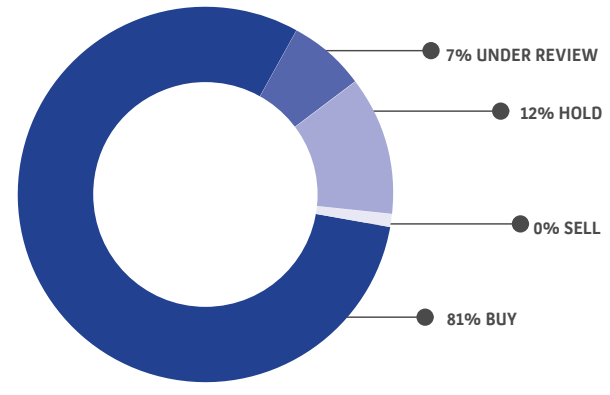
- > Held 374 meetings with analysts and institutional investment funds,
- > We have participated in 17 investor conferences and 5 roadshows.
- > We have hosted analysts who follow our Company and the executives of fund management companies located in Turkey, at our headquarters, in two separate meetings to transparently convey the vision and strategy of the Company and expand the investor base, with the participation of Company management and the Chairman of our Board of Directors.
- > We shared our financial results in 4 teleconferences during the year,
- > Over 1,000 phone and email requests were received throughout the year, and we responded to all of them.

The main topics of questions most frequently asked to the Investor Relations in 2017:

- > Digital services and our transformation strategy
- > Sources of growth and sustainability
- > Medium-term financial expectations
- > Data usage and growth
- > Regulation and tax regulations
- > Turkcell Finansman A.Ş. and business model
- > Share performance and dividend
- > Merger and acquisitions and the IPOs of subsidiaries
- > Shareholder structure

Turkcell is actively covered by 26 brokerage houses, approximately half of which are foreign organizations. As of the end of 2017, there were 21 analysts with a “buy”, 3 analysts with a “hold”, and no analysts with a “sell” recommendation. Two analysts had their recommendation “under review”.

ANALYST RECOMMENDATIONS



We work to provide the maximum benefit to Turkcell and our stakeholders. As Turkcell Investor Relations, our primary goal is to increase the market capitalization of our Company and the trading volume of Turkcell’s shares. Within this context, our target is to develop and deepen Turkcell’s investor profile, and increase the weight and number of long-term investors in the institutional investor base.

On the other hand, 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 make a difference with our communication.

Turkcell believes in simultaneous and open communication with its stakeholders. 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 website 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, quarterly financial 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, 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 fourth year of the Sustainability Index comprising November 2017 - October 2018, Turkcell, one of the 44 companies in the index, has remained on it since its inception.

CREDIT RATINGS

The clearest sign of the improvement in balance sheet structure and international markets' confidence in Turkcell is the "investment grade" ratings Turkcell has maintained from three leading international credit rating agencies in 2017.

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 continued to receive ratings from three leading international credit rating agencies. Turkcell was also the only Turkish company to receive "investment grade" from 3 institutions. As a reflection of the company's rating, Turkcell Bonds are also evaluated at the "investment grade" level by all three rating institutions.

	S&P		MOODY'S		FITCH	
	Outlook	Grade	Outlook	Grade	Outlook	Grade
Last Update	February 2017		March 2017		August 2016	
Local Currency	Negative	BBB-	Negative	Baa3	Negative	BBB-
LT Foreign Currency	Negative	BBB-	Negative	Baa3	Negative	BBB-

INVESTOR RELATIONS CONTACT INFORMATION

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IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

02.01.2018

Announcement Regarding the Process of Turkey's Automobile Project

In accordance with the Joint Initiative Group Cooperation Protocol which we signed on November 2, 2017 with the intention to participate as a potential contributor in Turkey's Automobile Project which is implemented through the coordination of The Republic of Turkey Ministry of Science, Industry and Technology and The Union of Chambers and Commodity Exchanges of Turkey, technological and financial analyses are still being conducted. This announcement has been made pursuant to CMB's Public Disclosure Communique's Article 23/7 for the purpose of providing updated information to investors.

19.01.2018

Announcement Regarding the Application to Capital Markets Board for the Approval of Issue Documents of Lease Certificates

Pursuant to our announcement dated December 18th, 2017, application for the approval of issue documents of lease certificates has been made to Capital Markets Board ("CMB"). The lease certificates will be issued through KT Sukuk Varlık Kiralama A.Ş. in a structure where our wholly owned subsidiary Superonline İletişim Hizmetleri A.Ş. will be the originator.

22.01.2018

Announcement Regarding the Licensing Process of Paycell Limited Liability Company

With reference to our announcements dated September 21st, 2017 and November 21st, 2017, the application processes for local currency transfer and payment infrastructure operator licenses of the financial company titled "Paycell LLC", established in Ukraine by our wholly owned subsidiary lifecell Limited Liability Company ("lifecell LLC") based in Ukraine, are ongoing. This announcement has been made in accordance with Public Disclosure Communique's requirement to provide updated information every 60 days.

Board Decision Date for Acquisition	26.05.2017
Title of Non-current Financial Asset Acquired	Paycell Limited Liability Company ("Paycell LLC")
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Financial services (e-money, money transfer, loans, leasing)
Capital of Noncurrent Financial Asset	USD 2,000,000 (or equivalent in other currencies)
Acquirement Way	Establishment
Date on which the Transaction was/will be Completed	Once local currency transfer license is obtained.
Acquisition Conditions	-
Nominal Value of Shares Acquired	-
Purchase Price Per Share	-
Total Purchasing Value	-
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	-
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	-
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	-
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	-
Effects on Company Operations	-
Did Takeover Bid Obligation Arise?	No
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	No
Title/ Name-Surname of Counter Party	-
Relation with Counter Party if any	-
Value Determination Method of Non-current Financial Asset	-
Did Valuation Report be Prepared?	No
Reason for not Preparing Valuation Report if it was not Prepared	Not required by the legislation.
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

26.01.2018

Announcement Regarding Fintur Holdings B.V. divesting its interest in Geocell LLC

Our subsidiary Fintur Holdings B.V.* ("Fintur"), in which we hold 41.45% stake, through its 99.99% subsidiary Gürtel Telekomünikasyon Yatırım ve Dış Ticaret A.Ş. ("Gürtel"), has signed a binding agreement with Silknet JSC ("Silknet"), a joint stock company organised under the laws of Georgia, to transfer its 100% total shareholding in Geocell LLC, a limited liability company organised under the laws of Georgia for USD 153 million. The transaction is expected to be completed once the regulatory approvals are received. The transaction has no impact on our financial statements since Fintur is classified as "assets held for sale" in our financials.

**Fintur Holdings B.V. is currently 41.45% owned by Turkcell and 58.55% by Telia Company.*

30.01.2018

Announcement Regarding the Restructuring within the Scope of Law No.7061

Our Company's Board of Directors has resolved the following within the scope of Provisional Article 13 added to the Telegraph and Telephone Law No.406 dated 4/2/1924 by Article 2 of the Law on the Amendment of Certain Tax Laws and Other Laws No. 7061 published in the Official Gazette dated December 5th, 2017:

- to restructure treasury share, universal service fund, Information and Communication Technologies Authority (ICTA) contribution share, administrative fees and radio fees which are in dispute and respective penalty, default interest and litigation costs regarding these disputes within the scope of clause 2,
- to choose the method of increasing tax base stipulated in subparagraph (a) from the options stipulated in clause 3 in order to restructure treasury share, universal service fund, ICTA contribution share and administrative fees for the periods for which examination is ongoing or has not been yet initiated within the scope of clause 3.

The total amount, including principal and interest, calculated within the scope of clause 2 is TRY 363.0 million and within the scope of clause 3 is TRY 209.1 million. The payment will be made in 6 equal installments in two-month periods, starting from January 31st, 2018. The total payment including interest on installments is TRY600.8 million. Upon completion of the payments, ongoing disputes in relation to treasury share, universal service fund, ICTA contribution share, administrative fees and radio fees and respective risks that could potentially arise limited to these issues for the periods prior to and as of December 31st, 2017 will cease.

No provision was recognized in consolidated financial statements as of September 30th, 2017 with respect to these issues. TRY 575.1 million provision will be booked in consolidated financials as of December 31st, 2017 including the interest on installments and the impact of discount interest income. Our Company's Board of Directors resolved that the negative impact of this provision amount will not be factored in the dividend proposal with respect to 2017 financial results.

31.01.2018**Announcement Regarding the Incorporation of a Company that will Engage in Insurance Agency Activities**

Our Company's Board of Directors has approved the incorporation of a company by our wholly owned subsidiary Turkcell Finansman A.Ş. with a capital of TRY 300,000. This company will engage in insurance agency activities.

Board Decision Date for Acquisition	31.01.2018
Title of Non-current Financial Asset Acquired	-
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Insurance Agency Activities
Capital of Noncurrent Financial Asset	TRY 300,000
Acquirement Way	Incorporation
Date on which the Transaction was/will be Completed	The company will be operational upon registration as an Insurance Agency with the approval of Undersecretariat of Treasury - General Directorate of Insurance and The Union of Chambers and Commodity Exchanges of Turkey following the registry and announcement of the incorporation.
Acquisition Conditions	-
Nominal Value of Shares Acquired	-
Purchase Price Per Share	-
Total Purchasing Value	-
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	-
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	-
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	-
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	-
Effects on Company Operations	-
Did Takeover Bid Obligation Arised?	No
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	No
Title/ Name-Surname of Counter Party	-
Relation with Counter Party if any	-
Value Determination Method of Non-current Financial Asset	-
Did Valuation Report be Prepared?	No
Reason for not Preparing Valuation Report if it was not Prepared	Not required by the legislation.
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-

31.01.2018**Announcement Regarding the Ukrainian 4G – 2600 MHz Frequency Tender Result**

2600 MHz frequency tender as part of the 4G License Tender, which our fully owned subsidiary lifecell LLC ("lifecell") based in Ukraine had applied to participate, has been held today.

At the tender, lifecell has been awarded the license for 15 years bidding UAH909,250,551* for 15 MHz frequency band, the total of Lot 1 and Lot 2.

Within the scope of the 4G tender, 1800 MHz frequency tender is expected to be held in the first quarter of 2018.

**The liability is denominated in Hryvnia, and amounts to USD 32.5 million based on National Bank of Ukraine's USD / UAH rate of 28.01 as of January 31, 2018. The total amount including the conversion fee is USD 39.1 million.*

09.02.2018**Announcement Regarding the Capital Increase in Lifecell Ventures**

The capital of our 100% owned subsidiary Lifecell Ventures Coöperatief U.A. ("Lifecell Ventures") is increased by USD 10,000,000 (EUR 8,161,932) to EUR 1,656,311,423. Our Company's pre-emption rights with respect to the capital increase is fully paid.

13.02.2018**Announcement Regarding the Amendment of Articles of Association**

Our Company's Board of Directors has decided that necessary actions will be taken to obtain the approval of the Capital Markets Board and the Ministry of Customs and Trade, for amendment of the Articles of Association as attached, in accordance with the principles of Capital Markets Law, the Turkish Commercial Code, and related legislation. Amendment of Articles of Association is subject to approval of the General Assembly.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

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

CURRENT VERSION

ARTICLE 3 - PURPOSE AND SUBJECT-MATTER

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.

In order to achieve the above-mentioned subject matter, 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.

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,

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;

AMENDED VERSION

ARTICLE 3 - SCOPE OF BUSINESS

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" 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 **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;*

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 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;

CURRENT VERSION

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 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.

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 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.

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.

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.

AMENDED VERSION

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 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

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 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 liquidation causes of the Company.

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.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

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

CURRENT VERSION

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 (Onebillionfourhundredseventyfourmillionsixhundredandthirtyninethousandthreehundredandsixtyone) 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 fourhundredandseventyfourmillionsixhundredandthirtyninethousandthreehundredandsixtyone) shares.

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.

AMENDED VERSION

ARTICLE 6 – SHARE CAPITAL

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 (twobilliontwohundredmillion) 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 (twobilliontwohundred 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 2018-2022 (5 years). Even though the ceiling of the registered capital is not reached, after the year 2022, 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 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 2018-2022, 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

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.

CURRENT VERSION

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.

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.

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

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.

AMENDED VERSION

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 and 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/or other 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

This Article was removed from the text.

ARTICLE 9 - BOARD OF DIRECTORS

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.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

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

CURRENT VERSION

ARTICLE 10 – DUTY PERIOD

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.

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.

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.

AMENDED VERSION

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 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

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 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.

CURRENT VERSION**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.

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

The General Assembly determines the fee to be paid to the members of the Board of Management and to the Auditors.

ARTICLE 16 – INDEPENDENT AUDITOR

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.

AMENDED VERSION**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.

ARTICLE 15 – REMUNERATION OF BOARD OF DIRECTORS'

The remuneration of the Board of Directors shall be determined by the General Assembly.

ARTICLE 16 – AUDIT

Relevant provisions of the Turkish Commercial Code and capital market legislation shall be applicable with regard to audit of the Company.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

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

CURRENT VERSION

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.

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 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.

AMENDED VERSION

ARTICLE 17 – GENERAL ASSEMBLY

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 specifically found for such purposes. Pursuant to this provision of 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.

CURRENT VERSION

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.

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.

AMENDED VERSION

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.

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.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

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

CURRENT VERSION

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:

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.

AMENDED VERSION

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 Principles 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:

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.

CURRENT VERSION

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.

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 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.

AMENDED VERSION**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 dividendn 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.

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

This Article was removed from the text.

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.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

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

AMENDED VERSION

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.

13.02.2018

Announcement Regarding the Licensing Process of Paycell Limited Liability Company

With reference to our announcements dated September 21st, 2017, November 21st, 2017 and January 22nd, 2018, the application for payment infrastructure operator license of the financial company titled "Paycell LLC", established in Ukraine by our wholly owned subsidiary lifecell Limited Liability Company ("lifecell LLC") based in Ukraine, has been made and the application preparation process for its local currency transfer license is ongoing.

Board Decision Date for Acquisition	26.05.2017
Title of Non-current Financial Asset Acquired	Paycell Limited Liability Company ("Paycell LLC")
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Financial services (e-money, money transfer, loans, leasing)
Capital of Noncurrent Financial Asset	USD 2,000,000 (or equivalent in other currencies)
Acquirement Way	Establishment
Date on which the Transaction was/will be Completed	Once local currency transfer license is obtained.
Acquisition Conditions	-
Nominal Value of Shares Acquired	-
Purchase Price Per Share	-
Total Purchasing Value	-
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	-
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	-
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	-
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	-
Effects on Company Operations	-
Did Takeover Bid Obligation Arise?	No
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	No
Title/ Name-Surname of Counter Party	-
Relation with Counter Party if any	-
Value Determination Method of Non-current Financial Asset	-
Did Valuation Report be Prepared?	No
Reason for not Preparing Valuation Report if it was not Prepared	Not required by the legislation.
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-

13.02.2017**Announcement Regarding the Capital Increase in Lifecell Ventures**

The capital of our 100% owned subsidiary Lifecell Ventures Coöperatief U.A. ("Lifecell Ventures") is increased by USD 30,000,000 (EUR 24,463,834) to EUR 1,680,675,660. Our Company's pre-emption rights with respect to the capital increase is fully paid.

15.02.2018**Announcement Regarding Dividend Distribution Proposal**

In line with our Company's dividend policy approved during the Ordinary General Assembly Meeting held on March 26th, 2015 and pursuant the resolution disclosed on January 30th, 2018, for not factoring in the negative effect of the provision amount recognized with respect to Law No: 7061, Turkcell Board of Directors has taken the decision to submit the proposal on the distribution of our Company's dividend in a gross amount of TRY 1,239,500,000 and equivalent of a gross cash dividend of TRY 0.5634091 (net TRY 0.4788977) per ordinary share with a nominal value of TRY 1, in accordance with the dividend distribution proposal table which have been prepared for the related fiscal year, to the discussion and approval of the Ordinary General Assembly of Shareholders to be held for fiscal year 2017.

Furthermore, Board of Directors decided to propose distribution of the respective amount to the shareholders in cash and in three equal installments as of 18 June 2018, 17 September 2018 and 17 December 2018, regardless of issuance and acquisition date of these shares while in proportion to shares held.

Herewith enclosed are the details of the dividend distribution proposal decision taken, the dividend distribution table and dividend per share.

Proposed Gross Cash Dividend per Ordinary Share with a nominal value of TRY 1 (TRY)

First Installment	Second Installment	Third Installment	Total
0.1878030	0.1878030	0.1878031	0.5634091

Proposed Net Cash Dividend per Ordinary Share with a nominal value of TRY 1 (TRY)

First Installment	Second Installment	Third Installment	Total
0.1596326	0.1596326	0.1596325	0.4788977

Proposed Cash Dividend Date

First Installment	Second Installment	Third Installment
18.06.2018	17.09.2018	17.12.2018

Note: The gross cash dividend per ordinary share with a nominal value of TRY 1 in each installment will exactly be TRY 0.1878030 (net TRY 0.1596326). However, this cannot be stated as such in the above tables which are part of Public Disclosure Platform disclosure due to technical reasons.

Notice: Please note that the payment of the dividend described above is contingent upon our AGM being duly convened and on obtaining a favorable vote from our shareholders at such meeting.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

ANNEX: Board of Directors Dividend Distribution Proposal

The Board of Directors of the Company decided to distribute an aggregate gross cash of **TRY 1,239,500,000** which corresponds to approximately 63% of Turkcell's net distributable income pertaining to year 2017 to be paid in cash to our shareholders within the below conditions explained hereunder as part of the resolution:

1. As a result of the activities of our Company, pertaining to the period between January 1, 2017 and December 31, 2017, our Company's profit, calculated according to the consolidated financial statements, which were audited independently in accordance with the Capital Markets Board Communiqué numbered II-14.1, named "Communiqué Regarding the Financial Reporting in Capital Markets" is TRY 2,550,886,631- and the commercial profit calculated according to the provisions of Turkish Commercial Code is TRY 485,255,736-,
2. TRY 1,979,129,024- after tax profit calculated according to the consolidated financial statements shall be taken as the basis for dividend distribution in accordance with "Guide of Dividend" which was published on 27 January 2014.
3. As the ceiling designated in the Turkish Commercial Code (TCC) for first legal reserve has been reached by our company; no first legal reserve set aside,
4. TRY 1,979,129,024- is the distributable dividend of the Company, pertaining to year 2017 and TRY 2,092,214,024- calculated by adding TRY 113,085,000- which is the aggregate amount of the donations made during the year, to the above mentioned amount shall be taken as the first dividend basis,
5. In accordance with the provisions declared in Capital Markets Board ("CMB") Communiqué Serial: II-19.1 on "Dividends", clauses set in the article of association of our company and the dividend distribution policy that was approved during the Ordinary General Assembly Meeting of our Company held on March 26th, 2015; TRY 418,442,805-, which is 20%, of the first dividend basis, amounting to TRY 2,092,214,024- shall be distributed as the first cash dividend and the secondary reserve amounting to TRY 112,950,000- shall be separated from the rest of the net distributable current year profit,
 - a. The total amount of TRY 1,239,500,000-, which shall be distributed in cash, shall be distributed from statutory previous year's profit.
 - b. The withholding tax deductions shall be applicable on the amount to be distributed in cash, TRY 1,239,500,000- as mentioned hereinabove,
 - c. In this respect, gross amount of TRY 0.5634091- shall be paid in cash to our shareholders for each share, having a nominal value of TRY 1.- (One Turkish Lira), and hence the aggregate gross amount of cash dividend payment shall be TRY 1,239,500,000-,
6. TRY 626,679,024- which is the remaining of the 2017 year's distributable profit after the cash dividend distribution shall be :
 - a. Regarded as previous year's profit and set aside within the Company,
 - b. The withholding tax deductions shall be applicable on the amount, which is set aside as 2017 fiscal year's profit, in case such amount shall be subject to redistribution

TURKCELL İLETİŞİM HİZMETLERİ A.Ş. 2017 DIVIDEND DISTRIBUTION TABLE (TRY)

1)	Paid / Issued Capital			2,200,000,000
2)	Total Legal Reserves (in accordance with statutory records)			1,407,842,712
	If there is information about privilege in dividend distribution in accordance with the Articles of Association			
	DISTRIBUTION OF THE PROFIT FOR THE PERIOD		According to CMB	According to Statutory Records (SR)
3)	Profit for the period		2,550,886,631	485,255,736
4)	Tax (-)		571,757,607	11,557,098
5)	Net Profit for the period (=)	(3-4)	1,979,129,024	473,698,638
6)	Prior Years' Loses (-)		-	-
7)	Primary Legal Reserves (-)	$((5YK-6YK)*0.05)$	-	$((5YK-6YK)*0.05)$
8)	NET DISTRIBUTABLE PROFIT (=)	(5-6-7)	1,979,129,024	473,698,638
9)	Donations made during the year		113,085,000	
10)	Net distributable profit including donations that is the base of calculation of first legal reserves	(8+9)	2,092,214,024	
11)	First Dividend	(10*the minimum rate determined by the CMB)	418,442,805	
a	-Cash		-	
b	-Cash		418,442,805	
c	-Share		-	
	-Total		418,442,805	
12)	Dividend paid to preference shares	Amount of the dividend for privileged shareholders in accordance with the articles of Association	-	
13)	Dividends paid to Board Members, employees and etc.		-	
14)	Dividend paid to Redeemed Share Owners		-	
15)	Secondary Dividend		821,057,195	
16)	Secondary Legal Reserves	$((11+12+13+14+15)-(H5*0.05))/10$	112,950,000	
17)	Status Reserves		-	
18)	Special Reserves		-	
19)	EXTRA ORDINARY RESERVES (*)	$8-(11a+12+13+14+16+17+18)$	626,679,024	
20)	Other Distributable Sources		-	
	-Prior years' profits (**)		-	1,239,500,000
	-Extra Ordinary Reserves		-	
	-Other Distributable Reserves in accordance with legislation and Articles of Association		-	

(*) TRY 626.679.024- which is the remaining of the 2017 year's distributable profit after the cash dividend distribution made, shall be regarded as previous year's profit in SPK records,

(**) Pertaining to the period between January 1, 2017 and December 31, 2017, our Company's profit calculated according to the consolidated financial statements, which were audited independently in accordance with the "Communiqué Regarding the Financial Reporting in Capital Markets" the total amount of TRY 1.239.500.000, which shall be distributed in cash from statutory previous year's profit

(***) Dividend regarding to buy-back shares will be recorded in free reserves at statutory accounts.

INFORMATION ON DIVIDEND PAY OUT RATIO⁽¹⁾

INFORMATION ON DIVIDEND PER SHARE

	GROUP	TOTAL DIVIDEND AMOUNT (TRY)	DIVIDEND FOR A SHARE WITH A NOMINAL VALUE OF 1 TRY	
			AMOUNT (TRY)	RATIO (%)
GROSS	A			
	B			
	TOTAL	1,239,500,000	0.5634091	56.34
		There are no groups of shares in Our Company. Withholding tax will be applied on distributed gross dividend in accordance with applicable tax regulations on the distribution date.		
NET	A			
	B			
	TOTAL	1,053,575,000	0.4788977	47.89
		There are no groups of shares in Our Company. Withholding tax will be applied on distributed gross dividend in accordance with applicable tax regulations on the distribution date.		

RATIO OF DIVIDEND DISTRIBUTION TO THE NET DISTRIBUTABLE PROFIT INCLUDING DONATIONS

DISTRIBUTED DIVIDEND AMOUNT (TRY) TO SHAREHOLDERS	RATIO OF SHAREHOLDERS DIVIDEND DISTRIBUTION TO THE NET DISTRIBUTABLE PROFIT INCLUDING DONATIONS (%)
1,239,500,000	59.24

(1) Group shares will be disclosed separately if there exists any privileged shares.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

FEBRUARY 16, 2018

Announcement Regarding the Incorporation of Turkcell Özel Finansman A.Ş.

With reference to our announcement dated July 27th, 2016, Turkcell Özel Finansman A.Ş., has been incorporated with an initial capital of TRY35 million following registry and announcement. Turkcell Özel Finansman A.Ş., will grant loans within the framework of Islamic financing principles for purchases of goods and services.

Board Decision Date for Acquisition	27.07.2016
Were Majority of Independent Board Members' Approved the Board Decision for Acquisition	-
Title of Non-current Financial Asset Acquired	Turkcell Özel Finansman A.Ş.
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Financing activities through granting loans within the framework of Islamic financing principles for purchases of goods and services
Capital of Noncurrent Financial Asset	TRY 35,000,000
Acquirement Way	Incorporation
Date on which the Transaction was/will be Completed	Completed following registration and announcement.
Acquisition Conditions	-
Detailed Conditions if it is a Timed Payment	-
Nominal Value of Shares Acquired	-
Purchase Price Per Share	-
Total Purchasing Value	-
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	-
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	-
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	-
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	-
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	-
Effects on Company Operations	-
Did Takeover Bid Obligation Arised?	No
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	No
Title/ Name-Surname of Counter Party	-
Is the Counter Party Related Party According to CMB regulations?	No
Relation with Counter Party if any	-
Agreement Signing Date if Exists	-
Value Determination Method of Non-current Financial Asset	-
Did Valuation Report be Prepared?	No
Reason for not Preparing Valuation Report if it was not Prepared	Not required by the legislation.
Date and Number of Valuation Report	-
Title of Valuation Company Prepared Report	-
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-

FEBRUARY 21, 2018

Announcement Regarding the Board of Directors' Resolution on Annual General Assembly

Our Company's Board of Directors has decided:

- to call the Annual General Assembly Meeting of our Company pertaining to the year of 2017 to convene on March 29, 2018 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 appoint PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş as the independent audit firm to audit our Company's accounts and operations for the year 2018 in accordance with Capital Markets Law, the Turkish Commercial Code, and related legislations and to submit this decision to the approval of our shareholders during the upcoming Annual General Assembly Meeting of our Company.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

AGENDA OF THE ANNUAL GENERAL ASSEMBLY MEETING FOR 2017

- 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 2017;
- 4- Reading the summary of the Independent Audit Firm's report relating to fiscal year 2017;
- 5- Reading, discussion and approval of the Turkish Commercial Code and Capital Markets Board balance sheets and profits/loss statements relating to fiscal year 2017;
- 6- Release of the Board Members individually from the activities and operations of the Company pertaining to the year 2017;
- 7- Informing the General Assembly on the donation and contributions made in the fiscal year 2017; discussion of and decision on Board of Directors' proposal concerning determination of donation limit to be made in 2018, starting from the fiscal year 2018;
- 8- 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;
- 9- 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;
- 10- Determination of the remuneration of the Board Members;
- 11- 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 2018;
- 12- 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;
- 13- Discussion of and decision on the distribution of dividend for the fiscal year 2017 and determination of the dividend distribution date;
- 14- 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;
- 15- Closing.

IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

FEBRUARY 26, 2018

Announcement Regarding Capital Markets Board Application for Debt Instrument Issuance

Summary Info	Capital Markets Board Application for Debt Instrument Issuance Abroad
Authorized Member Decision Date	21.02.2018
Issue Limit and Currency Unit	USD 750,000,000
Issue Limit Security Type	Debt instrument
Sale Type	Oversea
Capital Market Board Application Date	26.02.2018

Our Company evaluates the use of various long term debt instruments in international markets in accordance with our active and efficient balance sheet management principles. An application has been made to Capital Markets Board on 26/02/2018 for the approval of issuance certificate to issue debt instruments with an amount up to USD 750 million or its equivalent in another currency, through private placement and/or sales to qualified investors abroad, without public offering pursuant to the authority granted to our Board of Directors by article 25 of our Articles of Association and in accordance with Capital Markets Board's legislation. The debt instrument will be issued in one or more tranches and in various types and terms with fixed and/or floating interest rates to be determined as per the market conditions at the date of the issuance.

The announcement with respect to issuance decision has been previously deferred.

MARCH 5, 2018

Announcement Regarding the Expansion of Scope and Currency of the Long-term Loan Agreement

The scope of the EUR690 million unutilized portion of the EUR750 million loan agreement signed with China Development Bank (CDB), details of which were disclosed in our announcement dated 29.09.2015, has been expanded. In this respect, in addition to Turkcell İletişim Hizmetleri A.Ş., our subsidiaries Superonline İletişim Hizmetleri A.Ş., Turkcell Finansman A.Ş. and lifecell LLC will also be able to utilize the corresponding loan. Furthermore, in addition to the right to utilize in EUR terms, relevant loan may also be utilized in US Dollars and Renminbi with respective annual interest rates of LIBOR + 2.22% and 5.51%. There have been no changes to maturity and the repayment schedule of the loan.

MARCH 5, 2018

Announcement Regarding the Process of Turkey's Automobile Project

In accordance with the Joint Initiative Group Cooperation Protocol which we signed on November 2, 2017 with the intention to participate as a potential contributor in Turkey's Automobile Project which is implemented through the coordination of The Republic of Turkey Ministry of Science, Industry and Technology and The Union of Chambers and Commodity Exchanges of Turkey, technological and financial analyses are still being conducted. This announcement has been made pursuant to CMB's Public Disclosure Communique's Article 23/7 for the purpose of providing updated information to investors.

MARCH 5, 2018

Announcement Regarding Fintur Holdings B.V. divesting its interest in Azertel

Our subsidiary Fintur Holdings B.V.* ("Fintur"), in which we hold 41.45% stake, has transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatirim Dış Ticaret A.Ş ("Azertel") to Azerbaijan International Telecom LLC ("Azintelecom"), a fully state owned company by the Republic of Azerbaijan, at the price of Euro 221.7 million. The signing of definitive agreement, the transfer of shares to Azintelecom and the transfer of proceeds to Fintur were completed simultaneously. The transaction has no impact on our financial statements since Fintur is classified as "assets held for sale" in our financials.

**Fintur Holdings B.V. is currently 41.45% owned by Turkcell and 58.55% by Telia Company.*

2017 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Turkcell İletişim Hizmetleri A.Ş.'s ("Company") Corporate Governance Principles Compliance Report of the year 2017; has been prepared in accordance with the format specified with the decision n.2/35 published in the Capital Markets Board ("CMB")'s Weekly Bulletin n.2014/2 dated 27th of January 2014 and outlined in the sections given below.

SECTION 1- STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

We have begun to implement corporate governance mechanisms in parallel with the corporate governance efforts that we launched as the Company's IPO by establishing an Investor Relations Department and accelerated in 2003; 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.

Within the activity period that ended on the 31st of December 2017, our Company has adopted and implemented the corporate governance principles specified in the annex of the Communiqué on Corporate Governance. On the other hand, considering the current situation, the principles that are not yet complied with, so far have not led to any conflicts of interest between the stakeholders.

In the relevant sections of the report, necessary explanations are given regarding the principles that are not yet complied and complied with the corporate governance principles specified in the annex of the Communiqué on Corporate Governance, during the activity period that ended on the 31st of December 2017. Specific actions taken regarding compliance to the corporate governance principles within this period are summarized below.

Within 2017, there were no related party transactions or significant transactions that were not approved by the independent members and thus had to be presented for the approval of the general assembly.

SECTION 2 – SHAREHOLDERS

Shareholding Structure (31st of December 2017)

SHAREHOLDER	NOMINAL VALUE (THOUSAND TRY)	SHARE PERCENTAGE
Turkcell Holding A.Ş.	1,122,000	%51.00
Çukurova Holding A.Ş.*	996	%0.05
Free Float	1,077,004	%48.95
Total	2,200,000	%100.00

(*) As of 31st of December 2017, the number of Company shares kept as collateral by various corporations is 995,509.

Within the framework of the announcement made via Public Disclosure Platform ("KAP") on 6th and 7th of December 2016; Sonera Holding B.V. made an application to Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency), for the transformation of its Turkcell shares with a nominal value of 287,632,179.557 TRY and that were registered in the Board but not traded at stock exchange to trading shares on the exchange. According to the information disclosed by Telia Company; the process of selling these shares at the stock market was completed on the 8th of May 2017 and the 21st of September 2017. After this process, the value of its nominal shares in the Company's publicly traded portion is amount to 1.604 TRY.

2.1. Investor Relations Department

The communication between Turkcell İletişim Hizmetleri A.Ş.'s and investors is maintained, in line with the corporate governance principles, through the Investor Relations Department which serves under the Investor Relations and Merger and Acquisition Directorate, reporting to the Deputy General Directorate of Finance. The duties stipulated in the article 11 of the Communiqué on Corporate Governance numbered II-17.1 are performed by our Company's full-time employees whose contact details are given below.

Investor Relations and Merger and Acquisition Director: Zeynel Korhan Bilek
Address: Turkcell Küçükaly Plaza, Aydınevler Mahallesi İnönü Caddesi No:20 B Blok
Küçükaly Ofispark 34854 Maltepe/İstanbul
Phone: +90 (212) 313 18 88
E-mail: korhan.bilek@turkcell.com.tr

Capital Markets & Corporate Governance Compliance Principal: Emre Alpman
Address: Turkcell Küçükaly Plaza, Aydınevler Mahallesi İnönü Caddesi No:20 B Blok
Küçükaly Ofispark 34854 Maltepe/İstanbul
Phone: +90 (212) 313 18 88
E-mail: emre.alpman@turkcell.com.tr
Licenses: Capital Market Activities Level 3 License No: 203743
Corporate Governance Rating License: 700292

The main activities of the Investor Relations Department (IR) in 2017 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 have been ensured in a reliable, safe and up-to-date manner and the transactions at Central Registry Agency have been coordinated with the Legal Department and Board of Directors Office.
- The questions addressed to IR and the shareholders' requests for the information regarding partnership during the reporting period, excluding those regarding undisclosed information considered as confidential and 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.
- Ordinary general assembly meeting convened in the respective term was held in cooperation with the related departments, Legal Department and Board of Directors Office 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 meeting 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 access 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.
- In addition to material 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 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.

- In 2017, Investor Relations Department attended 17 investor conferences and 5 road shows, and organized 374 meetings in total with analysts and corporate mutual funds. With the participation of the Company's senior management and the Chairman of the Board of Directors, two separate meetings were organized at the Company headquarters with the relevant analysts and the executives of the portfolio management companies located in Turkey, in order to transparently explain the Company's vision and strategy and to expand its investor base. 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 Relations pertaining to the following year is presented to the CFO at the end of each year.

2.2. The Use of Shareholders' Rights to Obtain Information

No discrimination is made between the shareholders in using shareholders' right to receive information and investigate. All shareholders have right to receive information and investigate. In the Articles of Association, there is no provision limiting the right to receive information.

The Company's shareholders and stakeholders made many requests for obtaining information concerning various subjects throughout the year 2017. These requests, excluding those concerning undisclosed information considered as confidential and trade secret, were responded 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 both local and foreign shareholders the information stipulated 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 receive information. Updating and monitoring information posted on the Company's Investor Relations website was carried out under the responsibility of the Investor Relations Department.

As per the regulations, disclosures made to the Public Disclosure Platform (KAP) in order to disclose to public were also provided to those stipulated in the Company's database by e-mail, social media and smartphone application, both in Turkish and 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 vested to the minority shareholders by the respective laws. During this term, no requests for the appointment of a special auditor were submitted.

2.3. General Assembly Meetings

Call for the general assembly meeting is made, in a manner that will make sure the Company reaches the maximum number of shareholders possible, minimum three weeks prior to the general assembly meeting date via Public Disclosure Platform (KAP), Electronic General Assembly System (EGKS), Company's corporate website and Turkish Trade Registry Gazette. Furthermore, before the general assembly meeting an "informative document" regarding the agenda items is prepared and publicly disclosed. All announcements and disclosures are made in conformity with the Turkish Commercial Code (TCC), capital markets legislation, CMB regulations and decisions, and the Articles of Association.

As per article 410 of the TCC, upon the call made by the Board of Directors of our Company, 2016 ordinary general assembly meeting of our Company was held on 25th of May 2017 at the Company headquarter located at the address of Aydınevler Mahallesi, İnönü Caddesi, No:20/36, C Blok, Conference Hall, Küçükyalı Ofispark, 34854, Maltepe, İstanbul.

The call for the general assembly meeting to be held on 25th of May 2017 was made in conformity with the TCC, CMB corporate governance principles and Articles of Association, and in a way that will cover the agenda items, via Turkish Trade Registry Gazette n.9316 published on 28th of April 2017 and published on Takvim and Türkiye newspaper published on 28th of April 2017, as well as the Electronic General Assembly System, the Company's www.turkcell.com.tr web address, and the Public Disclosure Platform; and within the stipulated time frame by sending registered letter to registered shareholders, and informing them about the meeting date and agenda. Furthermore, within the scope of the corporate governance principle n.1.3.1, all information such as the annual report, financial statements regarding the general assembly, was made available for shareholders' review electronically on the Company website and physically at the Company headquarter. No media member was invited to the general assembly meeting, and the meeting results were immediately shared with the public.

Following items were included on the agenda of the general assembly meeting; approval of the consolidated financial statements regarding 2016 activities, release of the members of the Board of Directors for the relevant periods, discussion and approval of dividend distribution for the relevant period, and determining the dividend distribution date, approval of the amendments, made as per CMB's consent and Ministry's approval, to the Company's Articles of Association, in order to comply with the New Turkish Commercial Code n.6102 and the Capital Markets Law n.6362, determination of the term of office and election of the new members for the Board of Directors, determination of the remuneration of the members of the Board of Directors, appointment of an independent auditor for the year 2017, presentation of information on the aids and donations made in 2016, determination of the donations limit for 2017, starting from the beginning of 2017 accounting period; authorization of the members of the Board of Directors of the Company in accordance with the provisions of article n.395 and n.396 of the TCC, informing the shareholders about the revenue or benefits obtained by, and collaterals, pledge, mortgage, and sureties given by the Company for the benefit of third parties within the framework of CMB regulations.

The members of the Board of Directors, other relevant persons, the personnel and the independent auditors responsible for preparing the financial reports are present at the general assembly meeting in order to provide necessary information and answer any questions about the specific items on the agenda.

During the general assembly meeting, the chairman of the meeting has paid utmost attention to cover the agenda items in an objective and detailed manner with a clear and understandable method, and thus the shareholders were given opportunity to express their opinions, and ask questions under equal circumstances. During the general assembly meeting, shareholders' questions that do not interfere with trade secrets are directly answered. In case the question is not relevant to the agenda or in case it is too broad to be answered immediately, a written answer is given by the Investor Relations Department to such questions as soon as possible, and the answer is publicly disclosed. During the ordinary general assembly meeting held regarding the year 2016, no question was asked within this scope.

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At the ordinary general assembly meeting held on 25th of May 2017, the dividend distribution proposal that had been previously prepared and announced by the Board of Directors to the shareholders, and the proposal prepared by our Company's shareholder Turkcell Holding A.Ş. were submitted to discussion, and as a result of the voting, a decision was taken by majority vote of the present participants to approve the written proposal of Turkcell Holding A.Ş., and the proposal submitted by Turkcell Holding A.Ş. requires; i) to first set aside the reserve funds that must be set aside as per the mandatory provisions of the Articles of Association of the Company, the Turkish Commercial Code n.6102, and the Capital Markets Law n.6362, and take the previous years' profits and extraordinary reserves into consideration, and then to distribute in total TL 3,000,000,000 – which is the sum of the amounts specified in the proposal for each fiscal years – of the net distributable profit for the fiscal period between 2010 and 2016 specified in the Company's financial statements that were issued taking the Company's cash status and needs; ii) to make three equal payments to the shareholders for profit distribution and; iii) to make these payments respectively on 15th of June 2017, 15th of September 2017, and 15th of December 2017 at the latest.

Our Company adopts and implements the corporate governance principles. However, mandatory amendments that must be made in order for the Articles of Association to comply with the principles and determined by the resolution of the Board of Directors and in line with CMB's approval, submitted to shareholders' approval at the ordinary general assembly meeting held on 25th of May 2017 upon receiving Ministry of Customs and Trade's permission; sufficient decision quorum was not met and no resolution was reached within this regard. The aim is to make the necessary amendments to the Articles of Association at the following general assembly meeting.

On the other hand, the process for electing independent members was not launched due to ongoing conflicts between the controlling shareholders of the Company. The item on the agenda of the ordinary general assembly meeting held on 25th of May 2017, on the election of other members of the board of directors and determination of their term of office, could not be voted due to the fact that no candidates were nominated. In this context, the aim is to comply with the principle n.4.3.7. at the following general assembly meeting.

2.4. Voting Rights and Minority Rights

Pursuant to the Articles of Association of the Company, there are no privileges granted regarding the voting right for any group or shareholder.

The minority shareholders and stakeholders are not represented in the Board of Directors and the ratio stated in the TCC and CMB provisions concerning minority rights are applied.

However, three independent board members serve in the BoD to equally represent all shareholders, particularly minority shareholders, and stakeholders.

The Company has no reciprocal shareholding relation with its affiliates and subsidiaries and thus no situation which would require voting rights stemming from such a relationship to freeze at the general assembly meeting has taken place as of December 31, 2017.

2.5. Dividend Rights

In the Articles of Association, there are no privileges granted on the participation to the Company's profit. All shares have equal right with respect to the right to receive dividend.

The Company has a specific and consistent Dividend Policy that is determined considering the provisions of the TCC, Capital Markets Law, tax codes and other respective legislation and the Articles of Association. This policy was presented for the shareholders' approval at the general assembly meeting, and it was also included in the annual report and publicly disclosed on the Company's website.

The minimum information that will enable the investors to foresee the principles and procedures for distribution of the dividend that will be made by the Company in the future, is included in the Company's Dividend Policy that was set with the Board of Directors resolution taken on the 13th of May 2013, and revised, in accordance with the capital markets legislation, with the Board of Directors resolution n.1104 taken on the 18th of February 2014 to present for the approval of the general assembly. A balanced policy between the shareholders' and Company's benefits is pursued in Dividend Policy, that is given below in full text.

Our Company's Dividend Policy;

Our Company aims to distribute at least 50% of the distributable net profit in cash. This policy is subject to our Company's cash projections, future expectations regarding its activities, investment plans, and the circumstances in the capital markets. Regarding the issue of dividends, a separate resolution is taken by the Board of Directors for each accounting period and this resolution is subject to the approval of the general assembly. Dividend distribution shall be initiated on the date that will be determined by the general assembly, provided that dividend distribution is made until the end of the year in which the general assembly meeting is held. The Company, in conformity with the provisions of applicable legislation, may consider distributing advance dividend or distributing dividend in equal or varying payments.

Moreover; in order to create more added-value for its shareholders, the Company may consider buy-back of its own shares within the scope of the above mentioned circumstances and relevant legislation.

The Board of Directors' dividend distribution proposal n.1388 dated 26th of April 2017 has been publicly announced, and as a result of voting made at relevant general assembly for the proposal submitted by our Company shareholder Turkcell Holding A.Ş.; a decision was taken by majority vote of the present participants at the ordinary general assembly meeting held on 25th of May 2017 to approve the written proposal of Turkcell Holding A.Ş., and the proposal submitted by Turkcell Holding A.Ş. requires; i) to first set aside the reserve funds that must be set aside as per the mandatory provisions of the Articles of Association of the Company, the Turkish Commercial Code n.6102, and the Capital Markets Law n.6362, and take the previous years' profits and extraordinary reserves into consideration, and then to distribute in total TL 3,000,000,000 – which is the sum of the amounts specified in the proposal for each fiscal years – of the net distributable profit for the fiscal period between 2010 and 2016 specified in the Company's financial statements that were issued taking

the Company's cash status and needs; ii) to make three equal payments to the shareholders for profit distribution and; iii) to make these payments respectively on 15th of June 2017, 15th of September 2017, and 15th of December 2017 at the latest.

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 3 of the Authorizing Regulation in Electronic Communications Sector states that Information and Communication Technologies Authority shall be informed with regard to "all share transfers, acquisitions and movements", within one month at the latest, and phrase 4 states that written approval of the Information and Communication Technologies Authority is required for "share transfers, acquisitions and movements resulting in 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 necessary information required by 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 (<https://www.turkcell.com.tr/tr/hakkimizda/yatirimci-iliskileri>), and regularly provides updates. The website content is also available in English (<http://www.turkcell.com.tr/en/aboutus/investor-relations>) The Company website includes matters specified in the corporate governance principles.

3.2. Annual Report

The annual report for the 2017 accounting period was prepared – in a detailed manner that will enable the public to reach full and accurate information about the Company activities and in accordance with the third paragraph of Article 516 and Article 518 of the Turkish Commercial Code and in line with the minimum content stipulated by the provisions of Ministry of Customs and Trade regulation on "Determining the Minimum Content of the Companies' Annual Reports" and Article 8 of the Capital Markets Board ("CMB") Communiqué on "Principles Regarding Financial Reporting in the Capital Markets"; and independently audited.

SECTION 4 – STAKEHOLDERS

4.1. Stakeholder Communication

Turkcell informs its stakeholders by organizing pre-scheduled and regular meetings such as communication meetings for employees, platforms where the employees can put across 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 Centers 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 center which handles and resolves them. The Company has established the necessary infrastructure for transferring complaints through relative channels and this infrastructure is continuously updated.

4.2. Participation of Stakeholders to the Management

There is no special arrangement concerning the participation of stakeholders to the management; however, when required, stakeholders (themselves)/their 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 of 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, market, Company and each other.

Human Resources (HR) processes within the Company are developed by the Organizational Development team reporting to the Deputy General Directorate of Human Resources, 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 Human Resources Executive Vice President. 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 2017, 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 ethic rules has been regulated by Turkcell's internal directives of Common Values and Business Ethics. 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.

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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 through 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.

The Code of Ethics is posted with its general outline on the Company's corporate website, under the Investor Relations section under the Corporate Governance heading. These ethic rules are complementary to other related policies, codes of conduct, and guides that have already been published or will be published by the Company. Training programs 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.

The main principle is to carry out Company activities in a fair, honest, legal and ethical manner. Our Company has zero tolerance to bribery and corruption and within the main framework of the Turkcell Group Anti-Bribery and Corruption Policy which is adopted by the Board of Directors; an Anti-Bribery and Corruption (ABC) program was initiated that provides necessary trainings and establishes internal communication, and takes necessary preventive measures to ensure compliance with the rules.

Ongoing and new social responsibility projects of the Company in 2017 are listed below.

Contributions to Education

Turkcell Scholarship Programs

In 2017, more than 7 thousand students were supported with the scholarship programs granted by our Company.

People without Boundaries

We invest in the economic and social development of our country through the project we develop as Turkcell family. "Equality of opportunity" principle is the essence of our projects where we wish to include individuals from all parts of society. Within this scope, we offer solutions in many different areas under the structure of "People without Boundaries" in order to facilitate the lives of disabled people and involve them more in life.

Education without Boundaries

In order to increase the competency of disabled children who need special education and to help them join in social life, our Company, in collaboration with the Turkish Ministry of Education, supports employment and disabled students' education with the "Education without Boundaries Program". Within the scope of the program, more than 10 thousand disabled students with special education needs were reached at 84 schools in 45 cities during two years term.

Dialog Museum

In collaboration with Istanbul Social Enterprise, İBB and Metro Istanbul, "Turkcell Dialogue Museum" was turned into a permanent museum organizing the "Dialogue in the Dark" exhibition, which offered the opportunity to experience the visually impaired people's Istanbul, and the "Dialogue in Silence". Within the scope of the project; about 40 visually impaired and hearing impaired people are employed in Istanbul with the support of Turkcell.

My Dream Companion

Our Company provides a free service called My Dream Companion for the visually impaired to access information content such as current news, articles, audio books, education programs, magazines; giving them the opportunity to use audio navigation in shopping malls, and audio decoding technologies in cinemas.

Furthermore, Turkcell Academy provides visually impaired and hearing impaired individuals with special education under the "Education without Boundaries" category. Our Company, in collaboration with the Federation of the Hearing Impaired, organized "Turkish Sign Language" trainings and trainings that teach visually impaired individuals to use special smartphones with iOS and Android.

My Sign Language Application

My Sign Language application facilitates the communication between the hearing impaired individuals and those who don't know sign language, and supports the personal development of the hearing impaired people. Within the scope of the application; a real-time translator translating text and speech simultaneously to Sign Language, a digital dictionary covering more than 3500 words' symbolization in sign language, latest news in sign language, and personal development, child development, and sign language training programs are available. Users can also communicate in Sign Language on the application making a video call via BiP free of charge.

Turkcell – YGA My Dream Partner Workshop Leadership Training Program

It's a leadership program continuing since 2015 to discover the talents of the visually impaired secondary school students while fostering them as role model disabled people. Since the first day the project was launched, approximately 200 visually impaired students in 7 cities have taken their first steps to become the leaders of the future.

Academy without Boundaries

Turkcell Academy online education platform www.turkcellakademi.com offers special education opportunities to visually impaired and hearing impaired individuals under the "Education without Boundaries" category. The platform offers its users several training programs with sign language option, such as technology, personal development, business world, leadership programs for the hearing impaired people. In collaboration with the Federation of Hearing Impaired, the platform offers "Turkish Sign Language" training programs while it also includes training programs, specially designed for iOS and Android, for visually impaired individuals to teach them how to use smart phones. Furthermore, training programs specially designed for families with visually or hearing impaired kids, are also available to help them with the development process of their children.

Turkcell Whiz Kids Project

The "Whiz Kids Project" was out into practice under the supervision of the Ministry of National Education for developing talented students with new generation technology and education. Within the scope of the project, for talented students to have project-based education after school in BİLSEM's (Science and Art Centers) through the 7 regions of Turkey, our Company created specially designed laboratories targeting technological productivity with "do it yourself" culture.

Women Developers of the Future

5 years ago, in order to activate our country's potential in the IT sector we had sown the seeds of "Developers of the Future" project, and we have taken our project to a new stage in 2017 with the "Women Developers of the Future".

The aim of our project launched in collaboration of Turkcell, TOBB (Union of Chambers and Commodity Exchanges) and TOBB Board of Women Entrepreneurs is to give software training to our women, help them develop mobile applications, and increase their employment capacity and entrepreneurship in this field. We support them so that they can keep up with the software age, get to know mobile technologies, and take a step forward in entrepreneurship.

Approximately 1400 women applied for the program at the first stage. Within the framework of "Women Developers of the Future" training program, we organized online classes all across Turkey in the weekdays as we gave in-class mobile application development training in 18 cities (İstanbul, Ankara, İzmir, Şanlıurfa, Gaziantep, Diyarbakır, Trabzon, Kayseri, Antalya, Denizli, Van, Adana, Karabük, Eskişehir, Sivas, Aydın, Samsun and Elazığ) on the weekend. After the training, we encouraged the participants to develop their projects in the "Project Development" process, and provided consultancy with Turkcell's voluntary mentors and business mentors from TOBB.

203 projects and 319 women in total competed in 18 cities in the Women Developers of the Future finals that we organized within the scope of our project, and 48 successful projects qualified for the semifinal. 10 teams qualifying through the semifinal made presentations to the jury at the Grand Finale, and the most successful three teams were selected to receive their awards at the award ceremony.

Winning projects will get support in commercialization phase, and thus they will be using the advantage of the techno-parks' internship, employment and incubation centers in their cities. Moreover; by providing employment opportunity to 100 tester women who were successfully selected among the 664 women who had the chance to attend the Women Developers of the Future in-class training, receive a certificate of achievement, and qualify for the project development process, our aim is to have final user tests made for Turkcell products and services. In the tester women project that will continue for 6 months at the first phase, we will offer employment within the Turkcell Group and telecommuting opportunity to the 100 tester women from Turkey's different regions and cities, who successfully completed the selection and training process. Moreover, we will share the successful projects to find means of funding in "Beehive", Turkcell's mass funding platform, and we will offer opportunity for women to realize their dreams and ideas about entrepreneurship.

Gökçeada Greek Middle School and High School Renovation Work

We carried out activities to renovate the historical Gökçeada Greek Middle School and High School that resumed its academic life after 50 years in 2015. We supported the construction of the Sports & Social Facilities that has units such as sport and game areas, a tribune for 100 students, a ramp for disabled students, an amphitheater and stage, botanical garden. We built a technology classroom for students to have the latest education opportunities, and designed a special program for them. In the technology classroom, students will be using a 3D printer, Arduino electronic learning

kits and software equipment, and will be lectured in technology. Thus, they will be able to create their software using their coding kits, and develop a domestic software in the future.

We reintegrate Sâmiha Ayverdi Anatolian High School, Fatih Vocational and Technical Anatolian High School and Vatan Vocational and Technical Anatolian High School to Education

Turkcell funded the construction of Sâmiha Ayverdi Anatolian High School, and Fatih and Vatan Vocational and Technical Anatolian High Schools. Schools were built to meet all needs of the students healthily with indoor-outdoor gyms, a fully equipped conference hall, lab areas, classrooms. Schools also have special platforms, ramps and elevators for students with physical disabilities.

Hello Hope

More than 5 million Syrian refugees had to leave their country after the Syrian civil war. Hosting more than 3.2 million Syrian refugees, Turkey has become an example for the world as a country hosting the most crowded group of Syrians.

As "Turkey's Turkcell", aware of our responsibility, have planned all our steps in line with our country's and Syrians' needs. Within the scope of the "Hello Hope" project planned to contribute to the integration and adaptation process, which was the most important problem we had to face; we partnered with AFAD and Turkish Red Crescent which are specialized in the field. Within the scope of the Hello Hope Project planned in two phases, we as the Hello Hope Technology Center continue to provide mobile applications and services. The first year was completed for the "Hello Hope" mobile application designed to help the Syrian people overcome one of the most important obstacles that prevent them from participating in social life. With the Hello Hope application that helps them learn Turkish and have access to useful information easily, our aim was to facilitate the daily lives of the Syrian refugees, and to give them a chance to live a more adapted life. The application designed for the customers of all operators, was downloaded approximately 700 thousand times so far.

Within the scope of the Hello Hope project, we also built a Technology Center at the Kahramanmaraş Temporary Housing Center in collaboration with AFAD and Prodea Systems, and provided fiber speed internet connection giving the children and their families the opportunity to use technology correctly and effectively as well as the opportunity to reach supporting training programs.

Miscellaneous

Once again this year, the UN Global Compact, the sustainability platform launched by the United Nations to eliminate poverty and ensure that all people live in peace and prosperity, selected the 10 private sector leaders in the world who has been most supportive of development goals. One of the ten names was the Turkcell CEO Kaan Terzioğlu because of Turkcell's services and support for the Syrian refugees.

Contribution to Sports

For many years, our Company has continued its contribution so that sports develop in Turkey, and Turkish athletes and national teams are praised in national and international arenas. In 2017, our Company continued to support team sports such as basketball, football, sailing and cycling, and individual sports such as athletics, swimming, running, fishing and golf.

Our Football and Basketball Sponsorships

In 2002, our Company started to be "Official Communication Sponsor" of National Football Team and since 2005, our Company has been the "Main Sponsor". Starting from the last year, our Company continued to be the "Spor Toto Super League Official Communication Sponsor" in 2017.

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Our Company also continued its support for football with the "Turkcell Super Cup" title sponsorship that was initiated in 2016.

At the same time, our Company continues to support the Men's National Basketball Team for 15 years.

Disability Football

We continued to support our disabled athletes also in 2017. We added the Hearing Impaired Sports Federation, Turkish Sports Federation for the Physically Disabled, and Special Athletes Federation sponsorships, and expanded the scope of our support we had started to give with the Blind Sports Federation to disabled athletes. Within the framework of these sponsorships we have been carrying out in coordination with the Turkish Football Federation, we give support to each federation's Football National Teams and football leagues.

Other Branches

Until 2020, as we plan to invest TRY 28 million in our Swimming and Athletics Performance Projects that we launched in 2013 under the supervision of the Ministry of Youth and Sports, our Company continues to provide support in this direction.

Turkcell became the first brand to support the Turkish Olympic team in the history of our country as a result of the collaboration with the Ministry of Youth and Sports and General Directorate of Sports.

Since its first year, we have been the title sponsor of Turkcell Gallipoli Marathon which is the first thematic marathon in Turkey. This year, we organized the Marathon for the third time, with the participation of our CEO Kaan Terzioğlu, on 1st of October in the unique atmosphere of the Gallipoli Peninsula. More than 5 thousand athletes competed in the Marathon.

Furthermore, within the scope of the marathon we planted 10 thousand new saplings in the forest land in the Çınarlı village this year, and thus expanded the "Turkcell Peace Forest" that we had created by planting 10 thousand trees in the Güzelyalı region.

Also in the coming years, we will continue to support the marathon where we give the athletes and fans a unique racing experience.

In 2017, Turkcell became the main sponsor of the Turkish Sailing Federation, and also supported disabled sailing. With our support, our sailing team ranked 4th in Europe in the competition organized in Poland.

Organizing events such as Turkcell Platinum Golf Challenge, Turkcell Platinum Bosphorus Cup and Turkcell Platinum Alaçatı International Fishing Tournament, our Company also supports many athletes under different branches.

Contribution to Culture-Art

Also in 2017, we continued our Sakıp Sabancı Museum's Communication and Technology sponsorship which we had started in 2014. We will continue our support to culture and arts by integrating our life-enhancing, life-simplifying technology into museums.

This year we also made a cooperation within the framework of Turkey's megastar Tarkan's new album, and we offered privileges to fizy users. Within the scope of our collaboration, we became the sponsor of Tarkan's Album; Tarkan's fizy concerts which took place between 1st and 10th of July, and music clips. We had the opportunity to meet thousands of fans in the concert area within the framework of the collaboration that helped us reach a record number of viewers and listeners on fizy.

The 20th anniversary of the high school music contest took place under the sponsorship of fizy. 500 high schools attended the contest, and the contest was completed with tremendous participation. The knockout stage videos uploaded to the fizy high school music contest platform, which was visited by 1.7 million users, received over 220,000 votes in three weeks.

Also in 2017; we became the main sponsor of Turkcell Platinum Istanbul Night Flights classical music concerts organized in Hagia Irene, and we became the title sponsor of Turkcell Bodrum Jazz Festival.

Sustainability at Turkcell

As an integrated communication and technology company in Turkey, we are aware of our environmental responsibilities, and thus we locate our environmental impact areas and manage our operations with these areas in mind. With Sustainability Report we issued in September 2017, we publicly shared the sustainability management approach of Turkcell İletişim Hizmetleri A.Ş. and its all sustainability practices and performance in the activity period between January 1, 2016 and December 31, 2016. We also issued a comprehensive report to share our 2016 carbon footprint projects and outputs including CDP Turkey (Carbon Disclosure Project). Also in 2017, we fulfilled all responsibilities related to greenhouse gas standards and continued to be the first telecom operator in Turkey receiving the "ISO 14064 - Calculation and Reporting of Corporate Greenhouse Gas Emissions" certificate in 2015. As a consequence of our comprehensive projects in progress in BIST Sustainability Index that we have taken part since 2014, we have been entitled to be listed in the BIST Sustainability Index for 2017-18.

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 independent board members under the resolution no. 2013/8 of the CMB dated 11th of March 2013 for holding this office until the election of independent board members in place of them 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;

Mehmet Bostan and Bekir Pakdemirli have been appointed as the board members under the resolution no. 2013/27 of the CMB dated 15th of August 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 assembly meeting dated 29th of April 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 assembly 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 11.03.2013 and; Erik Jean Christian Antoine Belfrage and Jan Erik Jean Rudberg presented to the CMB by Sonera Holding BV have been appointed as the board members under the resolution no.2013/30 of the CMB dated 13th of September 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 11th of March 2013 and 15th of August 2013 respectively in order to hold this office until the election of new members by the Company's general assembly 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) non-executive members meeting the independency criteria and in total 3 (three) of them are independent members.

Résumés of the members of the Board of Directors of our Company are given under the "Board of Directors" section in 2017 Annual Report and disclosed on Company's corporate website publicly; there was no situation that would breach independence of the independent members in this period.

For the Board of Directors Chairman and members to make business that interfere with Company activities, on their own account or on behalf of others, and to become partners in companies that make such business, general assembly's approval is obtained within the scope of Articles 395 and 396 of the TCC.

Members of the board of directors can freely communicate and express their views without any influence. There have been female members in the Board of Directors in the previous years; nevertheless, no target ratio (not less than 25%) and time for the presence of female members in the Board of Directors has been determined, and no policy in order to reach these targets has been created yet.

Our Company has affiliate companies and a subsidiary with 41.45% share. There is no restriction for the members of the Board of Directors of the Company to assume duties in group subsidiaries in these companies' management due to the fact that such action would be for the benefit of the group. Duties of the members of the Board of Directors inside/outside the Company are listed in the table on page 136.

5.2. Principles of Activities 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 12 times in total during the year 2017 via physical participation and teleconference. The overall rate of attendance at these meetings was 96.4%. The resolutions in the meetings were adopted with unanimity at a rate of 97.7%.

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 the members within this regard. 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 evaluated 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 and records the reasons of the counter votes regarding matters for which a different opinion has been expressed.

As per the quorum set by the Articles of Association: it is possible to convene a board meeting with the participation of at least five members at the meeting. At board meetings, ordinary resolutions are taken with four affirmative votes where five members are present and with five affirmative votes where more than five members are present.

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.

Authorities and responsibilities of the members of the Board of Directors are clearly specified in the Articles of Association. These powers are used in conformity with the principles specified in the internal directive that was issued with our Board of Directors' resolution n.1269 taken on 17th of December 2015, registered on 25th of February 2016, and announced on 2nd of March 2016 – as per articles 367 and 371 of the TCC.

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 2016 – September 2017 period was accepted as USD 400 million and USD 734,983.19 total gross were paid as insurance premiums.

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

In order for the Board of Directors to properly fulfill its duties and responsibilities the following committees have been established by the Board of Directors: Audit Committee, Corporate Governance Committee, Early Detection of Risks Committee, Compensation Committee, and Candidate Nomination Committee. Board of Directors determined the committees' tasks, their working principles and members, and relevant information was publicly disclosed as an outline on the Company website.

All members of the Audit Committee are independent members of the Board of Directors. Chairman of the Corporate Governance, Early Detection of Risks, Compensation and Candidate Nomination Committees are also independent members of the Board of Directors. Early Detection of Risks Committee, Audit Committee and Compensation Committee are composed of three members; Corporate Governance Committee and the Candidate Nomination Committee composed of five members.

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BOARD MEMBER NAME-SURNAME	DUTY	DUTIES WITHIN THE GROUP	DUTIES OUTSIDE THE GROUP: COMPANY NAME	DUTIES OUTSIDE THE GROUP: TITLE/POSITION	TERM OF OFFICE/ REMAINING TERM OF OFFICE
Ahmet Akça	Chairman of the Board of Directors	- lifecell LLC Chairman of the Board of Directors - Kule Hizmet and İşletmecilik A.Ş. Chairman of the Board of Directors - Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. Chairman of the Board of Directors	(1) Akça Lojistik Hizmetleri ve Ticaret A.Ş. (2) Bezmîâlem Foundation University	(1) Chairman of the Board of Directors (2) Chairman of the Board of Trustees	Until replacement
Mehmet Hilmi Güler	Board Member	- Superonline İletişim Hizm. A.Ş. Chairman of the Board of Directors - Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. Board Member	(1) ICBC Turkey Bank A.Ş.	(1) Board Member (Independent)	Until replacement
Atilla Koç	Board Member	- Kuzey Kıbrıs Turkcell Chairman of the Board of Directors - Kule Hizmet ve İşletmecilik A.Ş. Board Member - Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. Board Member	-	-	Until replacement
Mehmet Bostan	Board Member	Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. Chairman of the Board of Directors	(1) Petkim Petro Kimya Holding A.Ş. (2) Türkiye Tennis Federation	(1) Board Member (2) Board Member	Until replacement
Bekir Pakdemirli	Board Member	- Fintur Holdings B.V. Representative of the Board Member - Kuzey Kıbrıs Turkcell Board of Directors Vice Chairman - Turkcell Finansman A.Ş. Chairman of the Board of Directors - Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. Board Member - Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. Board Member	(1) Adres Danışmanlık Ltd. Şti. (2) McCain Foods Limited (3) Tarkem Tarihi Kemeraltı A.Ş. (4) Anatolia Autism Foundation (5) Capital Markets Investors Association (6) Albaraka Türk Katılım Bankası A.Ş. (7) Turkey Foundation for Mental Health Treatment	(1) Chief Consultant (2) Manager (3) Board Member (4) Member of Board of Trustees (5) Association Member (6) Board Member (7) Board Member	Until replacement
Jan Erik Rudberg	Board Member	CJSC "Belarusian Telecommunication Network" Chairman of the Board of Directors	(1) Hogia AB (2) Kcell JSC (3) PJSC Megafon	(1) Chairman of the Board of Directors (Independent) (2) Chairman of the Board of Directors (Independent) (3) Board Member (Independent)	Until replacement
Erik Jean Christian Antoine Belfrage	Board Member	- lifecell LLC Board Member - Kule Hizmet ve İşletmecilik A.Ş. Board Member	(1) KIBI AB (2) Philippines Republic (Stokholm) (3) The International Council of Swedish Industry (4) International Chamber of Commerce - Corporate Responsibility and Fighting Corruption Committee (5) International Chamber of Commerce - Finance Committee (6) SEB Marcus Wallenberg (7) Investor AB Jacob Wallenberg	(1) Board Member (2) Honorary Consul General (3) Chairman of the Board of Directors (4) Board Member (5) Vice Chairman (6) Advisor to Chairman (7) Advisor to Chairman	Until replacement

Throughout the financial year of 2017, the Audit Committee, Corporate Governance Committee, Compensation Committee and Early Detection of Risks Committee carried out their operations. The following resolutions were taken during the meeting of our Company's Board of Directors dated 19th of August 2013 regarding the distribution of work in the committees:

- the Audit Committee to be constituted of Ahmet Akça, Mehmet Hilmi Güler and Atilla Koç, our independent Board members; Ahmet Akça to be appointed as the chairman of the Committee;
- the Early Detection of Risks Committee to be constituted of Mehmet Hilmi Güler, Mehmet Bostan and Bekir Pakdemirli; Mehmet Hilmi Güler to be appointed as the chairman of the Committee;
- the Corporate Governance Committee⁽¹⁾ to be constituted of Mehmet Hilmi Güler, Mehmet Bostan and Bekir Pakdemirli; Mehmet Hilmi Güler to be appointed as the chairman of the Committee;
- the Compensation Committee to be constituted of Atilla Koç, Mehmet Hilmi Güler and Mehmet Bostan; Atilla Koç to be appointed as the chairman of the Committee;
- the Candidate Nomination Committee to be constituted of Ahmet Akça, Mehmet Hilmi Güler, Atilla Koç, Mehmet Bostan and Bekir Pakdemirli; Ahmet Akça to be appointed as the chairman of the Committee.

Due to the fact that the Chairman of the Board of Directors is an independent member, he also assumes position in the Audit Committee and the Candidate Nomination Committee while the Company's Chief Executive Officer does not assume any position in any of the committees.

As per the corporate governance principles, there are no executive members in the committees, except the Corporate Governance and Capital Markets Compliance Principal and Investor Relations and Mergers and Acquisition Director in the Corporate Governance Committee. Due to the structure of the Board of Directors, members of the Board of Directors may assume duties in more than one committee.

Necessary resources and support is provided by the Board of Directors for the committees to fulfill their tasks and duties. Committees may invite necessary managers/directors to their meetings, and take their opinions.

Committees convene frequently enough, and they prepare all work in writing, and keep record of all their activities. Reports covering the information about the activities of the committees and meeting results are presented to the Board of Directors.

Information about the committees established under the Board of Directors is available under the Corporate Governance heading of the Investor Relations Section on the Company's website (www.turkcell.com.tr).

5.4. Risk Management and Internal Control Mechanism

During the process of selecting the independent external auditor; the Audit Committee considers the competencies and independence status of the independent audit firms, and advises the Board of Directors presenting a report about the most suitable audit firm.

⁽¹⁾Investor Relations and Mergers & Acquisitions Department Director Zeynel Korhan Bilek and Investor Relations and Mergers & Acquisitions Department Manager Yeşim Tohma joined the committee on 1st of November 2016. As of 23rd of January 2017, Corporate Governance and Capital Markets Compliance Principal Emre Alpman was appointed to this role due to the fact that Yeşim Tohma quit her position.

⁽²⁾Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'s (Başaran Independent Audit & Financial Consultancy Inc.) commercial name was changed as of the 12th of December 2016 to PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PwC Independent Audit & Financial Consultancy Inc.).

During our Company's Ordinary general assembly meeting held on 25th of May 2017, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the Company auditor for auditing our Company's financial statements of 2017 as per the TCC⁽²⁾.

Moreover, the Internal Audit Function operates with the Board of Directors and is responsible for the auditing of Turkcell İletişim Hizmetleri A.Ş. and all of the group companies which are subsidiaries, and reports the results of the audit carried out in line with the International Standards for the Professional Practice of Internal Auditing to the Audit Committee. 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. Through conducting operational audits, Internal Audit function evaluates and improves effectiveness of risk management, control, and governance processes and provides assurance to help Turkcell accomplish its 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 adequacy and effectiveness of internal control system across Turkcell and Turkcell Group companies, of which financial statements 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 CFO at regular intervals.

The Internal Audit Unit also provides 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 Committee while Corporate Risk Management Unit reports to the Early Detection of Risks Committee. The Internal Audit mechanism operates with a risk based audit approach. Within this scope, functionally and institutionally probable risks are continuously monitored, where 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 on department basis, 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. Turkcell Enterprise Risk Management Unit aims to develop an approach, where 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 ERM framework and ISO 31000 standard. During the risk identification and evaluation period, different methods such as workshops, brainstorming sessions, reports from risk contacts, thorough interviews, research reports, etc. are used. Thus, the aim is 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 TCC and the Communiqué on Corporate Governance of the CMB. The

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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 these reports are shared with the independent audit company. Board of Directors regularly provides an evaluation regarding the risks affecting the Company through the Early Detection of Risks Committee.

Enterprise 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 Enterprise 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 Enterprise 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, server services, data centers 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 case of emergency and disaster.

Thanks to our geographically dispersed technical infrastructure, extensive coverage, solution partner network, mobile exchanges, mobile base stations, additional capacity, emergency centers 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 fiber-optic infrastructure, data storage services and our experienced software development teams allow us to effectively manage any disasters from another center, thereby ensuring the continuity of our activities.

5.5. Strategic Goals of the Company

Having a vision of a Digital Operator, we Turkcell Group, aim to be a global leader with our digital services. To achieve this goal, we have become a service-oriented experience provider in our journey that we started as a network infrastructure provider. With the products and services we offer, we focus on accompanying our customers' daily lives while adding value to their lives.

We adopt a culture that creates difference through giving value, working together to create value, being the technology leader, focusing on creating solution and a unique digital customer experience.

5.6. Financial Rights

The shareholders were informed with a separate agenda topic at the ordinary general assembly meeting held on 26th of March 2015 with respect to the Remuneration Policy approved with the decision of the Company's Board of Directors and made public on the Company's website. During the financial year 2012 a Compensation Committee, which is responsible for determining the recommendation for 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 Remuneration Policy and annual reports. Within this scope, the sum of the payments made to the members of the Board of Directors and executives within the framework of the Remuneration Policy is also publicly announced in the footnotes of our financial statements. Not presenting the benefits on a per-person basis did not lead to any conflict of interest.

The total benefit paid and provided to the key management personnel amounts to TRY 75,847,555 for the financial year which ended on December 31, 2017. 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 assembly meeting dated 29th of April 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 THE SUBSIDIARY REPORT

01.01.2017-31.12.2017 FISCAL YEAR

Conclusion of the Report on the relationship among the Parent Company and the subsidiaries as per 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 2017 are given in the above tables. There is neither any legal transaction made in favor of Turkcell Holding A.Ş. nor one of its subsidiaries, nor any action taken, or avoided in favor of Turkcell Holding A.Ş. or one of its subsidiaries upon directive from 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 in full conformity with the market during the fiscal year 2017 are included in this report.”

TELECOMMUNICATIONS SECTOR IN TURKEY

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

According to the ICTA Market Data report, the number of players in the Turkish electronic communications sector was 460 as of the third quarter of 2017 and the number of authorizations given to these players is 812.

In the first three quarters of 2017, the total net sales revenues of mobile operators [Turkcell İletişim Hizmetleri A.Ş. ("Turkcell"), Vodafone Telekomünikasyon A.Ş. ("Vodafone"), Avea İletişim Hizmetleri A.Ş. ("Avea")] and Türk Telekomünikasyon A.Ş. ("Türk Telekom") were approximately TRY 29 billion, while the net sales revenues of other operators were realized at TRY 8.5 billion. The total amount of investments made in the same period was close to TRY 4.2 billion.

MOBILE MARKET

There are 77.9 million mobile subscribers in total in our country, corresponding to a penetration rate of approximately 97.6% as of the end of September 2017. (Mobile penetration rate excluding the population aged 0-9 years: 109.9%).

In the third quarter of 2017, the number of 4.5G subscribers stood at 62.9 million, while the number of 3G subscribers decreased to 11.6 million. With 3G and 4.5G services, the number of mobile broadband subscribers who get Internet service from mobile computer and phone increased to 56.5 million.

As of the third quarter of 2017, 53% of mobile subscribers were in postpaid tariffs while 47% were in prepaid tariffs. The number of prepaid mobile broadband subscribers was 25.6 million and the number of postpaid mobile broadband subscribers was 30.8 million, while the number of M2M subscribers reached 4.3 million.

In the third quarter of 2017, the number of mobile numbers ported decreased by 4.34% compared to the previous quarter and stood at 2.6 million. As of November 8, 2017, 109 million mobile number portability transactions were realized in total.

In terms of market share distribution based on the number of subscribers, Turkcell has a 44.5%, Vodafone a 30.9% and Avea a 24.6% market share. Approximately 89% of mobile subscribers are consumer and 11% are corporate subscribers.

Average monthly data usage of mobile broadband was at 3.2 GB levels, while data usage of subscribers whose devices and SIM cards were compatible with the 4.5G service realized as 6.5 GB. Total mobile traffic volume for the third quarter of 2017 increased by 8.1% compared to the same period of last year, and registered at 67.1 billion minutes. As per the operators' traffic volume, the increase was 9% for Turkcell, 3.8% for Vodafone and 1.8% for Avea.

In terms of the revenues from subscribers, Turkcell's market share stood at 45.6%, Vodafone's 30.9% and Avea's 23.5%.

BROADBAND INTERNET MARKET

The number of broadband internet subscribers, which was around 6 million in 2008, had exceeded 67.9 million (11.4 million fixed broadband, 56.5 million mobile broadband subscribers) as of the end of the third quarter of 2017. Meanwhile, the annual rate of increase in the total number of internet subscribers was 14.9%. The number of xDSL subscribers exceeded 8.3 million and fiber subscribers approached to 2.2 million. The total length of the fiber infrastructure of alternative operators had reached 65,394 km.

The total amount of revenue in relation to internet service providers in the third quarter of 2017 was approximately TRY 5.1 billion. The average monthly usage of fixed broadband internet subscribers reached 87.2 GB. Approximately 70% of fixed broadband subscribers in Turkey were seen to prefer packages offering connection of 10-30 Mbit/sec.

The share of service provided with xDSL technology by alternative operators in the broadband industry was at 18.7% as of the third quarter of 2017.

TV MARKET

As of the third quarter of 2017, there are 16 operators, which have the Cable Broadcast Service (CBS) authorization. While the number of Türksat's cable TV subscribers is 1,206,083; among the operators providing IPTV services, Superonline has 505,876 (as of the end of 2017) and TTNNet has 567,798 (2017 3Q) subscribers.

Among those operators authorized to provide satellite platform services, Digital Platform Teknoloji Hizmetleri A.Ş. (Digitürk), Doğan TV Digital Platform İşletmeciliği A.Ş. (DSmart), Platformturk Dijital Platform Hizmetleri A.Ş. (Filbox) and TTNET A.Ş. (Tivibu) are actively engaged in the operations.

FIXED VOICE MARKET

As of the end of the third quarter of 2017, there are 11.05 million fixed telephone subscribers in our country, while the penetration ratio of the population is approximately 13.8%.

NEW DEVELOPMENTS IN OUR COMPANIES

TURKCELL FİNANSMAN A.Ş. ("TFŞ", acting as consumer finance company):

TFŞ has been granted the operational permit with the decision of the Banking Regulation and Supervision Agency ("BRSA") dated 21.01.2016, numbered 6686 and published in the Official Gazette dated 29.01.2016. The operational permit has been granted within the framework of Article 7 of Financial Leasing, Factoring and Financing Companies Law No. 6361, as well as Article 5, Clause 2 of the Legislation regarding the Establishment and Operational Principles of Financial Leasing, Factoring and Financing Companies. As a financing company with an operational permit from the BRSA, in addition to Law No. 6361, TFŞ is subject to the provisions and related legislation of Law No. 5549 on the Prevention of the Laundering of Proceeds of Crime and Law No. 6502 on Consumer Protection. TFŞ is also engaged in insurance agency activities related to existing consumer loans, and is subject to insurance agency provisions in this context.

TURKCELL ENERGY SUPPLY LICENSE (Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. acting as Energy Solutions Company):

Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. has been granted a 20-year supply license with the Energy Market Regulatory Board (EMRB) decision dated 11/05/2017, number 7064-6. The Board decision was published in the Official Gazette dated June 9, 2017, number 30091. "Participatory Agreement and Market Accession Agreements" have been signed with Enerji Piyasaları İşletme A.Ş. (EPİAŞ) and Takasbank A.Ş. for Turkcell Enerji Çözümleri ve Elektrik Satış ve Ticaret A.Ş. to initiate its studies.

TURKCELL ÖDEME ve ELEKTRONİK PARA HİZMETLERİ A.Ş. (TÖHAŞ acting as payment and e-money institution):

TÖHAŞ has been authorized to operate as a "payment institution" by the BRSA decision dated 12.08.2016, numbered 6984 and published in the Official Gazette dated 20.08.2016. The operational permit has been granted pursuant to Article 14, Clause 1 and Article 15, Clause 1 of Law No. 6493 on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions. Thus, it gained the status of Turkey's first "payment institution" receiving an operational permit in the mobile payment area. It has been authorized to act as an "electronic money institution" with the BRSA decision dated 20.07.2017, number 7433, and published in the Official Gazette dated July 22, 2017. The authorization has been granted pursuant to Article 15, Clause 1; Article 18, Clause 2; and Article 19 of Law No. 6493. Within the framework of the aforementioned authorization, TÖHAŞ can issue electronic money, while acting as an intermediary in the payment of institutional bills. In this context, TÖHAŞ operates under the provisions of the Law No. 6493 and Law No. 5549 and other related legislation as a payment and electronic money institution.

A NEW AUTHORIZATION FOR KULE HİZMET VE İŞLETMECİLİK A.Ş. (Global Tower acting as the tower company):

Upon an application to ICTA, Global Tower has been authorized to provide a Satellite Communications Services with this new authorization, the aim is to transfer some of the satellite communication services carried out by Superonline to Global Tower, and thus, to focus on and prioritize satellite communication services with this new focus, Global Tower will be able to offer different services, such as Satellite TV that Superonline does not offer in the market.

TURKCELL ÖZEL FİNANSMAN A.Ş. (TÖFAŞ acting as a private finance company):

TÖFAŞ has been granted an establishment license with the BRSA decision dated 06.10.2017, numbered 7552, within the provisions of the Law No. 6361 on Financial Leasing, Factoring and Financing Companies; and the Regulation regarding the Establishment and Operational Principles of Financial

Leasing, Factoring and Financing Companies. The establishment of TÖFAŞ has been authorized by Ministry of Customs and Trade decision dated 19.01.2018, number 50035491-431.99.

REGULATORY DEVELOPMENTS - SECTOR REGULATIONS

THE MOBILE MARKET ANALYSIS OF ICTA HAS BEEN FINALIZED:

- > The ICTA's latest market analysis on Access to Mobile Networks and Call Origination has been approved by the Board decision dated April 12, 2017, numbered 2017/DK-SRD/124. The ICTA decided to remove the mobile access and call origination market from the scope of the regulation, and lift our Company's Significant Market Power (EPG)* status within a transition period of 1 year. Accordingly, unless otherwise determined by the Board, our Company's liabilities such as providing access and interconnection in the call origination market, non-discrimination, transparency, preparation and issuance of reference access tariffs, being subject to tariff control, account separation and cost accounting, and co-location obligations shall be abolished as of April 12, 2018.
- > The ICTA's market analysis on Mobile Call Termination has been approved by the Board decision dated April 19, 2017, numbered 2017/DK-SRD/131. ICTA decided to remove the SMS and MMS termination market within the scope of the regulation at the end of the one year transition period, as of April 19, 2018, unless otherwise determined by the Board. However, the Significant Market Power status will continue in the call termination market for mobile operators, operators that offer satellite communications services, and Virtual Mobile Network Service (SMŞH) operators, which can offer call termination services for the incoming calls of their subscribers.

* Significant Market Power

REGULATION OF CONSUMER RIGHTS IN THE ELECTRONIC

COMMUNICATIONS SECTOR: Consumer Rights Regulation regarding the Electronic Communications Sector has been published in the Official Gazette dated October 28, 2017, number 30224. The Regulation enables the subscription agreement to be placed in the electronic environment based on procedures to be determined by the Authority. Furthermore, it stipulates that the subscriber not be charged for the first opening and closing transactions to be made within the calendar year. Article 7, Clauses 1 and 9 of the Regulation, which concern how to position a subscription agreement in the electronic environment, has entered into force on the date of publication of the Regulation, whereas the other provisions shall enter into force on 28.04.2018.

FAIR USAGE POINT (FUP(AKN)) REGULATION: With the regulation entered into force on March 1, 2017, certain transparency obligations were introduced, such as explicitly stating the existence of FUP implementation in the introduction of FUP tariffs; informing on the FUP level and post-FUP access speed in all notification made on every medium; sending free SMSs to the subscriber when 80% and 100% of the FUP is achieved, and in cases when SMS communication is not possible, informing the subscriber through methods such as warning visual, e-mail, and audio response system, etc. As of the same date, the post-FUP data download speed was stipulated as a minimum of 128 kbps for mobile tariffs, whereas for fixed tariffs, it was decided to apply a speed determined by the pre-FUP data download speed. Effective as of May 1, 2017, the regulation also introduced the obligation not to count internet usage between 02:00-08:00 based on FUP, and not to impose post-FUP pro-rata speed between these hours, even where the FUP quota is reached. The decision was made for FUP implementation to be terminated as of 31.12.2018.

NEW DEVELOPMENTS IN OUR COMPANIES

IP BIT STREAM ACCESS (VAE) PRICING METHOD (PORT TRANSMISSION)

REVISION: The Port and Transmission Pricing Model rates have been revised with the Board Decision dated April 28, 2017, number 2017/DK-ETD/139. The invoicing by Turk Telekom based on the new model has begun starting from May 1, 2017. The new model predicts a staggered increase in price depending on usage. The cost predictability of the sector has increased with the new model due to the decrease impact of the variable part on transmission fees.

LOCAL PRODUCT OBLIGATION: Operators that have been granted 4.5G authorization, have submitted their first reports in regards to their obligation to source local products in their network related investments. Accordingly, following the 4.5G authorization, operators shall provide their network related investments (hardware and software products related to network and communication services, including, but not limited to, base station, switches, router, etc.) from products determined to be of local content within the scope of Law No. 4734 and related legislation. The local product purchase obligation is defined in three periods: at least 30% for the first year, at least 40% for the second year and at least 45% for the third and subsequent years just after stated in October 27th 2015.

PROCEDURES AND PRINCIPLES RELATED TO REFUNDS TO BE MADE BY OPERATORS TO SUBSCRIBERS: The Regulation, which includes ICTA Board Decisions regarding refunds to subscribers will be effective as of June 30, 2018. The regulation introduces rules on the methods of refunds to be made by operators to both real persons and legal entities, as well as the methods of informing subscribers, and the duration for completion of the refunds.

PROCEDURES AND PRINCIPLES RELATED TO THE USE OF CALLING LINE INFORMATION (CLI): The ICTA regulation, which became effective on 11.06.2016, regulates the procedures and principles related to the CLI usage of operators providing electronic communication services, except for the use of CLI in calls originating and terminating abroad.

WHOLESALE AND RETAIL LEASED LINE MARKET ANALYSIS: Turknet filed a lawsuit claiming that the Wholesale and Retail Leased Line Market published in 2013 had not covered services regarding the "Backbone and Partial Metro Ethernet Lines". As a result of the need for revision after Turknet won the case, the following changes were made with the document published on April 14.

- › The determination that Türk Telekom is an operator with significant Market Power (EPG) at the Wholesale and Retail level, in the Leased Line termination and carrier market nationwide, continues.
- › Partial Metro Ethernet (ME) Line Service is included in the market.
- › Backbone Metro Ethernet (ME) Line Service is included in the market.
- › Other access methods and obligations are to continue.
- › Services in their entirety are subject to access, non-discrimination, transparency, preparation and issuance of reference access tariffs, subject to tariff control (cost-based tariff determination), account separation and cost accounting, as well as co-location and facility sharing obligations.
- › In the document of 2013; an analysis has been made in 20 provinces, in which the infrastructure of the alternative operators exists, despite the fact that access obligation has been valid for the entire country's boundaries in the Wholesale and Retail Leased Line market analysis. While no such segregation has been made in this document, analyses were again made according to capacity, revenue and number of lines, for the entire country.

REFERENCE LEASED LINE PROPOSAL DRAFT PUBLIC OPINION: Our Company delivered its opinions to the Türk Telekomünikasyon A.Ş. Leased Line Proposal Draft, which was opened to public opinion by the ICTA within the framework of the change made to market analysis.

DEVELOPMENTS CONCERNING INSTALLATION AND OPERATION OF INFRASTRUCTURE FACILITIES:

NOTIFICATION OF BOARD DECISION ON INFRASTRUCTURE INSTALLATION:

As an assurance for our country's electronic communication infrastructure information to be displayed on a geographical information system based map, as well as procedures regarding the right of way and facility sharing to be done effectively and in a timely manner; the ICTA announced its decision dated 13.09.2017, number 2017/DK-ETD/265. Accordingly;

- › As of the date of the notification, projects related to electronic communication infrastructure installation shall primarily be presented to the Authority, in order for them to be evaluated in terms of facility sharing.
- › Where the Authority determines that facility sharing is possible, the site investigation and subsequent works are to be carried out among operators within the scope of secondary legislation.
- › Where the Authority determines that facility sharing is not possible, procedures for the right of way shall continue to be carried out by the Ministry of Transport, Maritime Affairs and Communications (UDHB).
- › Provisions for the application procedures of the secondary legislation currently in force concerning facility sharing shall be handled within the scope of the procedures and principles to be determined by the Authority.
- › It is stated that the work and procedures related to ongoing processes, starting from site investigation, will continue to be maintained by the parties, according to the provisions of the relevant documents.

DEVELOPMENTS REGARDING FIXED AND MOBILE INFRASTRUCTURE

INSTALLATION PROCESSES: We submitted a request to The Ministry of Transportation and the Ministry of Environment and Urbanization claiming that existing legislation was not compatible with our infrastructure facilities, was not practically and technically capable of implementation, and that solutions were needed for the installation and operation problems resulting from the arrangements related to duplicate processes. In this context, a provision in regards to the Electronic Communications Stations was added to the Planned Areas Zoning Legislation (PAİY), published by the Ministry of Environment and Urbanization, and which entered into force on October 1, 2017. This provision stipulated that no construction license and occupancy permit would be obtained for these stations, whereby the duplicate permit process was reduced to one, paving the way for the installation of the station facility simply upon receipt of a Site Selection Document. In contrast to the processes followed in the past, a simpler process has been established that is more compatible with the communication infrastructure.

Again, with a provision added to PAİY, it has been regulated that infrastructure components related to fixed infrastructure would not be subject to a construction license and occupancy permit, clearing the way for the installation of antennas on the facades of buildings with the stipulation that antenna length should not exceed 1.55 meters.

According to another provision added to PAİY, the fiber infrastructure facility suitable for multi-use has been a prerequisite of occupancy permits being granted to new buildings by the municipalities. Thus, fiber infrastructure has become a basic utility that must be found in new buildings.

PROCEDURES AND PRINCIPLES RELATED TO THE PROTECTION OF CONSUMER RIGHTS IN THE DELIVERY OF THE VALUE ADDED ELECTRONIC COMMUNICATION SERVICES:

As an assurance primarily for the prevention of the receipt of services without consumer consent, alleviation of consumer complaints, protection of consumer rights and interests, and preclusion of unjust consumer treatment, the ICTA announced its decision dated 21.12.2016, number 2016/DK-THD/496 regarding the delivery of Value-Added Services. With the regulation entered into force on 30.06.2017, new arrangements were introduced for operators, in particular concerning the approval and notification obligations to be applied in value added service sales.

REGULATION ON THE DELETION, DESTRUCTION, OR ANONYMIZATION

OF PERSONAL DATA: The Personal Data Protection Institution has prepared a regulation within the scope of Article 7 of the Law on the Protection of Personal Data. The regulation arranges the procedures and principles regarding the deletion, destruction or anonymization of personal data, and introduces obligations for preparing a policy in regards to the storage and destruction of personal data, carrying out periodic destruction process, and keeping records of destruction processes. The effective date for the regulation is determined as January 1, 2018.

DRAFT REGULATION ON DATA RESPONSIBLE RECORD: The regulation, prepared within the scope of Article 16 of the Law on the Protection of Personal Data, which regulates the procedures and principles regarding the records to be registered in the data responsible records under the Law on the Protection of Personal Data, published in the Official Gazette dated 30.12.2017, numbered 30286.

CHANGES IN LEGISLATION AND SETTLEMENT OF DISPUTES

LAW NO. 7061 ON AMENDMENT TO CERTAIN TAX LAWS AND OTHER LAWS: Major amendments have been made with Law No. 7061 on the "Amendment in Certain Tax Laws and Other Laws" published in the Official Gazette dated 05.12.2017, and numbered 30261, in (Law No. 406 and Law No. 5809) concerning the financial obligations of operators such as Treasury Share (HP), Contribution Share to the Authority's Expenses (KMKP), Administrative Fees, Contribution Share to the Universal Service Fund (EHKP) and radio fees. Exemptions were granted to certain tax and financial liabilities within the scope of the Fatih Project. The Law also regulates a single Special Communication Tax (ÖİV) rate of 7.5% for all mobile electronic communication services regardless of a data and voice differentiation; brings a radio fee exemption on M2M devices; removes the infrastructure radio license and usage fees paid based on the TRx numbers at the base stations, but instead charges a 5% radio fee on operators' monthly net sales. On the other hand, the aforementioned Law allows for the structuring of ongoing disputes related to HP, KMKP, Administrative Fees, EHKP and radio fees, and the relevant penalty, late payment interest, default interest and trial expenses. Within the scope of the Law, the structuring with respect to HP, KMKP, Administrative Fees and EHKP is also made possible for periods in which investigations are ongoing, or else where they have yet to commence.

LAW NO. 5490 ON POPULATION SERVICES:

Some amendments in regards to the use of the Identity Sharing System have been made in Article 45, Clause 1 of Law No. 5490 on Population Services, pursuant to Law No. 7039 on Amendment in Population Services and Certain Laws published in the Official Gazette dated 03.11.2017, number 30229. In this context, it is regulated that the identity data and information regarding the settlement and address held in the central database could be shared with financing companies within the scope of Law No. 6361.

NATIONAL BROADBAND STRATEGY AND ACTION PLAN (2017-2020):

The "National Broadband Strategy and Action Plan (2017-2020)" prepared by the Ministry of Transport, Maritime Affairs and Communications (UDHB) was published on December 21, 2017. The plan includes regulatory advice for easier installation of the fixed and mobile telecommunication infrastructure, the establishment of competition, the use of scarce resources, and new technologies and products.

DRAFT STUDIES

DRAFT REGULATION ON THE PROCESSING AND PROTECTION OF

PERSONAL DATA IN THE ELECTRONIC COMMUNICATIONS SECTOR: The draft Regulation, which was opened to public opinion by the ICTA, regulates the procedures and principles to be followed by operators in the electronic communications sector, regarding the processing, storage, and protection of personal data.

OTHER DEVELOPMENTS

UNIVERSAL CONTINUITY AGREEMENT: A Universal Continuity Agreement has been signed on 16.02.2017 in order to operate the existing GSM network with 4.5G technology by adding it to the existing GSM-based universal network valid between 03.03.2016-31.12.2018. Those articles preventing issues that constitute risk in terms of Treasury share and similar financial liabilities, stated in the first Agreement, have been added to the Agreement.

PARTICIPATION IN TURKEY'S AUTOMOBILE PROJECT JOINT VENTURE

GROUP: Our company signed a Joint Venture Group Cooperation Protocol ("Protocol") on 02.11.2017 with the intention to participate as a potential investor in Turkey's Automobile Project, conducted under the coordination of the T.R. Ministry of Science, Industry and Technology and the Union of Chambers and Commodity Exchanges of Turkey. The purpose of the Protocol is to determine the framework for the activities required by the project to establish a system for the design, development, production, sales and distribution of a car, in the process of becoming an incorporation. With intellectual and industrial property rights belonging to a domestic company to be established, the Protocol is aimed at contributing to the Republic of Turkey's target of ranking among the world's top 10 economies.

TURKCELL GROUP: 2017 FINANCIAL & OPERATIONAL REVIEW

Our unaudited annual consolidated financial statements including our consolidated statements of financial position as of December 31, 2017 and 2016 and our consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows for the two years in the period ended December 31, 2017 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 2017 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 2017 refer to the same item for the year end of 2016 unless otherwise stated.

TURKCELL GROUP: FINANCIAL SUMMARY

Consolidated Profit & Loss Statement (million TRY)	2016	2017	Change %
Total Revenue	14,285.6	17,632.1	23.4%
Direct cost of revenues ¹	(9,236.6)	(11,350.2)	22.9%
Depreciation and amortization	(2,203.2)	(2,597.0)	17.9%
Gross Profit Margin	35.3%	35.6%	0.3pp
Administrative expenses	(721.8)	(645.2)	(10.6%)
Selling and marketing expenses	(1,910.9)	(2,005.4)	4.9%
EBITDA²	4,619.5	6,228.3	34.8%
EBITDA Margin	32.3%	35.3%	3.0pp
Net finance income / (expense)	(172.8)	(322.9)	86.9%
Finance income	1,064.8	1,090.4	2.4%
Finance expense	(1,237.6)	(1,413.3)	14.2%
Other income / (expense)	(234.3)	(698.9)	198.3%
Non-controlling interests	(51.7)	(58.6)	13.3%
Income tax expense	(423.2)	(571.8)	35.1%
Discontinued operations	(42.2)	-	n.m
Net Income	1,492.1	1,979.2	32.6%
Net Income excluding tax settlement³	1,627.6	2,479.3	52.3%

(1) Including depreciation and amortization expenses.

(2) EBITDA is a non-GAAP financial measure.

(3) Excluding the TRY500 million net income impact of the tax settlement in Q417 and TRY136 million net income impact of the tax amnesty in Q316

Consolidated Balance Sheet Data (Year End) (million TRY)	2016	2017	Change %
Cash and cash equivalents	6,052.4	4,712.3	(22.1%)
Total assets	31,600.2	33,982.5	7.5%
Long-term debt	6,935.1	8,258.0	19.1%
Total debt	9,781.2	12,536.1	28.2%
Total liabilities	15,531.8	18,937.4	21.9%
Total equity	16,068.4	15,045.1	(6.4%)

Consolidated Cash Flow (million TRY)	2016	2017	Change%
EBITDA*	4,619.5	6,228.3	34.8%
LESS:			
Capex and License	(3,494.7)	(4,090.4)	17.0%
Net interest Income/ (expense)	616.9	395.6	(35.9%)
Other	(3,020.0)	(2,366.3)	(21.6%)
Net Change in Debt	4,411.9	1,492.9	(66.2%)
Cash generated / (used)	3,133.6	1,660.0	(47.0%)
Cash balance before dividend payment	6,052.4	7,712.3	27.4%
Dividend paid	-	(3,000.0)	n.m.
Cash balance after dividend payment	6,052.4	4,712.3	(22.1%)

(*) EBITDA is a non-GAAP financial measure.

Profitability and Solvency Ratios (%)	2016	2017	Change%
Gross Profit Margin	35.3%	35.6%	0.3pp
EBITDA Margin	32.3%	35.3%	3.0pp
Net Profit Margin	10.4%	11.2%	0.8pp
Total Liability / Equity Ratio	96.7%	125.9%	29.2pp
Net Debt / EBITDA Ratio	80.7%	125.6%	44.9pp

EXPLANATIONS:

Revenue¹: Turkcell Group revenues rose by 23.4%.

- Turkcell Turkey revenues grew by 20.8% to TRY15,450 million (TRY12,788 million).
 - Data and digital services revenues, at 67% of Turkcell Turkey revenues, grew by 51.2% to TRY10,304 million (TRY6,814 million).
 - Wholesale revenues grew by 29.5% to TRY587 million (TRY453 million).
 - We reported revenues of TRY258 million originating from our Universal Service Project.
- Turkcell International revenues rose by 22.0% to TRY1,067 million (TRY875 million).
- Other subsidiaries² revenues grew by 78.9% to TRY1,115 million (TRY623 million).

Direct cost of Revenues: Cost of revenue decreased to 64.4% (64.7%) as a percentage of revenues. This was mainly due to the decrease in treasury share (1.0pp), radio costs (1.0pp), interconnect costs (0.8pp) and depreciation and amortization (0.7pp), despite the rise in consumer finance company funding costs (1.1pp), GSM related equipment expenses (0.8pp) and other cost items (1.3pp).

Administrative Expenses: Administrative expenses declined to 3.7% (5.1%) mainly due to the change we made in our doubtful receivable provision assumptions based on improvement in collection performance which had a positive impact of TRY133 million.

Selling and Marketing Expenses: Selling and marketing expenses as a percentage of revenues declined to 11.4% (13.4%) on the back of the fall in prepaid subscriber frequency usage fees (0.8pp), marketing expenses (0.6pp), selling expenses (0.2pp) and other cost items (0.4pp).

EBITDA³: EBITDA grew by 34.8% with an EBITDA margin of 35.3% (32.3%) on 3.0pp rise. Direct cost of revenues (excluding depreciation and amortization) rose by 0.4pp, while administrative expenses and selling and marketing expenses fell by 1.4pp and 2.0pp, respectively.

- Turkcell Turkey's EBITDA rose by 34.4% to TRY5,594 million (TRY4,161 million), while the EBITDA margin rose 3.7pp to 36.2% (32.5%).
- Turkcell International EBITDA grew by 12.1% to TRY264 million (TRY235 million), while the EBITDA margin was at 24.7% (26.9%).
- The EBITDA of other subsidiaries rose by 65.9% to TRY370 million (TRY223 million).

In Q417, we changed our doubtful receivable provision assumptions based on improvement in collection performance, which had a positive impact of TRY133 million on EBITDA.

Net finance expense: Net finance expense rose to TRY323 million (TRY173 million). This was mainly due to the decline in interest income from contracted receivables and the increased interest expense of loans despite lower translation losses and positive impact from the fair market value changes of the swap contracts.

Asset held for sale and discontinued operations: In accordance with our strategic approach and IFRS requirements, Fintur is classified as 'held for sale' and reported as discontinued operations as of October 2016.

⁽¹⁾Please refer to the notes to the consolidated financial statements for the definition of Turkcell Turkey, Turkcell International and other subsidiaries.

⁽²⁾"Other subsidiaries" is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations.

⁽³⁾ EBITDA is a non-GAAP financial measure.

TURKCELL GROUP: 2017 FINANCIAL & OPERATIONAL REVIEW

Income Tax Expense: The income tax expense increased by 35.1% to TRY572 million (TRY423 million), of which TRY438 million comprised current tax charges and TRY134 million was the deferred tax expense recorded.

Net Income: Group net income increased to TRY1,979 million (TRY1,492 million), mainly due to solid operational performance and better FX results, despite the provision booked for tax settlement in Q417 within the scope of Law No.7061, which had a TRY500 million impact on net income after tax, and higher depreciation and amortization expenses. In FY16 we also booked provisions for tax amnesty within the scope of Article 6736, which had a TRY136 million impact on net income after tax. Excluding the respective provision amounts booked for each year, net income rose by 52.3% to TRY2,479 million.

Total Cash & Debt: Consolidated cash as of December 31, 2017 declined to TRY4,712 million from TRY4,906 million as of September 30, 2017. TRY2,598 million (USD 689 million) of consolidated cash was denominated in USD, TRY1,073 million (EUR238 million) in EUR and TRY1,041 million in TRY and other local currencies.

Consolidated debt as of December 31, 2017 rose to TRY12,536 million from TRY11,867 million as of September 30, 2017. This was mainly due to the increased debt portfolio of our consumer finance company and the translation increase in the FX denominated debt portfolio of Turkcell Turkey, due to TRY depreciation against the USD and EUR.

- Turkcell Turkey's debt was TRY8,475 million, of which TRY3,768 million (USD 999 million) was denominated in USD, TRY4,656 million (EUR1,031 million) in EUR and the remaining TRY51 million in TRY.
- The debt balance of lifecell was TRY521 million, denominated in UAH.
- Our consumer finance company had a debt balance of TRY3,536 million, of which TRY988 million (USD 262 million) was denominated in USD, and TRY973 million (EUR215 million) in EUR with the remaining TRY1,575 million in TRY (please note that the figures in parentheses refer to USD or EUR equivalents).

TRY8,392 million of our consolidated debt is set at a floating rate, while TRY4,278 million will mature within less than a year.

Net debt as of December 31, 2017 was at TRY7,824 million with a net debt to EBITDA ratio of 1.26 times. Excluding consumer finance company consumer loans, our telco only net debt was at TRY3,576 million with a leverage of 0.59 times.

Turkcell Group's short position was at USD 144 million as at the end of Q417, thus within our comfort zone, which is below USD 500 million as advised by our Board considering the size of our operations and balance sheet. *(Please note that this figure takes into account advance payments, hedging and excluding FX swap transactions for TRY borrowing).*

Cash Flow Analysis: Capital expenditures, including non-operational items were at TRY4,090.4 million. The cash flow item noted as "other" included the payment of the final instalment of the 4.5G license fee (TRY1,535 million) and mainly the negative impact of the change in working capital (TRY831 million).

In FY17, operational capital expenditures (excluding license fees) at the Group level were at 21.0% of total revenues.

Donations: Turkcell Group has donated TRY 113 million to various associations, foundations and charitable organizations in 2017.

OPERATIONAL REVIEW (TURKEY):

Summary of Operational Data	2016	2017	Change%
Number of subscribers (million)	35.3	36.7	4.0%
Mobile Postpaid (million)	17.4	18.5	6.3%
<i>Mobile M2M (million)</i>	2.1	2.3	9.5%
Mobile Prepaid (million)	15.7	15.6	(0.6%)
Fiber (thousand)	1,043.9	1,204.3	15.4%
ADSL (thousand)	818.0	921.4	12.6%
IPTV (thousand)	359.7	505.9	40.6%
Churn (%)			
Mobile Churn (%)*	24.6%	20.5%	(4.1pp)
Fixed Churn (%)	18.9%	19.6%	0.7pp
ARPU (Average Monthly Revenue per User) (TRY)			
Mobile ARPU, blended	26.8	29.8	11.2%
Mobile ARPU, blended (excluding M2M)	28.3	31.6	11.7%
Postpaid	39.2	43.0	9.7%
<i>Postpaid (excluding M2M)</i>	44.0	48.5	10.2%
Prepaid	13.9	14.9	7.2%
Fixed Residential ARPU, blended	51.1	53.6	4.9%
Average mobile data usage per user (GB/user)	2.4	3.9	62.5%
Mobile MOU (Avg. Monthly Minutes of usage per subs) blended	323.9	347.1	7.2%

(* In Q117, our churn policy was revised to extend from 9 months to 12 months (the period at the end of which we disconnect prepaid subscribers who have not topped up above TRY10.) Additionally, under our revised policy, prepaid customers who last topped up before March will be disconnected at the latest by year-end. Please note that figures for prior periods have not been restated to reflect this change in churn policy.

Our mobile subscriber base continued to expand and reached 34.1 million in FY17. We registered 1.0 million net subscriber additions during the year, marking the highest net additions of the past 6 years. This was driven by 1.1 million net additions to postpaid subscribers, comprising 54.2% (52.5%) of our total mobile subscriber base.

Our fixed subscriber base exceeded 2.1 million in FY17. We registered 264 thousand net additions during the year, of which 160 thousand were fiber and 103 thousand were ADSL subscribers. IPTV subscribers reached 506 thousand with 146 thousand annual net additions. Total TV users, including OTT TV only subscribers, reached 2.2 million.

Mobile churn declined 4.1pp for the full year, marking the lowest churn rate of the past 10 years. This was driven by our value focused customer strategy, service quality, an attractive digital services portfolio and targeted retention campaigns in 2017. Our fixed churn rate was 19.6% for the full year.

Mobile ARPU (excluding M2M) rose by 11.7%. Mobile ARPU growth was mainly driven by increased data and digital services usage, our upsell efforts, price adjustment and larger postpaid subscriber base. ARPU growth was also supported by the increased share of triple play subscribers, who use voice, data and digital services combined, to 55.8%⁽¹⁾.

Fixed Residential ARPU rose 4.9% for the full year, positively impacted by the increase in multiplay subscribers with TV⁽²⁾ to 44.4% of total residential fiber subscribers, along with upsell efforts.

Average mobile data usage per user rose by 62.5% for the full year driven by increased usage of data and digital services offerings. Average mobile data usage of 4.5G users was at 6.0GB in December. Our smartphone penetration reached 72% in FY17, while 4.5G enabled smartphones reached 68% of total smartphones.

⁽¹⁾ Share among mobile voice users excluding subscribers who have not used their lines in the last 3 months

⁽²⁾ Multiplay subscribers with TV: Internet + TV users & internet + TV + voice users

FORWARD LOOKING STATEMENTS

In 2018, we target increasing our Group revenues by 13-15%, an EBITDA margin of 33-35%, and an operational capex to sales ratio⁽¹⁾ of 18-19%.

	2018 GUIDANCE
Revenue Growth	13%-15%
EBITDA Margin	33%-35%
Op. Capex/ Revenue*	18%-19%

⁽¹⁾Excluding license fee

Please note that this paragraph contains forward looking statements based on our current estimates and expectations regarding market conditions for each of our different businesses. No assurance can be given that actual results will be consistent with such estimates and expectations. For a discussion of factors that may affect our results, see our Annual Report on Form 20-F for 2016 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

REVIEW OF RISK ASSESSMENT

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

- Competition in the Turkish telecommunications market may adversely affect the growth of our business and our financial condition.
- Our growth strategy is partly dependent on new investment opportunities which could affect our business and financial condition, and the return on our investments cannot be guaranteed.
- Regulatory decisions and changes in the regulatory environment could adversely affect our business and financial condition.
- Any downturn in the economy and instability in the political environment in Turkey and internationally may have an adverse effect on our business and financial condition.
- We hold interests in several companies that may expose us to various economic, business, political, social, financial, liquidity, regulatory and legal risks and may not provide the benefits that we expect, and our pursuit of acquisition opportunities may increase these risks.
- We are exposed to foreign exchange rate risks that could significantly affect our results of operation and financial position.
- Reduction in cash generated from operations and increased capital needs may increase our borrowing requirements, which may increase our financing costs and our exposure to the risks associated with borrowing.
- We are subject to a variety of risks with respect to our Base Transceiver Stations ("BTSs") excellence.
- Turkcell's complex ownership structure and ongoing disagreements among our main shareholders have adversely impacted and may continue to impact decision making on important matters. These ongoing disputes may lead to further regulatory or legal actions, and affect the ownership and control of our company.
- We face risks related to our dependence on network and IT systems and the products and services we provide through third party suppliers as well as our exposure to technological changes in the communications market, including industries where we traditionally do not compete.
- Our business, consolidated financial results and/or operational performance could be adversely affected unless we retain our key personnel, our partners and their employees.
- We are involved in various claims and legal actions arising in connection with our business, which could have a material effect on our financial condition.
- Although we maintain and regularly review our internal control over financial reporting, there are inherent limitations on the effectiveness of our controls, particularly as our Company grows and enters into new businesses.
- Despite regular internal controls, there is misconduct risk in processes involving our employees and suppliers.

- Implementation of new accounting standards may have a significant impact on the presentation of certain elements of our financial statements, making year on year comparisons more difficult.
- Stealing, loosing, leaking, intentionally or unintentionally dismissing/ruining of all kinds of company, employees and customers information kept in physical and/or electronic medium, may negatively affect our reputation and may face us with regulatory enforcements.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

During the process of selecting the independent external auditor; the Audit Committee considers the competencies and independence status of the independent audit firms, and advises the Board of Directors presenting a report about the most suitable audit firm.

During our Company's Ordinary general assembly meeting held on 25th of May 2017, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the Company auditor for auditing our Company's financial statements of 2017 as per the Turkish Commercial Code (TCC).⁽¹⁾

Moreover, the Internal Audit Function operates with the Board of Directors and is responsible for the auditing of Turkcell İletişim Hizmetleri A.Ş. and all of the group companies which are subsidiaries, and reports the results of the audit carried out in line with the International Standards for the Professional Practice of Internal Auditing to the Audit Committee. The auditing activities of the Internal Audit function mainly comprise of operational audits conducted pursuant to annual risk based 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. Through conducting operational audits, Internal Audit function evaluates and improves effectiveness of risk management, control, and governance processes and provides assurance to help Turkcell accomplish its 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 adequacy and effectiveness of internal control system across Turkcell and Turkcell group companies, of which financial statements 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 identified 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 CFO at regular intervals.

⁽¹⁾ Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'s (Başaran Independent Audit & Financial Consultancy Inc.) commercial name was changed as of the 12th of December 2016 to PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PwC Independent Audit & Financial Consultancy Inc.).

REVIEW OF RISK ASSESSMENT

The Internal Audit Unit also provides 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 Committee and CEO while Corporate Risk Management Unit reports to the Early Detection of Risks Committee. The Internal Audit mechanism operates with a risk based audit approach. Within this scope, functionally and institutionally probable risks are continuously monitored, where 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 on a department basis that may affect Turkcell's performance in achieving its targets, 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. Turkcell Enterprise Risk Management Unit aims to develop an approach, where 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 ERM framework and ISO 31000 standard. During the risk identification and evaluation period, different methods such as workshops, brainstorming sessions, reports from risk contacts, thorough interviews, research reports, etc. are used. Thus, the aim is 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 TCC and the Communiqué on Corporate Governance of the CMB. 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 these reports are shared with an independent audit company. Board of Directors regularly provides an evaluation regarding the risks affecting the Company through the Early Detection of Risks Committee.

Enterprise 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 Enterprise Risk Management methodology. During this process, the ownership of the risks and the responsibility of risk avoidance activities belong to the business unit and not transferred to the responsibility of the Enterprise 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, server services, data centers and societal security services as per the international "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 case of emergency and disaster.

Thanks to our geographically dispersed technical infrastructure, extensive coverage, solution partner network, mobile exchanges, mobile base stations, additional capacity, emergency centers 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 fiber-optic infrastructure, data storage services and our experienced software development teams allow us to effectively manage any disasters from another center, thereby ensuring the continuity of our activities.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
AND INDEPENDENT AUDITOR'S REPORT**



Report of Independent Registered Public Accounting Firm

To the Shareholders and Boards of Directors of Turkcell İletişim Hizmetleri A.Ş.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Turkcell İletişim Hizmetleri A.Ş. (the "Company") and its subsidiaries as of December 31, 2017 and December 31, 2016, and the related consolidated statements of profit or loss, other comprehensive income, cash flows, and changes in equity for each of the two years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and December 31, 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017 in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing on Item 15b of the 2017 Annual Report to Shareholders. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

We also have audited the adjustments to reflect the discontinued operations to the 2015 financial statements, as described in Note 16. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements taken as a whole.



Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

We have served as the Company's auditor since 2016.

Istanbul, Turkey
March 22, 2018



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Turkcell İletişim Hizmetleri A.Ş.
İstanbul, Turkey

We have audited, before the effects of the retrospective adjustments for the discontinued operations as discussed in Note 16 to the consolidated financial statements, the consolidated statements of financial position Turkcell İletişim Hizmetleri A.Ş. (the "Company") and its subsidiaries (together the "Group") as at December 31, 2015, and the related consolidated statements of profit or loss, profit and loss and other comprehensive income, and cash flows for the year ended December 31, 2015 (the 2015 consolidated financial statements before the effects of the retrospective adjustments discussed in Note 16 to the consolidated financial statements are not presented herein). These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these 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 2015 consolidated financial statements, before the effects of the retrospective adjustments for the discontinued operations as discussed in Note 16 to the consolidated financial statements, present fairly, in all material respects, the financial position of the Group as at December 31, 2015, and the results of their operations and their cash flows for the year ended December 31, 2015, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the discontinued operations as discussed in Note 16 to the consolidated financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

DRT BAĞIMSIZ DENETİM VE SMMM A.Ş.

DRT BAGIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, Turkey
March 18, 2016

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Consolidated Statement of Financial Position as at 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	11	9,665,408	8,195,705
Intangible assets	12	8,340,410	8,235,989
Telecommunication licenses		5,720,398	6,160,536
Computer software		2,346,236	1,838,409
Other intangible assets		273,776	237,044
Investment properties	14	980	46,270
Trade receivables		155,634	235,393
Receivables from financial services	20	1,297,597	909,466
Deferred tax assets	18	96,060	51,255
Held to maturity investments		654	
Other non-current assets	17	356,620	575,234
Total non-current assets		19,913,363	18,249,312
Inventories	21	104,102	131,973
Trade receivables and accrued revenue	19	2,848,572	3,289,904
Due from related parties	37	5,299	5,861
Receivables from financial services	20	2,950,523	1,486,906
Derivative financial instruments	32	981,396	390,958
Held to maturity investments		11,338	-
Cash and cash equivalents	23	4,712,333	6,052,352
Other current assets	22	1,160,605	770,135
Subtotal		12,774,168	12,128,089
Assets classified as held for sale	16	1,294,938	1,222,757
Total current assets		14,069,106	13,350,846
Total assets		33,982,469	31,600,158
Equity			
Share capital		2,200,000	2,200,000
Share premium		269	269
Treasury shares	24	(56,313)	(65,607)
Additional paid-in capital		35,026	35,026
Reserves		1,542,679	1,102,896
Remeasurements of employee termination benefit		(44,776)	(41,786)
Retained earnings		11,312,276	12,780,967
Total equity attributable to equity holders of Turkcell İletisim Hizmetleri AS ("the Company")		14,989,161	16,011,765
Non-controlling interests		55,927	56,632
Total equity		15,045,088	16,068,397
Liabilities			
Borrowings	27	8,257,995	6,935,102
Employee benefit obligations	28	197,666	164,553
Provisions	30	197,418	187,541
Deferred tax liabilities	18	651,122	458,160
Other non-current liabilities	26	409,337	427,547
Total non-current liabilities		9,713,538	8,172,903
Borrowings	27	4,278,154	2,846,060
Current tax liabilities		103,105	71,638
Trade and other payables	31	3,696,466	4,101,991
Due to related parties	37	6,980	11,201
Deferred revenue	29	193,831	93,800
Provisions	30	835,199	192,442
Derivative financial instruments	32	110,108	41,726
Total current liabilities		9,223,843	7,358,858
Total liabilities		18,937,381	15,531,761
Total equity and liabilities		33,982,469	31,600,158

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	2017	2016	2015
Revenue	5	17,026,401	14,100,863	12,769,415
Revenue from financial services	5	605,663	184,698	-
Total revenue		17,632,064	14,285,561	12,769,415
Cost of revenue	10	(11,073,465)	(9,166,384)	(7,769,483)
Cost of revenue from financial services	10	(276,709)	(70,223)	-
Total cost of revenue		(11,350,174)	(9,236,607)	(7,769,483)
Gross profit		5,952,936	4,934,479	4,999,932
Gross profit from financial services		328,954	114,475	-
Total gross profit		6,281,890	5,048,954	4,999,932
Other income	6	74,438	78,569	44,454
Selling and marketing expenses	10	(2,005,420)	(1,910,947)	(1,901,859)
Administrative expenses	10	(645,196)	(721,849)	(625,279)
Other expenses	6	(773,329)	(312,801)	(270,446)
Operating profit		2,932,383	2,181,926	2,246,802
Finance income	8	1,090,449	1,064,794	756,039
Finance costs	8	(1,413,315)	(1,237,593)	(799,514)
Net finance costs		(322,866)	(172,799)	(43,475)
Profit before income tax		2,609,517	2,009,127	2,203,327
Income tax expense	9	(571,758)	(423,160)	(667,112)
Profit from continuing operations		2,037,759	1,585,967	1,536,215
(Loss)/profit from discontinued operations (attributable to owners of the Company)		-	(42,164)	367,336
Profit for the year		2,037,759	1,543,803	1,903,551
Profit for the year is attributable to:				
Owners of the Company		1,979,129	1,492,088	2,067,654
Non-controlling interests		58,630	51,715	(164,103)
Total		2,037,759	1,543,803	1,903,551
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	25	0.90	0.68	0.94
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	25	0.90	0.70	0.77
Basic and diluted earnings/(losses) per share for profit/(loss) from discontinued operations attributable to owners of the Company (in full TL)	25	-	(0.02)	0.17

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Consolidated Statement Of Other Comprehensive Income for the year ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	2017	2016	2015
Profit for the year	2,037,759	1,543,803	1,903,551
Other comprehensive (expense):			
Items that will not be reclassified to profit or loss:			
Remeasurements of employee termination benefits	(3,738)	(34,532)	(13,466)
Income tax relating to this item	748	7,066	2,563
	(2,990)	(27,466)	(10,903)
Items that may be reclassified to profit or loss:			
Changes in cash flow hedge reserve	-	-	719
Exchange differences on translation of foreign operations	27,959	63,920	166,730
Exchange differences arising from discontinued operations	72,190	154,552	(551,196)
Income tax relating to these items	(107,299)	(87,381)	(5,749)
	(7,150)	131,091	(389,496)
Other comprehensive (loss)/income for the year, net of income tax	(10,140)	103,625	(400,399)
Total comprehensive income for the year	2,027,619	1,647,428	1,503,152
Total comprehensive income for the year is attributable to:			
Owners of the Company	1,968,102	1,594,465	1,616,867
Non-controlling interests	59,517	52,963	(113,715)
Total	2,027,619	1,647,428	1,503,152
Total comprehensive income for the year attributable to owners of the Company arises from:			
Continuing operations	1,903,109	1,496,209	1,798,094
Discontinued operations	64,993	98,256	(181,227)
Total	1,968,102	1,594,465	1,616,867

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Share capital	Treasury shares	Additional paid-in capital	Share premium	Legal reserve (1)	Cash flow hedge reserve (2)	Reserve for non-controlling interest option (3)	Remeasurements of employee termination benefit	Foreign currency translation reserve (4)	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	2,200,000	-	35,026	269	839,284	(719)	(758,432)	(3,417)	350,254	14,431,158	17,093,423	(382,778)	16,710,645
Total comprehensive income/(loss):	-	-	-	-	-	-	-	-	-	2,067,654	2,067,654	(164,103)	1,903,551
Profit for the year	-	-	-	-	-	-	-	-	-	2,067,654	2,067,654	(164,103)	1,903,551
Other comprehensive income/(loss):	-	-	-	-	-	-	(229,173)	(211,430)	-	(440,603)	50,388	(390,215)	(10,903)
Foreign currency translation differences	-	-	-	-	-	-	(229,173)	(211,430)	-	(440,603)	50,388	(390,215)	(10,903)
Remeasurements of employee termination benefit	-	-	-	-	-	-	-	(10,903)	-	-	(10,903)	-	-
Change in cash flow hedge reserve	-	-	-	-	-	719	-	-	-	-	719	-	719
Other comprehensive loss for the year, net of income tax	-	-	-	-	-	719	(229,173)	(10,903)	(211,430)	-	(450,787)	50,388	(400,399)
Total comprehensive income for the year	-	-	-	-	-	719	(229,173)	(10,903)	(211,430)	2,067,654	1,616,867	(113,715)	1,503,152
Transfers	-	-	-	-	372,068	-	-	(372,068)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(3,925,000)	(3,925,000)	(100,515)	(4,025,515)
Change in fair value of non-controlling interest	-	-	-	-	-	-	498,540	-	-	-	498,540	-	498,540
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(929,013)	(929,013)	661,093	(267,920)
Balance at 31 December 2015	2,200,000	-	35,026	269	1,211,352	-	(489,065)	(14,320)	138,824	11,272,731	14,354,817	64,085	14,418,902
Balance at 1 January 2016	2,200,000	-	35,026	269	1,211,352	-	(489,065)	(14,320)	138,824	11,272,731	14,354,817	64,085	14,418,902
Total comprehensive income/(loss):	-	-	-	-	-	-	-	-	-	1,492,088	1,492,088	51,715	1,543,803
Profit for the year	-	-	-	-	-	-	-	-	-	1,492,088	1,492,088	51,715	1,543,803
Other comprehensive income/(loss):	-	-	-	-	-	-	(133,222)	(27,466)	263,065	-	129,843	1,248	131,091
Foreign currency translation differences	-	-	-	-	-	-	(133,222)	(27,466)	263,065	-	129,843	1,248	131,091
Remeasurements of employee termination benefits	-	-	-	-	-	-	-	(27,466)	263,065	-	(27,466)	-	(27,466)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(133,222)	(27,466)	263,065	-	102,377	1,248	103,625
Total comprehensive income for the year	-	-	-	-	-	-	(133,222)	(27,466)	263,065	1,492,088	1,594,465	52,963	1,647,428
Transfers	-	-	-	-	(16,148)	-	-	-	-	16,148	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(51,416)	(51,416)
Change in fair value of non-controlling interests	-	-	-	-	-	-	128,090	-	-	-	128,090	-	128,090
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Acquisition of treasury shares (-) (Note 24)	-	(65,607)	-	-	-	-	-	-	-	-	(65,607)	-	(65,607)
Balance at 31 December 2016	2,200,000	(65,607)	35,026	269	1,195,204	-	(494,197)	(41,786)	401,889	12,780,967	16,011,765	56,632	16,068,397
Balance at 1 January 2017	2,200,000	(65,607)	35,026	269	1,195,204	-	(494,197)	(41,786)	401,889	12,780,967	16,011,765	56,632	16,068,397
Total comprehensive income/(loss):	-	-	-	-	-	-	-	-	-	1,979,129	1,979,129	58,630	2,037,759
Profit for the year	-	-	-	-	-	-	-	-	-	1,979,129	1,979,129	58,630	2,037,759
Other comprehensive income/(loss):	-	-	-	-	-	-	(45,848)	-	37,811	-	(8,037)	887	(7,150)
Foreign currency translation differences	-	-	-	-	-	-	(45,848)	-	37,811	-	(8,037)	887	(7,150)
Remeasurements of employee termination benefits	-	-	-	-	-	-	-	(2,990)	-	-	(2,990)	-	(2,990)
Other comprehensive loss for the year, net of income tax	-	-	-	-	-	-	(45,848)	(2,990)	37,811	-	(11,027)	887	(10,140)
Total comprehensive income for the year	-	-	-	-	-	-	(45,848)	(2,990)	37,811	1,979,129	1,968,102	59,517	2,027,619
Transfers	-	-	-	-	447,820	-	-	-	-	(447,820)	-	-	-
Dividends paid	-	-	9,294	-	-	-	-	-	-	-	9,294	-	9,294
Balance at 31 December 2017	2,200,000	(56,313)	35,026	269	1,643,024	-	(540,045)	(44,776)	439,700	11,312,276	14,989,161	55,927	15,045,088

(1) Included in Reserves in the consolidated statement of financial position.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

	Note	2017	2016	2015
Cash flows from operating activities:				
Profit for the year				
Continuing operations		2,037,759	1,585,967	1,536,215
Discontinued operations		-	(42,164)	367,336
Profit for the year including discontinued operations		2,037,759	1,543,803	1,903,551
Adjustments for:				
Depreciation and impairment of property, plant and equipment and investment properties	11-14	1,501,579	1,281,539	1,118,499
Amortization of intangible assets	12	1,095,401	921,812	549,251
Net finance income		165,387	(117,598)	(515,040)
Fair value adjustments to derivatives		(562,562)	(383,452)	-
Income tax expense	9	571,758	423,160	667,112
Gain on sale of property, plant and equipment		(33,837)	(25,010)	(13,141)
Unrealized foreign exchange losses on operating assets		966,340	545,287	579,372
Provisions		980,040	197,543	196,588
Share of losses/(profits) of discontinued operations		-	42,164	(367,336)
Deferred revenue	29	131,486	(20,350)	8,095
		6,853,351	4,408,898	4,126,951
Change in operating assets/liabilities				
Change in trade receivables	19	613,404	1,197,053	(821,208)
Change in due from related parties	37	1,107	7,514	3,907
Change in receivables from financial services	20	(1,931,538)	(2,396,372)	-
Change in inventories	21	27,871	(62,090)	(4,526)
Change in other current assets	22	(198,268)	643,444	(771,583)
Change in other non-current assets	17	15,012	78,770	(70,030)
Change in due to related parties	37	(4,099)	4,302	(20,530)
Change in trade and other payables	31	(507,043)	(2,733,901)	348,472
Change in other non-current liabilities	26	(82,018)	(14,477)	(14,088)
Change in employee benefit obligations	28	(18,627)	15,151	5,125
Changes in other working capital		(265,518)	29,286	23,423
Cash generated from operations		4,503,634	1,177,578	2,805,913
Interest paid		(909,881)	(434,521)	(153,529)
Income tax paid		(492,487)	(135,920)	(751,078)
Net cash inflow from operating activities		3,101,266	607,137	1,901,306
Cash flows from investing activities:				
Acquisition of property, plant and equipment	11	(2,937,195)	(2,572,401)	(2,135,358)
Acquisition of intangible assets	12	(1,172,847)	(855,097)	(2,461,612)
Proceeds from sale of property, plant and equipment		58,740	49,639	24,192
Proceeds from currency option contracts		-	-	1,070
Proceeds from advances given for acquisition of property, plant and equipment		205,580	(209,686)	228,070
Proceeds from financial assets		-	-	19,350
Payments for held to maturity investment		(11,992)	-	-
Interest received		553,066	610,837	761,328
Net cash outflow from investing activities		(3,304,648)	(2,976,708)	(3,562,960)
Cash flows from financing activities:				
Acquisition of non-controlling interest		-	-	(267,920)
Capital decrease in subsidiaries		-	(9,000)	-
Proceeds from issues of loans and borrowings		24,102,643	9,381,318	4,866,381
Proceeds from issues of bonds		209,808	167,500	1,439,862
Repayment of borrowings		(22,265,088)	(4,932,768)	(6,551,001)
Repayment of bonds		(379,660)	-	-
Dividends paid to shareholders		(2,990,706)	-	(3,925,000)
Dividends paid to non-controlling interest in subsidiaries		(60,222)	(51,416)	(100,515)
Acquisition of treasury shares		-	(65,607)	-
(Increase)/decrease in cash collateral related to loans		(183,518)	349,004	(349,243)
Net cash (outflow)/inflow from financing activities		(1,566,743)	4,839,031	(4,887,436)
Net (decrease)/increase in cash and cash equivalents		(1,770,125)	2,469,460	(6,549,090)
Cash and cash equivalents at 1 January		6,052,352	2,918,796	9,031,881
Effects of exchange rate changes on cash and cash equivalents		430,106	664,096	436,005
Cash and cash equivalents at 31 December	23	4,712,333	6,052,352	2,918,796

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

1. REPORTING ENTITY

Turkcell İletişim Hizmetleri Anonim Şirketi (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 Aydınevler Mahallesi İnönü Caddesi No: 20, Kucukyali Ofispark/İstanbul. 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 2G licence, the Company pays in cash the Undersecretariat of the Treasury (the "Turkish Treasury") a monthly tax levy namely 'treasury share' equal to 15% of the Company's 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 (excluding VAT of 18%). IMT authorization period expires on 30 April 2029 and operators were 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 were commenced on 1 December 2015, while remaining packages were commenced on 1 April 2016. For details please refer to Note 12.

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 started to pay 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.

The Company's parent is Turkcell Holding A.S., which holds 51% of the Company's shares as of 31 December 2017. The main shareholders of Turkcell Holding A.S. are TeliaSonera Finland Oyj (Sonera), Cukurova Group and Alfa Telecom Turkey Limited ("Alfa") according to the information obtained from public sources.

After failure to comply with corporate governance principles for election of independent board members, the CMB appointed 3 independent board members and 4 members, of which 2 members were chosen from the independent nominees list submitted by Sonera, as board members who satisfy the independence criteria in 2013. All members shall serve as members until new members are elected by the general assembly or until the CMB announces a new resolution. After appointment of board members by the CMB, Turkcell board is comprised of 7 non-executive board members who satisfy the independence criteria and of which 3 are independent board members.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

1. REPORTING ENTITY (CONTINUED)

The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate. Subsidiaries of the Company, their locations and their nature of operations are disclosed in Note 38. The Company's and each of its subsidiaries' and associate's financial statements are prepared as at and for the year ended 31 December 2017.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Turkcell İletişim Hizmetleri A.Ş. and its subsidiaries and the Group's interest in an associate.

(a) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The General Assembly has the power to amend and reissue the financial statements. The consolidated financial statements as at and for the year ended 31 December 2016 were authorized for issue by the Board of Directors on 15 February 2017.

The consolidated financial statements as at and for the year ended 31 December 2017 were authorized for issue by the Board of Directors on 15 February 2018.

(b) Historical cost convention

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS as issued by the IASB. The financial statements have been prepared on a historical cost basis, except for the following measured at fair value:

- Derivative financial instruments
- Consideration payable in relation to the acquisition of Belarusian Telecom

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Functional and presentation currency

(i) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency using the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency using the exchange rates at the date when the fair value was determined. Translation differences are recognized in profit or loss, except for translation differences on available-for-sale financial assets, which are recognized in other comprehensive income.

Foreign exchange gains and losses are recognized in profit or loss, except:

- For capitalized foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs eligible for capitalization.

Foreign exchange differences that are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within finance income or finance costs.

(ii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average monthly exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income and accumulated in the foreign currency translation reserve, in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. 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 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 older.

Capitalization and useful lives of assets

The useful lives and residual values of the Group's assets are estimated 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 telecommunication licenses are based on the duration of the license agreements.

Belarusian Telecom has 10 years of special GSM and UMTS services licenses acquired on 26 August 2008. In addition, the license period has been committed and signed for an additional 10 years for an insignificant fee. The amortization on the consolidated financial statements has been recognized on the assumption that the duration of the license would be extended.

Gross versus net presentation of revenue

When the Group acts as principal in sale of goods or rendering of services, revenue from customers and costs with suppliers are reported on a gross basis. When the Group acts as agent in sale of goods or rendering of services, revenue from customer and costs with suppliers are reported on a net basis, representing the net margin earned. Whether the Group is acting as principal or agent depends on management's analysis of both legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and costs but do not impact reported assets, liabilities or cash flows.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Use of estimates and judgments (continued)

Multiple element arrangements

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.

Provisions, contingent liabilities and contingent assets

As detailed and disclosed in Note 36, 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 at the reporting date, the 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Use of estimates and judgments (continued)

Annual impairment review

The Group tests annually whether goodwill and intangible asset not yet available for use have suffered any impairment in accordance with IAS 36 "Impairment of Assets". 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 based on fair value less cost of disposal calculations. These calculations require the use of estimates as discussed in Note 13.

As at 31 December 2014, the Group has impaired its assets in Crimea region amounting to TL 19,897. As at 31 December 2017, the Group has impaired its assets in Luhansk and Donetsk regions amounting to TL 10,872.

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, the subscriber's purchasing power, liquidity and increase in corporate and personal insolvencies, that may not necessarily be observable in other markets. The accompanying 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 at 31 December 2017, 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 and the achievability of the financials projections used in the impairment assessments.

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 33.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Use of estimates and judgments (continued)

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.

(e) Changes in accounting policies

Other than the adoption of the new and revised standards as explained in Note 2(af), the Group did not make any significant changes to its accounting policies during the current year.

(f) 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.

The Company does not have significant changes in accounting estimates during the year.

(g) Comparative information and revision of prior period financial statements

The consolidated financial statements of the Group have been prepared consistent with prior periods.

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Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Principles of consolidation and equity accounting

(i) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination comprises:

- the fair value of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- the fair value of any asset or liability resulting from a contingent consideration arrangement, and
- the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previously held equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Contingent consideration classified as equity is not subject to remeasurement. Instead, any gain or loss at settlement is recorded as an adjustment to equity through other comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Principles of consolidation and equity accounting (continued)

(ii) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Non-controlling interest has not been attributed to Belarus Telekom on the grounds that net assets of Belarus Telekom is negative, Belarus Telekom is financed solely by the Company and management's assessment of relevant articles of the share purchase agreement with the non-controlling shareholder.

Turkcell Finansman A.Ş. ("Turkcell Finansman") sold financial loans amounting to TL 87,589 to Aktif Yatırım Bankası A.Ş. Turkcell Varlık Finansmanı Fund ("Fund") founded by Aktif Yatırım Bankası A.Ş. on 14 April 2017 in order to create funds for issuance of Asset Backed Securities ("ABS") which will be issued by the Fund in a structure where Turkcell Finansman will act as the source organization. Turkcell Finansman sold second financial loans amounting to TL 89,607 to Aktif Yatırım Bankası A.Ş. Turkcell Varlık Finansmanı Fund ("Fund") founded by Aktif Yatırım Bankası A.Ş. on 22 August 2017. Turkcell Finansman transferred its contractual rights to receive cash flows from the financial loans that have been sold to the Fund resulting in de-recognition of the related assets from its consolidated financial statements. Moreover, the Company did not consolidate the Fund since the activities of the Fund are not controlled by the Company and the Fund has been defined as a structured entity.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Principles of consolidation and equity accounting (continued)

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to the non-controlling and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company. The Group's ownership interest in lifecell was increased to 100% in 2015 and the difference between the non-controlling interests derecognized and the consideration paid for the acquisition of shares amounting to TL 929,013 was recognized in equity under retained earnings.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(iv) Business combinations under common control

Business combinations between entities or businesses under common control are excluded from the scope of IFRS 3. In a business combination under common control, assets and liabilities of the acquired entity are stated at predecessor carrying values. Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity at the date of the transaction is recognized in equity. The acquired entity's results and financial position are incorporated as if both entities (acquirer and acquiree) had always been combined, or using the results from the date when either entity joined the Group, where such a date is later.

(vi) Put option over shares relating to non-controlling interests

Where a put option is written by the Group on shares in an existing subsidiary held by non-controlling interests, the Group recognizes a financial liability at the present value of the redemption amount to reflect the put option. If the ownership risks and rewards of the shares relating to the put option is attributable to Group, the non-controlling interest is derecognized. The difference between the put option liability and the non-controlling interests derecognized is recognized in equity. For business combinations after 1 January 2009, subsequent changes in the fair value of the put option liability are recognized in profit or loss.

Reserve for put option over shares relating to non-controlling interests included in equity arises from the difference between the fair value of the put option written by Fintur Holdings B.V. ("Fintur") on non-controlling shares in one of its subsidiaries and the derecognized non-controlling interests relating to that put option.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Principles of consolidation and equity accounting (continued)

(vii) Investments in associates

An associate is an entity over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in that entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

On acquisition of an associate, any excess of the cost of the investment over the Group's share of the net fair values of the associate's identifiable assets and liabilities is recognized as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as part of the Group's share of the associate profit or loss in the period in which the investment is acquired.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in (Note 15). The Group measures an associate that is classified as held for sale at the lower of its carrying amount at the date of classification as held for sale and fair value less costs of disposal. Equity accounting ceases once an associate is classified as held for sale.

(i) Financial instruments

(j) Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. See Note 33 for details about each type of financial asset.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognized as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortized cost of the security are recognized in profit or loss and other changes in the carrying amount are recognized in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive payments is established.

Details on how the fair value of financial instruments is determined are disclosed in Note 33.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

(iv) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

Impairment testing of trade receivables is described in Note 33.

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(v) 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.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

(vi) Income recognition

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(vii) Derivative financial instruments

Forward foreign exchange, interest rate and foreign exchange swaps (IRS, Cross Currency Swaps etc.) and option transaction fair values are calculated with market levels of interest rates and Central Bank of Republic of Turkey (CBRT) exchange rates via Bloomberg financial terminal. If market levels are not available for valuation date, fair value for forward contracts will be value of discounted future value of difference between contract price level and forward value of CBRT exchange rate with risk free rates for the period. Interest rate and currency swaps will be valued with the difference of discounted cash flows of each leg of the swaps using risk free rates and CBRT exchange rates. Option transactions will be valued with option pricing models using risk free rates and CBRT exchange rates.

(viii) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position where the Group has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See Note 33 for a description of the Group's impairment policies.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at historical cost less depreciation and impairment losses. Property, plant and equipment related to the Company and its subsidiaries operating in Turkey are adjusted for the effects of inflation during the hyperinflationary period 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.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes 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.

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 and losses on disposals are determined by comparing proceeds with the carrying amount. There are recognized included in 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 profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Land is not depreciated.

The estimated useful lives 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, and adjusted if appropriate, at the end of each reporting period.

(iv) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(m) Intangible assets

(i) Telecommunication licenses

Separately acquired telecommunication licenses are stated at historical cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less amortization and impairment losses.

Amortization

Amortization is recognized in the statement of profit or loss on a straight-line basis by reference to the license period. The useful lives for telecommunication licenses are as follows:

Telecommunications licenses	3 – 25 years
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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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 programmes are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Amortization

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives. The useful lives for computer software are as follows:

Computer software	3 – 8 years
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(iii) Other intangible assets

Other intangible assets that are acquired by the Group which have finite useful lives are stated at historical cost adjusted for the effects of inflation during the hyperinflationary period, where applicable, less amortization and impairment losses. Indefeasible Rights of Use ("IRU") are rights to use a portion of an asset's capacity granted for a fixed period of time. IRUs are recognized as intangible asset when the Group has specific indefeasible rights to use an identified portion of an underlying asset and the duration of the right is for the major part of the underlying asset's useful economic life. IRUs are amortized over the shorter of the underlying asset's useful economic life and the contract term.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Intangible assets (continued)

(iii) Other intangible assets (continued)

Amortization

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Transmission line software	5 – 10 years
Central betting system operating right	7 – 10 years
Customer base	2 – 15 years
Brand name	9 – 10 years
Indefeasible right of use	15 years

Amortization methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(n) Investment properties

Recognition and measurement

Investment properties are properties held for rental yields and/or for capital appreciation (including property under construction for such purposes). Investment properties are stated at historical cost less depreciation and 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.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Investment properties (continued)

Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The estimated useful lives are as follows:

Investment Property	25 - 45 years
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Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

(o) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Cost of inventory is determined using the weighted average method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. At 31 December 2017 and 2016, inventories mainly consisted of mobile phones, sim-cards, and other devices.

(p) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization which are tested annually for impairment and reviewed at each reporting date and if triggering events occur, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(r) Employee benefits

(i) Short-term obligations

Liabilities for salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the statement of financial position.

(ii) Termination benefits

In accordance with the 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 6,000 as at 31 December 2017, per year of employment at the rate of pay applicable at the date of retirement or termination. Termination benefits paid to key executive officers are presented as other expenses. Reserve for employee termination benefits is computed and reflected in the consolidated financial statements on a current basis. The reserve is calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from retirement of employees. Reserve for employee termination benefits is calculated annually by independent actuaries using the projected unit credit method.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (continued)

(iii) Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

The Group provides a cash-settled share-based payment plan for selected employees in return for their services. For cash-settled share-based payment transactions, the Group measures services acquired and the liability incurred at the fair value of the liability. Liabilities for cash-settled share-based payment plan are recognized as employee benefit expense over the relevant service period. The fair value of the liability is re-measured at each reporting date and at the settlement date. Any changes in fair value are recognized in profit or loss for the period.

(v) Personnel 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.

(s) 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 resources will be required to settle the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Onerous contracts

Present obligation arising under an onerous contract is 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.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) Revenue

Revenue is recognized at the fair value of the consideration received or receivable, net of returns, trade allowances and rebates. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from telecommunication services includes postpaid and prepaid revenue from voice, data, messaging and value added services, interconnect revenue, monthly fixed fees, SIM card sales and roaming revenue. Revenue from telecommunication services are recognized at the time services are rendered.

With respect to prepaid revenue, the Group generally collects cash in advance by selling prepaid top up to distributors. In such cases, the Group does not recognize revenue until subscribers use the telecommunication services. Deferred revenue is recorded under current liabilities.

Services may be bundled with other products and services and these bundled elements involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. Total arrangement consideration relating to a bundled contract is allocated to different units of accounting if:

- each element in the arrangement has standalone value to the customer; and
- fair value of each element can be measured reliably.

The arrangement consideration is allocated to each element based upon their relative fair values. If an element of a transaction is not a separately identifiable component, then it is accounted for as an integral part of the remaining elements of the transaction.

Revenue allocated to products where the Group acts as principal is recognized when significant risks and rewards of ownership are transferred to the buyer, collection is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the products and the amount of revenue can be measured reliably.

Revenue from device sales is recognized when the device is delivered to the end customer and significant risks and rewards of ownership are transferred. For device sales made to intermediaries, revenue is recognized if significant risks and rewards of ownership associated with the device are transferred to the intermediary and the intermediary has no general right to return the device to receive a refund. If significant risks and rewards of ownership are not transferred, revenue is deferred until sale of the device to an end customer by the intermediary or expiry of any right of return.

The Company, the distributors and dealers offer joint campaigns to the subscribers which may include the sale of device by the dealer and/or the distributor and the sale of communication service by the Company. In certain campaigns, dealers make the handset sale to the subscribers instalments of which will be collected by the Company based on the letters of undertaking signed by the subscribers. With the letter of undertaking, the dealer assigns its receivables from handset sale to the distributor and the distributor assigns its receivables to the Company.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue (continued)

The Company pays the distributor net present value of the instalments to be collected from the subscribers and recognizes contracted receivables 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 19). When monthly installment is invoiced to the subscriber, related portion is presented as "receivables from subscribers". The Company collects the contracted receivables in installments during the contract period and does not recognize any revenue for the handset in these transactions as the Company does not act as principal for the sale of handset.

Starting from 2014, the subscribers has an option to buy handsets using bank loans instalments of which are collected by the Company on behalf of the bank. The Company does not bear any credit risk in these transactions. Since the Company collects receivables during the contract period and acts as agent for the sale of handset, the Company does not recognize any revenue for the handset in these transactions.

Starting from 2016 the Company and distributors started to offer the option to buy a device through Turkcell Financing loan, which will be collected by the Company. The Group carries a risk of collection in these transactions. Turkcell Finansman collects the purchased credit from the subscriber during the contract period, and does not record revenue related to the device since it is not the main contractor in the device sale. Revenue from financial services comprise of interest income generated from consumer financing activities. Interest income is recognized as it accrues, using the effective interest method.

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. Monthly fixed fees are included telecommunication services revenues.

Revenues from betting business mainly comprise of net takings earned to a maximum of 1.4% of gross takings as the head agent of fixed odds betting games and mobile agent revenues of 7.25% of mobile agency turnover after deducting VAT and gaming tax as the head agent. Revenues from betting business are recognized at the time all services related to the games are fully rendered. Under the agreement signed with Spor Toto Teşkilat Müdürlüğü A.Ş. ("Spor Toto"), Inteltek İnternet Teknoloji Yatırım ve Danışmanlık A.Ş. ("Inteltek") is obliged to undertake any excess payout, which is presented on a net basis.

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 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 services related to 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 services related to the games are fully rendered.

SIM card sales are recognized upon delivery to distributors, net of returns, discounts and rebates. SIM card costs are also recognized upon sale of the SIM card to the distributors. SIM card sales are included telecommunication services revenues.

Call center revenues are recognized at the time services are rendered.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue (continued)

When the Group sells goods or services as a principal, revenue and operating costs are recorded on a gross basis. When the Group sells goods or services as an agent, revenue and operating costs are recorded on a net basis, representing the net margin earned. Whether the Group is considered to be acting as principal or agent in the transaction depends on management's analysis of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating costs but do not impact reported assets, liabilities or cash flows.

The Company and the Ministry of Transport, Maritime Affairs and Communications, Directorate General of Communications signed a contract to continue the contract to establish and operate mobile communication infrastructure and operation in uncovered areas, (Phase 1) until 31 December 2018 and to add mobile broadband services to the existing infrastructure providing GSM services under Universal Service Law and to operate the new and existing networks together. Mobile broadband services will be added to the existing infrastructure established in accordance with Phase 1 in 1,799 rural locations. The new and the existing infrastructure will be operated together. As of 31 December 2017, the Company has recognized TL 257,866 revenue from its operations related to this contract. Since the Company acts as principal, revenue and operating costs are reported on a gross basis in these consolidated financial statements.

The revenue recognition policy for other revenues is to recognize revenue as services are provided.

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.

(u) Leases

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.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognized as income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(w) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(x) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Income taxes (continued)

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g., the Research and Development Tax Incentive regime in Turkey or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

(y) Earnings per share

The Group does not have any potential ordinary shares in issue, therefore basic and diluted earnings per share ("EPS") are equal. Since basic and diluted EPS are equal, the Group presents both basic and diluted EPS on one line described as "Basic and diluted EPS".

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 financial year, excluding treasury shares. In Turkey, entities can increase their share capital by distributing "Bonus share" 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 when determining the weighted-average number of shares outstanding.

(z) 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.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) 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 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 credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

(ab) Non-current asset held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs of disposal.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs of disposal. A gain is recognized for any subsequent increases in fair value less costs of disposal of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of derecognition.

An associate must meet the conditions to be classified as held for sale. It is first measured in accordance with applicable standards. Such standard is IAS 28, and so the share of profits and remeasurement of carrying amounts are done in accordance with normal associate rules up to the point of classification as held for sale. The associate or joint venture is then measured in accordance with IFRS 5. It is measured at the lower of carrying amount and fair value less costs of disposal. Equity accounting is ceased from the date the held for sale criteria are met.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(ac) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(ad) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Subsequent events

Events after the reporting date; Includes all events between the reporting date and the date on which the financial statements are authorized for issue, even if any announcement of profit or other selected financial information has been made publicly disclosed.

In case of events requiring correction after the reporting date, corrects this new situation accordingly. Events that are not required to be adjusted subsequent to the reporting date are disclosed in the notes to the financial statements in the consolidated financial statements.

(af) New standards and interpretations

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

None.

ii) Standards, amendments and interpretations applicable as at 31 December 2017

- Amendments to IAS 7, 'Statement of cash flows'; on disclosure initiative effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments IAS 12, 'Income Taxes'; effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2017:
 - IFRS 12, 'Disclosure of interests in other entities'; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

iii) Standards, amendments and interpretations effective on or after 1 January 2018

- IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) New standards and interpretations (continued)

iii) Standards, amendments and interpretations effective on or after 1 January 2018 (continued)

- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The Group does not expect material impact on its financial statements.

The amended standard will:

- give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.
- Amendment to IAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Group does not expect material impact on its financial statements.
- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group does not expect material impact on its financial statements.
- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
 - IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
 - IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.
- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group does not expect material impact on its financial statements.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) New standards and interpretations (continued)

iii) Standards, amendments and interpretations effective on or after 1 January 2019

- Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.
- IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, this standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group evaluates impacts of the new standard on consolidated financial statements.
- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group assesses of impact on an ongoing basis.

iv) Status of adoption of significant new or amended IFRS standards or interpretations

The adoption of new or amended standards and interpretations that are effective for the financial year beginning on January 1, 2018, did not have a material impact on the Group's consolidated financial statements. The following new IFRS standards will, based on the Company analysis, be of significance to the Group, but have not yet been early adopted:

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) New standards and interpretations (continued)

iv) Status of adoption of significant new or amended IFRS standards or interpretations (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method which requires the recognition of the cumulative effect of initially applying IFRS 15, as at January 1, 2018, to retained earnings and not restate prior years. During 2017, the Group performed a detailed assessment of IFRS 15.

The Group is mainly in the business of providing telecommunication services. The goods and services are sold both on their own in separate identified contracts with customers and together as a bundled package of goods and/or services.

Sale of goods

For contracts with customers and intermediaries in which the sale of device or equipment is generally expected to be a performance obligation, adoption of IFRS 15 is not expected to have significant impact on the Group's revenue and profit or loss because sale of goods were already recognised as a distinct performance obligation at fair value under current accounting treatment.

The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Rendering of services

The Group mainly provides telecommunication services. Services are generally 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 or discount. The Company's current accounting treatment in allocating total consideration to the performance obligations is inline with the requirements of IFRS 15. The Group do not expect IFRS 15 to significantly change the timing or amount of revenue recognized under these arrangements.

Contract costs

Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the consolidated statement of financial position and amortised as revenue is recognised under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees. The Group expect IFRS 15 to significantly change the timing of costs recognized under these arrangements resulting in a significant cumulative adjustment to increase retained earnings will be made.

Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) New standards and interpretations (continued)

iv) Status of adoption of significant new or amended IFRS standards or interpretations (continued)

IFRS 9 Financial instruments

The last version of IFRS 9, issued in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". It also carries forward the guidance on recognition, classification, measurement and derecognition of financial instruments from IAS 39 to IFRS 9. The last version of IFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of IFRS 9. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

Classification and measurement – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The new classification requirements would have had a impact on its accounting for consumer financing loans, trade receivables, investments in debt securities, cash and cash equivalents and other financial assets. Since Turkcell Finansman A.S. may sale and derecognizes some portion of its loans depending on the management assessment, the related portion may be assessed in "hold and sell" business model and may require fair value measurement.

Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either the following bases.

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12 month ECL measurement applies if it has not.

An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing component. The Group will apply lifetime ECL measurement for all group companies except Turkcell Finansman A.S. which will apply both 12 month and lifetime ECL (general approach) since it is a financing company.

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2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) New standards and interpretations (continued)

iv) Status of adoption of significant new or amended IFRS standards or interpretations (continued)

IFRS 9 Financial instruments (continued)

Transition

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognized in retained earnings and reserves as at 1 January 2018.

Based on its assessment, The Group does not expect material impact on its financial statements.

3. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the Audit Committee. Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Audit Committee provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. In addition, Risk Early Detection Committee was established in accordance with the New Turkish Commercial Code effective from 1 July 2012.

Credit risk

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 cash and cash equivalents, held-to-maturity investments, derivative financial instruments, trade receivables, receivables from financial services, due from related parties and other assets (Note 33).

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 (Note 19).

In monitoring customer credit risk, customers are grouped according to whether they are subscribers, financial services customers, other corporate customers, 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 and other receivables.

This allowance comprise of the 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 monthly 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.

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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Transactions involving derivatives are executed with local and international counterparties with whom the Group has signed international agreements and which have sound credit ratings.

The Group's policy is to provide financial guarantees only to subsidiaries and distributors. At 31 December 2017, guarantees of TL 3,720,954 were outstanding (31 December 2016: TL 1,409,749).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held deposits at call of TL 603,553 (2016: TL 569,826) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (Note 33) and cash and cash equivalents (Note 23) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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 uses derivatives in order to manage market risks. All such transactions are carried at within the guidelines set by the Group Treasury.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group holds a significant portion of its cash and cash equivalent in foreign currency in order to manage foreign exchange risk. In addition, derivative financial instruments are used to manage exposure to fluctuations in foreign exchange rates.

(ii) Interest rate risk

The Group's exposure to interest rate risk is related to its financial assets and liabilities. The Group manage its financial liabilities by providing an appropriate distribution between fixed and floating rate loans. Floating rate exposures can be changed to fixed rate exposures based on short term and long term market expectations via financial derivatives. The use of financial derivatives is governed by the Group Treasury's policies approved by the Audit Committee, which provide written principles on the use of derivatives.

The Group's borrowings and receivables are carried at amortized cost. The borrowings are periodically contractually repriced (Note 33) and to that extent are also exposed to the risk of future changes in market interest rates.

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4. SEGMENT INFORMATION

The Group has two reportable segments in accordance with its integrated communication and technology services strategy - Turkcell Turkey and Turkcell International. While some of these strategic segments offer the same types of services, they are managed separately because they operate in different geographical locations and are affected by different economic conditions.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker function is carried out by the Board of Directors, however Board of Directors may transfer the authorities, other than recognized by the law, to the General Manager and other directors.

Turkcell Turkey reportable segment includes the operations of Turkcell, Turkcell Superonline İletişim Hizmetleri A.Ş. ("Turkcell Superonline"), Turkcell Satış ve Dağıtım Hizmetleri A.Ş. ("Turkcell Satış"), group call center operations of Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş. ("Turkcell Global Bilgi"), Turkcell Bilgi Servisleri A.Ş. ("Turkcell Bilgi"), Turkcell Teknoloji Araştırma ve Geliştirme A.Ş. ("Turkcell Teknoloji"), Kule Hizmet ve İşletmecilik A.Ş. ("Global Tower"), Rehberlik Hizmetleri Servisi A.Ş. ("Rehberlik"), Turkcell Odeme Hizmetleri A.Ş. ("Turkcell Odeme") and Turkcell Gayrimenkul Hizmetleri A.Ş. ("Turkcell Gayrimenkul"). Turkcell International reportable segment includes the operations of Kibris Mobile Telekomunikasyon Limited Sirketi ("Kibris Telekom"), East Asian Consortium B.V. ("Eastasia"), LLC lifecell ("lifecell"), Lifecell Ventures Coöperatif U.A ("Lifecell Ventures"), Beltel Telekomunikasyon Hizmetleri A.Ş. ("Beltel"), CJSC Belarusian Telecommunications Network ("Belarusian Telecom"), LLC UkrTower ("UkrTower"), LLC Global Bilgi ("Global LLC"), Turkcell Europe GmbH ("Turkcell Europe"), Lifetech LLC ("Lifetech"), Beltower LLC ("Beltower"), Lifecell Digital Limited and 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, non-group call center operations of Turkcell Global Bilgi, Turkcell Finansman, Turkcell Enerji Cozumleri ve Elektrik Satış Ticaret A.Ş. ("Turkcell Enerji") and Paycell LLC ("Paycell").

The Board primarily uses adjusted EBITDA to assess the performance of the operating segments. Adjusted EBITDA definition includes revenue, cost of revenue 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. Reconciliation of Adjusted EBITDA to the consolidated profit for the year is included in the accompanying notes.

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4. SEGMENT INFORMATION (CONTINUED)

	Turkcell Turkey			Turkcell International			All other segments			Intersegment eliminations			Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total segment revenue	15,450,136	12,787,592	1,067,078	874,692	1,187,454	661,923	(72,604)	(38,646)	17,632,064	14,285,561				
Inter-segment revenue	(31,690)	(19,680)	(40,897)	(18,964)	(17)	(2)	72,604	38,646	-	-				
Revenues from external customers	15,418,446	12,767,912	1,026,181	855,728	1,187,437	661,921	-	-	17,632,064	14,285,561				
Adjusted EBITDA	5,593,837	4,160,861	263,962	235,348	374,314	222,849	(3,859)	451	6,228,254	4,619,509				
Bad debt expense	49,468	(195,472)	(6,070)	(5,956)	(79,676)	(9,956)	-	-	(36,278)	(211,384)				

	Turkcell Turkey			Turkcell International			All other segments			Intersegment Eliminations			Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total segment revenue	12,787,592	11,480,890	874,692	856,147	661,923	458,563	(38,646)	(26,185)	14,285,561	12,769,415				
Inter-segment revenue	(19,680)	(14,608)	(18,964)	(11,731)	(2)	154	38,646	26,185	-	-				
Revenues from external customers	12,767,912	11,466,282	855,728	844,416	661,921	458,717	-	-	14,285,561	12,769,415				
Adjusted EBITDA	4,160,861	3,759,590	235,348	245,959	222,849	134,484	451	511	4,619,509	4,140,544				
Bad debt expense	(195,472)	(187,963)	(5,956)	(8,292)	(9,956)	(333)	-	-	(211,384)	(196,588)				

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4.SEGMENT INFORMATION (CONTINUED)

	2017	2016	2015
Profit for the period	2,037,759	1,543,803	1,903,551
<i>Add(Substract):</i>			
Profit/(loss) from discontinued operations	-	42,164	(367,336)
Profit from continuing operations	2,037,759	1,585,967	1,536,215
Income tax expense	571,758	423,160	667,112
Finance income	(1,090,449)	(1,064,794)	(756,039)
Finance costs	1,413,315	1,237,593	799,514
Other income	(74,438)	(78,569)	(44,454)
Other expenses	773,329	312,801	270,446
Depreciation and amortization	2,596,980	2,203,351	1,667,750
Consolidated adjusted EBITDA	6,228,254	4,619,509	4,140,544

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.

	2017	2016	2015
Revenues			
Turkey	16,431,863	13,321,503	11,779,345
Ukraine	664,643	573,951	571,630
Belarus	209,884	149,005	141,219
Azerbaijan	174,021	108,329	145,654
Turkish Republic of Northern Cyprus	148,637	129,785	125,668
Germany	3,016	2,988	5,899
	17,632,064	14,285,561	12,769,415

	31 December 2017	31 December 2016
Non-current assets		
Turkey	18,098,228	16,548,162
Ukraine	1,408,783	1,211,789
Turkish Republic of Northern Cyprus	141,802	117,243
Belarus	138,371	291,498
Azerbaijan	13,663	13,563
Unallocated non-current assets	112,516	67,057
	19,913,363	18,249,312

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5. REVENUE

	2017	2016	2015
Telecommunication services	15,115,816	12,883,974	11,972,443
Equipment revenues	1,159,500	624,352	254,582
Revenue from financial services	605,663	184,698	-
Revenue and commission fees on betting business	355,907	284,496	277,525
Call center revenues	232,679	198,564	187,840
Other	162,499	109,477	77,025
	17,632,064	14,285,561	12,769,415

6. OTHER INCOME AND EXPENSE

Other income amounted to TL 74,438, TL 78,569 and TL 44,454 for the years ended 31 December 2017, 2016 and 2015, respectively.

Other expenses amounted to TL 773,329, TL 312,801 and TL 270,446 for years ended 31 December 2017, 2016 and 2015, respectively.

Other income for the years ended 31 December 2017, 2016 and 2015 mainly consist of gain on sale of fixed assets and reversal of legal provisions (Note 36).

Other expenses for the year ended 31 December 2017 and 2016 mainly consist of donations and litigation expenses (Note 36).

Other expenses for the year ended 31 December 2015 mainly consist of expenses for termination of commercial agreements and litigation expenses.

7. EMPLOYEE BENEFIT EXPENSES

	2017	2016	2015
Wages and salaries ^(*)	1,746,147	1,450,262	1,317,655
Employee termination benefits ^(**)	32,862	32,977	30,593
Defined contribution plans	8,107	7,722	8,364
	1,787,116	1,490,961	1,356,612

^(*) Wages and salaries include compulsory social security contributions and bonuses.

^(**) Remeasurements of employee termination benefits for the years ended 31 December 2017, 2016 and 2015 amounting to TL 3,738, TL 34,532 and TL 13,466 respectively are reflected in other comprehensive income.

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8. FINANCE INCOME AND COSTS

Recognized in the statement of profit or loss:

	2017	2016	2015
Fair value gains on derivative financial instruments	589,555	385,560	1,070
Interest income on bank deposits	278,599	158,206	303,221
Interest income on financial assets measured at amortized cost	185,004	445,943	436,024
Credit finance income	36,186	74,522	13,865
Other	1,105	563	1,859
Finance income	1,090,449	1,064,794	756,039
Net foreign exchange losses	(718,501)	(782,463)	(489,320)
Interest expenses for financial liabilities measured at amortized cost	(385,386)	(343,290)	(224,724)
Interest expenses for derivative financial instruments	(244,841)	(93,038)	-
Late payment interest expense	(29,115)	-	(68,083)
Option premium charges	(27,172)	(10,114)	(2,290)
Other	(8,300)	(8,688)	(15,097)
Finance costs	(1,413,315)	(1,237,593)	(799,514)
Net finance costs	(322,866)	(172,799)	(43,475)

Finance incomes for the years ended 31 December 2017, 2016 and 2015 are mainly attributable to interest income on contracted handset sales, changes in fair value of derivative financial instruments and interest income on bank deposits.

Foreign exchange losses mainly include foreign exchange losses on borrowings and bonds issued amounting to TL 920,862 and TL 113,081 as of 31 December 2017.

Finance costs for year ended 31 December 2016 and 2015 is mainly attributable to the financing costs of borrowings, 4.5G license fees payable, foreign exchange losses of Belarusian Telecom operating in Belarus and foreign exchange losses of lifecell operating in Ukraine. Foreign exchange losses from Belarusian Telecom and lifecell exclude foreign exchange losses incurred in the foreign operations' individual financial statements which have been recognized directly in equity under foreign currency translation reserve in the consolidated financial statements in accordance with the accounting policy for net investment in foreign operations as disclosed in Note 2c.

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9. INCOME TAX EXPENSE

	2017	2016	2015
Current income tax expense	(437,967)	(200,663)	(591,297)
Deferred income tax expense	(133,791)	(222,497)	(75,815)
Total income tax expense	(571,758)	(423,160)	(667,112)

Income tax expense is attributable to profit from continuing operations.

Income tax relating to each component of other comprehensive income

2017	Before tax	Tax (expense)/credit	Net of tax
Foreign currency translation differences	100,149	(107,299)	(7,150)
Remeasurements of employee termination benefits	(3,738)	748	(2,990)
	96,411	(106,551)	(10,140)
2016			
Foreign currency translation differences	218,472	(87,381)	131,091
Remeasurements of employee termination benefits	(34,532)	7,066	(27,466)
	183,940	(80,315)	103,625
2015			
Foreign currency translation differences	(384,466)	(5,749)	(390,215)
Changes in cash flow hedge reserve	719	-	719
Remeasurements of employee termination benefits	(13,466)	2,563	(10,903)
	(397,213)	(3,186)	(400,399)

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9. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of income tax expense

	2017	2016	2015
Profit from continuing operations before income tax expense	2,609,517	2,009,127	2,203,327
Profit from discontinued operations before income tax expense	-	(42,164)	367,336
Profit before income tax expense	2,609,517	1,966,963	2,570,663
Tax at the Turkey's tax rate	(521,903)	(393,393)	(514,133)
Difference in overseas tax rates	4,133	(15,935)	(52,688)
Effect of exemptions ⁽¹⁾	73,916	104,244	62,163
Effect of amounts which are not deductible	(102,102)	(78,571)	(16,104)
Utilization of previously unrecognized tax losses	-	1,253	22,863
Change in unrecognized deferred tax assets ⁽²⁾	(41,340)	(30,616)	(198,364)
Adjustments for current tax of prior years	11,280	(8,176)	-
Tax effect of investment in associate	-	-	32,926
Other	4,258	(1,966)	(3,775)
Total income tax expense	(571,758)	(423,160)	(667,112)

⁽¹⁾ Mainly comprises of research and development tax credit.

⁽²⁾ Mainly comprises of tax losses for which no deferred tax asset has been recognized.

As of 31 December 2017, the Turkish entities within the Group are subject to corporate tax at the Turkey's tax rate of 20%. On December 5, 2017, Turkey's Law No. 7061 on the Amendment of Some Tax Laws and Some Other Laws, which was adopted on November 28, 2017, was published in the Official Gazette. The Law increases the corporate tax rate under the Corporate Tax Law, No. 5520, from the current 20% rate to 22% for tax years 2018, 2019, and 2020; the change took effect on the Law's date of publication. It is expected to continue with 20% afterwards.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns at the end of until the 25th day of the forth month following the close of the accounting year to which they relate. Corporate tax payment is made until the end of the month in which the tax return is filed. 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.

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9. INCOME TAX EXPENSE (CONTINUED)

The deduction of 100% of the research and development expenses is allowed when the taxpayers are made these expenditures exclusively for new technology and information researches.

Dividend payments of Turkish resident corporations against Turkish real persons, foreign corporations and foreign real persons are subject to 15% withholding tax. It is possible to apply reduced withholding tax rate for dividend payments made to abroad, in case it is stated in a double tax treaty. On the other hand, dividend payments made to Turkish resident companies are not subject to withholding tax.

Dividend income of Turkish taxpayers received from other Turkish taxpayers is exempted from corporate tax. However, dividends received from participation shares and stocks of fund and investment partnerships cannot utilize from this exemption.

75% of the profits arising from sale of affiliate shares, founders' shares, redeemed shares and preemptive rights that are held by the corporations for at least two years are exempted from corporate tax. However, as of 5 December 2017, the date of the publication of the Law No. 7061, 50% part of the profits arising from the sale of the immovable properties that are included in assets of the corporations for two years are exempted from corporate tax. The exemption rate is 75% before this date. In order to benefit from these exemptions, profits must be recorded under a passive fund account in balance sheet and not withdrawn for 5 years. Also, the sale amounts must be received until the end of the second calendar year following the sale.

10. EXPENSES BY NATURE

Breakdown of expenses by nature for the years ended 31 December 2017, 2016 and 2015 is as follows:

Cost of revenue:

	2017	2016	2015
Depreciation and amortization ⁽¹⁾	(2,596,980)	(2,203,351)	(1,667,750)
Treasury share	(1,669,807)	(1,491,503)	(1,418,683)
Interconnection and termination expenses	(1,607,079)	(1,420,233)	(1,326,990)
Radio expenses	(1,123,668)	(1,057,618)	(911,454)
Employee benefit expenses	(1,046,544)	(859,143)	(734,725)
Cost of goods sold	(870,226)	(551,656)	(250,779)
Cost of revenue from financial services	(270,366)	(68,546)	-
Universal service fund	(221,431)	(192,045)	(182,508)
Transmission expenses	(218,221)	(139,185)	(113,574)
Roaming expenses	(177,258)	(128,429)	(108,102)
Billing and archiving expenses	(55,185)	(61,647)	(55,056)
Others	(1,493,409)	(1,063,251)	(999,862)
	(11,350,174)	(9,236,607)	(7,769,483)

⁽¹⁾As at 31 December 2017, depreciation and amortization expenses includes depreciation and amortization expenses related to the financial services amounting to TL 6,343 (31 December 2016: 1.677 TL).

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10. EXPENSES BY NATURE (CONTINUED)

Selling and marketing expenses:

	2017	2016	2015
Selling expenses	(898,936)	(757,869)	(783,234)
Marketing expenses	(532,989)	(518,382)	(428,596)
Employee benefit expenses	(394,421)	(354,380)	(381,582)
Frequency usage fees related to prepaid subscribers	(82,994)	(186,530)	(191,408)
Others	(96,080)	(93,786)	(117,039)
	(2,005,420)	(1,910,947)	(1,901,859)

Administrative expenses:

	2017	2016	2015
Employee benefit expenses	(346,151)	(277,438)	(240,305)
Consultancy expenses	(50,247)	(54,315)	(43,995)
Rent expenses	(36,280)	(30,314)	(23,924)
Net impairment expense recognized on receivables	(36,278)	(211,384)	(196,588)
Travel and entertainment expenses	(30,957)	(18,913)	(13,484)
Maintenance and repair expenses	(24,342)	(20,315)	(23,424)
Collection expenses	(20,415)	(20,827)	(17,533)
Other	(100,526)	(88,343)	(66,026)
	(645,196)	(721,849)	(625,279)

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11. PROPERTY, PLANT AND EQUIPMENT

Cost	Balance as at 1 January 2017	Additions	Disposals	Transfers	Impairment expenses/ (reversals)	Effects of movements in exchange rates	Transfer from investment property	Balance as at 31 December 2017
Network infrastructure (All operational)	13,897,308	574,301	(1,009,922)	1,907,022	-	111,419	-	15,480,128
Land and buildings	519,702	162,206	(1,340)	39,130	-	1,766	64,594	786,058
Equipment, fixtures and fittings	617,732	117,087	(10,854)	2,209	-	2,028	-	728,202
Motor vehicles	34,136	4,415	(1,719)	-	-	384	-	37,216
Leasehold improvements	311,761	7,400	(5,041)	486	-	261	-	314,867
Construction in progress	566,523	2,063,329	-	(1,949,000)	(14,535)	5,977	-	672,294
Total	15,947,162	2,928,738	(1,028,876)	(153)	(14,535)	121,835	64,594	18,018,765
Accumulated depreciation								
Network infrastructure (All operational)	6,843,580	1,353,419	(990,719)	-	23,589	96,690	-	7,326,559
Land and buildings	159,351	26,295	(221)	-	1,482	645	22,366	209,918
Equipment, fixtures and fittings	497,606	48,393	(8,202)	-	115	1,915	-	539,827
Motor vehicles	30,252	2,276	(1,642)	-	-	420	-	31,306
Leasehold improvements	220,668	29,138	(4,417)	-	-	358	-	245,747
Total	7,751,457	1,459,521	(1,005,201)	-	25,186	100,028	22,366	8,353,357
Net book amount	8,195,705	1,469,217	(23,675)	(153)	(39,721)	21,807	42,228	9,665,408

Depreciation expenses for the years ended 31 December 2017, 2016 and 2015 amounting to TL 1,499,242, TL 1,278,009 and TL 1,112,039, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on property, plant and equipment for the years ended 31 December 2017, 2016 and 2015 are TL 39,721, TL 43,198 and TL 18,567, respectively and are recognized in depreciation expenses.

Capitalization rates and amounts other than borrowings made specifically for the purpose of acquiring a qualifying asset are 10.0%, 9.9% and 9.7%, TL 66,513 and TL 75,315 for the years ended 31 December 2017, 2016 and 2015 respectively.

Impaired network infrastructure mainly consists of damaged or technologically inadequate mobile and fixed network infrastructure investments.

The network infrastructure mainly consists of mobile and fixed network infrastructure investments.

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11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Balance as at 1 January 2016	Additions	Disposals	Transfers	Impairment expenses/ (reversals)	Effects of movements in exchange rates	Balance as at 31 December 2016
Network infrastructure (all operational)	11,302,326	615,041	(518,827)	2,312,011	-	186,757	13,897,308
Land and buildings	389,366	26,603	(32)	102,311	-	1,454	519,702
Equipment, fixtures and fittings	586,463	37,545	(19,291)	10,079	-	2,936	617,732
Motor vehicles	33,676	2,710	(2,946)	71	-	625	34,136
Leasehold improvements	306,176	5,663	(374)	-	-	296	311,761
Construction in progress	1,005,358	1,979,449	(454)	(2,426,303)	-	8,473	566,523
Total	13,623,365	2,667,011	(541,924)	(1,831)	-	200,541	15,947,162
Accumulated depreciation							
Network infrastructure (all operational)	5,976,699	1,139,343	(501,719)	-	42,682	186,575	6,843,580
Buildings	140,627	17,395	-	-	488	841	159,351
Equipment, fixtures and fittings	462,618	47,001	(15,229)	-	28	3,188	497,606
Motor vehicles	29,704	2,723	(2,926)	-	-	751	30,252
Leasehold improvements	192,223	28,349	(374)	-	-	470	220,668
Total	6,801,871	1,234,811	(520,248)	-	43,198	191,825	7,751,457
Net book amount	6,821,494	1,432,200	(21,676)	(1,831)	(43,198)	8,716	8,195,705

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11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased assets

The Group leases equipment and intangible assets under a number of finance lease agreements. As of 31 December 2017, The Group did not acquire any property, plant and equipment and intangibles assets without cash outflows through beneficial price option to purchase the equipment and intangible assets (31 December 2016: 36,322 TL).

As at 31 December 2017, net book amount of fixed assets acquired under finance leases amounted to TL 170,249 (31 December 2016: TL 89,425).

12. INTANGIBLE ASSETS

Turkcell - 2G License

On 27 April 1998, the Company was granted a 25-year GSM license (the "2G License") for a consideration of USD 500,000, the carrying amount of the 2G license is TL 241,407 at 31 December 2017 (31 December 2016: TL 287,390) and it is amortized over 25 years.

Turkcell - 3G License

On 30 April 2009, the Company signed a license agreement (the "3G License") with the 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 20 years starting from 30 April 2009. The carrying amount of the 3G License is TL 436,014 at 31 December 2017 (31 December 2016: TL 474,486) and it is amortized over 25 years.

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 and the Company was granted a total frequency band of 172.4M Hz for 13 years for a consideration of EUR 1,623,460 (excluding VAT).

IMT authorization period expires on 30 April 2029 and operators commenced service delivery for 4.5G from 1 April 2016. 2x1.4 MHz frequency band in 900MHz spectrum and 2 units of 2x5 MHz frequency band in 2100 MHz spectrum were commenced on 1 December 2015, while remaining packages were commenced on 1 April 2016.

Tender price amounting to EUR 1,623,460 (excluding VAT) was paid semi-annually by four equal installments total of which amounted to EUR 1,655,290 including interest and excluding VAT of 18%.

As at 31 December 2017, there is no payable related to the 4.5G license (31 December 2016: TL 1,522,615 in current liabilities).

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12. INTANGIBLE ASSETS (CONTINUED)

Cost	Balance at 1 January 2017	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance at 31 December 2017
Telecommunication licenses	8,039,431	10,154	-	69,945	-	20,098	8,139,628
Computer software	6,076,405	470,457	(8,624)	569,153	-	9,725	7,117,116
Transmission line software	71,602	218	-	-	-	-	71,820
Central betting system operating right	11,981	-	-	-	-	-	11,981
Indefeasible right of usage	46,017	66,539	-	-	-	-	112,556
Brand name	7,040	-	-	-	-	-	7,040
Customer base	15,512	-	-	-	-	-	15,512
Goodwill	32,834	-	-	-	-	-	32,834
Other	38,321	5,016	-	(588)	-	-	42,749
Construction in progress	142,875	620,463	-	(638,357)	-	2,656	127,637
Total	14,482,018	1,172,847	(8,624)	153	-	32,479	15,678,873
Accumulated amortization							
Telecommunication licenses	1,878,895	537,162	-	-	-	3,173	2,419,230
Computer software	4,237,996	537,805	(8,120)	-	1,219	1,980	4,770,880
Transmission line software	58,203	3,498	-	-	767	-	62,468
Central betting system operating right	10,588	903	-	-	-	-	11,491
Indefeasible right of usage	18,785	4,489	-	-	-	-	23,274
Brand name	5,808	704	-	-	-	-	6,512
Customer base	11,286	488	-	-	-	-	11,774
Other	24,468	8,366	-	-	-	-	32,834
Total	6,246,029	1,093,415	(8,120)	-	1,986	5,153	7,338,463
Net book amount	8,235,989	79,432	(504)	153	(1,986)	27,326	8,340,410

Amortization expenses for the years ended 31 December 2017, 2016 and 2015 amounting to TL 1,095,401, TL 921,812 and TL 549,251, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on intangible assets for the years ended 31 December 2017, 2016 and 2015 are TL 1,986, TL 3,181 and nil respectively and are recognized in amortization expenses.

Computer software includes capitalized software development costs that meet the definition of an intangible asset. The amount of capitalized development costs is TL 124,504 for the year ended 31 December 2017 (31 December 2016: TL 126,916).

The amortization expenses related to capitalized software development costs for the years ended 31 December 2017, 2016 and 2015 amounting to TL 37,532, TL 30,148 and TL 28,560, respectively are recognized in cost of revenue.

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12. INTANGIBLE ASSETS (CONTINUED)

Cost	Balance at 1 January 2016	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance at 31 December 2016
Telecommunication licenses	3,950,729	34,494	(4)	4,021,090	-	33,122	8,039,431
Computer software	5,342,056	329,836	(6,444)	390,248	-	20,709	6,076,405
Transmission line software	71,506	96	-	-	-	-	71,602
Central betting system operating right	11,907	-	-	74	-	-	11,981
Indefeasible right of usage	42,132	3,885	-	-	-	-	46,017
Brand name	7,040	-	-	-	-	-	7,040
Customer base	15,512	-	-	-	-	-	15,512
Goodwill	32,834	-	-	-	-	-	32,834
Other	29,713	8,607	(184)	185	-	-	38,321
4-5G license not yet available for use	3,984,954	33,316	-	(4,018,270)	-	-	-
Construction in progress	52,597	478,179	-	(391,496)	-	3,595	142,875
Total	13,540,980	888,413	(6,632)	1,831	-	57,426	14,482,018
Accumulated amortization							
Telecommunication licenses	1,429,944	445,069	(4)	-	-	3,886	1,878,895
Computer software	3,771,710	454,111	(2,972)	-	-	15,147	4,237,996
Transmission line software	52,058	3,615	-	-	2,530	-	58,203
Central betting system operating right	9,663	925	-	-	-	-	10,588
Indefeasible right of usage	15,446	3,339	-	-	-	-	18,785
Brand name	5,104	704	-	-	-	-	5,808
Customer base	10,111	1,175	-	-	-	-	11,286
Other	14,307	9,693	(183)	-	651	-	24,468
Total	5,308,343	918,631	(3,159)	-	3,181	19,033	6,246,029
Net book amount	8,232,637	(30,218)	(3,473)	1,831	(3,181)	38,393	8,235,989

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13. IMPAIRMENT OF ASSETS

The Group's cash-generating units (CGUs) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the CGU is estimated. The recoverable amount of the CGU is its fair value less cost of disposal. Ukraine and Belarus CGUs were tested for impairment at 31 December 2017. None of these CGUs contains goodwill or an intangible asset with an indefinite useful life.

lifecell

At 31 December 2017, impairment of Ukraine CGU was tested using the assumption that lifecell was the CGU.

The recoverable amount of lifecell is determined based on fair value less cost of disposal calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a six-year period. Cash flows beyond the six-year period are extrapolated using the estimated growth rate.

Sensitivity analysis was performed on the change in WACC by +0.5%/-0.5% (31 December 2016: +0.5%/-0.5%). The assumptions used in recoverable amount calculations of lifecell were:

A post-tax WACC rate of 26.5% for the period from 2018 to 2022, a post-tax WACC rate of 25.9% for the period after 2022 and a terminal growth rate of 6.0% were used to extrapolate cash flows beyond the 6-year forecasts period based on the business plans.

A post-tax WACC rate of 28.7% for the period from 2017 to 2021, a post-tax WACC rate of 27.9% for the period after 2021 and a terminal growth rate of 6.0% were used to extrapolate cash flows beyond the 5-year forecasts period based on the business plans. The pre-tax rate for disclosure purposes was 30.0%.

As the recoverable amount of lifecell was higher than its carrying amount, no impairment charge was recognized.

Belarusian Telecom

The aggregate carrying amount of goodwill arising from the acquisition of Belarusian Telecom was impaired at 31 December 2011. The cumulative impairment loss recognized in the statement of profit or loss is TL 228,774.

At 31 December 2017, impairment of Belarus CGU was tested using the assumption that Belarusian Telecom was the CGU.

The recoverable amount of Belarusian Telecom is determined based on fair value less cost of disposal calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate.

Sensitivity analysis was performed on the change in WACC by +0.5%/-0.5% (31 December 2016: +0.5%/-0.5%). The assumptions used in recoverable amount calculations of Belarusian Telecom were:

A post-tax WACC rate of 25.4% for the period from 2018 to 2022, a post-tax WACC rate of 24.9% for the period after 2022, and a terminal growth rate of 8.0% were used to extrapolate cash flows beyond the 5-year forecast period based on the business plan.

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13. IMPAIRMENT OF ASSETS (CONTINUED)

A post-tax WACC rate of 29.4% for the period from 2017 to 2021, a post-tax WACC rate of 28.7% for the period after 2021 and a terminal growth rate of 10.0% were used to extrapolate cash flows beyond the 5-year forecast period based on the business plan. The pre-tax rate for disclosure purposes was 30.9%.

As the recoverable amount of Belarusian Telecom was higher than its carrying amount, no impairment charge was recognized.

Turkcell Superonline

As at 31 December 2017, the aggregate carrying amount of goodwill allocated to Turkcell Superonline is TL 32,834 (31 December 2016: TL 32,834). No impairment test was performed for goodwill allocated to Turkcell Superonline on the grounds of materiality.

14. INVESTMENT PROPERTIES

	31 December 2017	31 December 2016
Cost		
Opening balance	165,472	164,467
Addition	-	1,005
Disposal	(940)	-
Transfer to property, plant and equipment ⁽¹⁾	(64,594)	-
Closing balance	99,938	165,472
Accumulated depreciation		
Opening balance	(119,202)	(114,895)
Transfer to property, plant and equipment	22,366	-
Depreciation and impairment charges during the year	(2,337)	(3,530)
Disposal	215	-
Other	-	(777)
Closing balance	(98,958)	(119,202)
Net book amount	980	46,270

⁽¹⁾ During the year, the Group transferred its building located in Istanbul, Tepebaşı from investment properties to property, plant and equipment due to the change in purpose of use.

Determination of the fair values of the Group's investment properties

The Group engages qualified external valuers, authorized by the Capital Markets Board of Turkey, to perform the valuation of investment properties. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fair values of these investment properties were determined using a variety of valuation methods: *direct capitalization approach and income capitalization approach, replacement cost approach and market approach*. In estimating the fair values of the properties, the highest and best use of the property is its current use.

Rent income from investment properties during the year ended 31 December 2017 is TL 2,821 (31 December 2016: TL 2,317 and 31 December 2015: TL 1,836). Direct operating expenses for investment properties during the year ended 31 December 2017 is TL 22 (31 December 2016: TL 22 and 31 December 2015: TL 126).

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14. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties and their fair values at 31 December 2017 and 2016 are as follows:

31 December 2017	Level 1	Level 2	Level 3	Valuation Method
Investment properties in Izmir	-	-	52,110	Replacement cost approach
Investment properties in Gebze	-	-	16,690	Income capitalization approach
Investment properties in Ankara	-	-	15,160	Market approach
Investment properties in Istanbul	-	-	13,000	Market approach
Investment properties in Adana	-	-	3,150	Replacement cost approach
Investment properties in Balıkesir	-	-	3,112	Replacement cost approach
Other investment properties	-	-	3,970	Replacement cost approach
Other investment properties	-	-	2,146	Market approach
	-	-	109,338	
31 December 2016	Level 1	Level 2	Level 3	Valuation Method
Investment properties in Istanbul:				
- Istanbul Tepebasi	-	-	321,835	Direct capitalization approach
- Kucukcekmece	-	-	12,890	Replacement cost approach
Investment properties in Gebze	-	-	12,558	Income capitalization approach
Investment properties in Izmir	-	-	42,315	Replacement cost approach
Other investment properties	-	-	17,419	Market approach
Other investment properties	-	-	8,946	Replacement cost approach
Other investment properties	-	-	2,410	Direct capitalization approach
Total	-	-	418,373	

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14. INVESTMENT PROPERTIES (CONTINUED)

Significant unobservable inputs and sensitivity of fair values of respective investment properties are as follows:

Fair values of the investment properties determined 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 "replacement 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.

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15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The tables below provide summarised financial information for the Group's associate. The information disclosed reflects the amounts presented in the financial statement of the associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including modifications for differences in accounting policy. (The summarised 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 the 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
2015									
		Revenue		Other comprehensive loss for the year (*)	comprehensive loss for the year (*)	Total			
Fintur (associate)		1,325,535	327,194	(592,741)	(265,547)				

(*) Attributable to the parent.

Reconciliation of the summarized financial information to the carrying amount in the consolidated financial statements:

Net assets of Fintur	2015
The Group's share	2,049,934
Goodwill	849,697
Carrying amount	981,939

As at 1 October 2016, Fintur has been classified as asset held for sale and reported as a discontinued operation (Note 16):

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16. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS

Disposal of Fintur

Classification

On 1 October 2016, the Group announced its intention to exit from jurisdictions in which Fintur operates and initiated an active program to locate a buyer. Starting from 1 October 2016, Fintur has been classified as held for sale and reported as a discontinued operation.

The Group is still committed to the plan to exit from jurisdictions in which Fintur operates and the delay in the initial one-year period to complete the sale was caused by events and circumstances beyond the Group's control. The Group has taken necessary actions to respond to those circumstances and Fintur is being actively marketed at reasonable prices given the change in circumstances.

Presentation

Fintur is classified as held for sale and reported as a discontinued operation and therefore disclosed separately on a single line as discontinued operation in the consolidated statements of profit or loss, comprehensive income and cash flows. Investment in Fintur is presented as held for sale in the consolidated statement of financial position. Comparative periods in the consolidated statements of profit or loss, comprehensive income and cash flows are restated to reflect the classification of Fintur as a discontinued operation.

Measurement

Equity accounting for Fintur ceased from 1 October 2016, and in accordance with IFRS 5, Fintur has been measured at the lower of carrying amount and fair value less costs of disposal. As at 31 December 2017, carrying value of investment in Fintur is TL 1,294,938 (31 December 2016: TL 1,222,757) which is lower than the fair value less costs of disposal indicating that no impairment is required at 31 December 2017.

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16. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

The reconciliation of statement of profit or loss statement of Fintur is listed below (The financial statements are presented in USD);

	1 January - 30 September 2016	1 January- 31 December 2015
Revenue	617,214	1,325,535
Cost of sales	(369,104)	(674,334)
Gross profit	248,110	651,201
Selling and marketing expenses	(69,983)	(123,244)
General and administrative expenses	(69,818)	(95,380)
Other operating (expenses), net	(31,258)	(23,850)
Operating profit	77,051	408,727
Finance (expense)/income, net	(61,203)	162,357
Profit before income tax	15,848	571,084
Total income tax	(30,947)	(128,121)
(Loss)/profit for period	(15,099)	442,963
Attributable to:		
-owners of the parent	(28,695)	327,194
-non-controlling interests	13,596	115,769
(Loss)/profit for period	(15,099)	442,963

17. OTHER NON-CURRENT ASSETS

	2017	2016
Prepaid expenses	197,431	183,029
Receivables from the Public Administration	72,848	72,848
Deposits and guarantees given	23,999	29,201
VAT receivable	4,429	28,772
Advances given for property, plant and equipment	12,078	217,658
Others	45,835	43,726
	356,620	575,234

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18. DEFERRED TAX ASSETS AND LIABILITIES

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities at 31 December 2017 and 2016 are attributable to the following:

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Property, plant and equipment and intangible assets	41,903	3,516	(680,134)	(532,547)	(638,231)	(529,031)
Investment	32,926	33,242	-	-	32,926	33,242
Reserve for employee termination benefits and provisions ⁽¹⁾	202,112	55,288	(64)	-	202,048	55,288
Asset classified as held for sale	-	-	(92,327)	(90,209)	(92,327)	(90,209)
Trade and other payables	11,717	57,686	(26,091)	-	(14,374)	57,686
Tax losses carried forward	-	1,508	-	-	-	1,508
Tax allowances	10,775	32,200	-	-	10,775	32,200
Other assets and liabilities	31,916	65,905	(87,795)	(33,494)	(55,879)	32,411
Deferred tax assets/(liabilities)	331,349	249,345	(886,411)	(656,250)	(555,062)	(406,905)
Offsetting	(235,289)	(198,090)	235,289	198,090	-	-
Net deferred tax assets/(liabilities)	96,060	51,255	(651,122)	(458,160)	(555,062)	(406,905)

⁽¹⁾ The Company has treated provisions recognized for legal claims (Note 36) as being deductible for tax purposes and recognized deferred tax assets amounting to TL 74,975 in the consolidated financial statements.

Movement in deferred tax assets/(liabilities) for the years ended 31 December 2017 and 2016 were as follows:

	2017	2016
Opening balance	(406,905)	(64,822)
Income statement charge	(133,791)	(222,497)
Tax charge relating to components of other comprehensive income	(6,449)	(7,066)
Prior year corporate tax base differences	(2,729)	(109,640)
Exchange differences	(5,188)	(2,880)
Closing balance, net	(555,062)	(406,905)

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18. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The Group did not recognise deferred income tax assets of TL 502,523 in respect of tax losses amounting to TL 2,698,248 that can be carried forward against future taxable income. The unused tax losses were mainly incurred by lifecell and Belarusian Telecom that are not likely to generate taxable income in the foreseeable future.

Unused tax losses will expire at the following dates:

Expiration Date	Amount
2018	8,911
2019	9,394
2020	8,775
2021	4,467
2022	3,506
2023	281
2024	128,314
2025	803,533
Indefinite	1,731,067
Total	2,698,248

19. TRADE RECEIVABLES AND ACCRUED REVENUE

	31 December 2017	31 December 2016
Receivables from subscribers	1,369,948	1,223,183
Undue assigned contracted receivables	347,596	1,215,314
Accrued revenue	632,631	558,169
Accounts and notes receivable	498,397	293,238
	2,848,572	3,289,904

Trade receivables are shown net of provision for impairment amounting to TL 705,213 at 31 December 2017 (31 December 2016: TL 964,080). Movements in provision for impairment of trade receivables and due from related parties are disclosed in Note 33. The accounts and notes receivable represent receivables from distributors and roaming receivables. The Group's exposure to currency risk and credit risk arising from trade receivables are disclosed in Note 33.

Letters of guarantee received with respect to the accounts and notes receivable amounted to TL 339,543 and TL 156,647 at 31 December 2017 and 2016, 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 billed to the subscriber, that 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 revenue represents accrued revenue from subscribers. Due to the high volume of subscribers, there are different billing cycles. Accordingly, an accrual is made at the end of each reporting period to accrue revenue for services rendered but not billed. Contracted receivables related to handset campaigns, which will be billed after one year is presented under non-current trade receivables amounting to TL 131,392 (31 December 2016: TL 217,492).

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20. RECEIVABLES FROM FINANCIAL SERVICES

	31 December 2017	31 December 2016
Current receivables from financial services	2,950,523	1,486,906
Non-current receivables from financial services	1,297,597	909,466
	4,248,120	2,396,372

Movements in provision for impairment of receivables from financial services are disclosed in Note 33.

Starting from 2016 the Group and its distributors have offered handset campaigns where subscribers can buy handsets using loans placed by Turkcell Finansman. The Group assumes credit risk in these transactions. Turkcell Finansman collects the loan from the subscriber during the contract period and does not recognize handset revenue since it is not acting as principal in the handset sale.

21. INVENTORY

As of 31 December 2017 inventories amounting to TL 104.102 which consist of mainly mobile phone, modem, tablet, sim card and tower construction materials (31 December 2016: TL 131,973).

22. OTHER CURRENT ASSETS

	31 December 2017	31 December 2016
Prepaid expenses	322,388	294,540
Restricted cash	183,806	289
Receivables from the Ministry of Transport, Maritime Affairs and Communications	143,669	32,299
Subscriber acquisition costs	138,177	108,628
Receivables from tax office	93,917	52,561
Advances given to suppliers	55,754	57,020
VAT receivable	38,934	49,211
Special communication tax to be collected from subscribers	38,318	36,941
Other	145,642	138,646
	1,160,605	770,135

Prepaid expenses mainly comprise of prepaid rent expenses and frequency usage fees.

Subscriber acquisition costs are bonus payments to dealers for acquisition of subscribers contracted for a period of time.

As at 31 December 2017, restricted cash amounting to TL 183,483 represents the deposits as guarantees in connection with the foreign currency loans utilized by Turkcell Finansman and restricted cash amounting to TL 323 represents the time deposits at a local bank as guarantees in connection with the loans utilized by Azerintelek.

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23. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash in hand	192	223
Banks	4,712,141	6,051,472
- Demand deposits	603,553	569,826
- Time deposits	4,108,588	5,481,646
Other cash and cash equivalents	-	657
Cash and cash equivalents	4,712,333	6,052,352

As at 31 December 2017, the average effective interest rates of TL, USD and EUR time deposits are 14.3%, 5.8% and 2.2% (31 December 2016:11.0%, 3.6% and 2.0%) respectively.

As at 31 December 2017, average maturity of time deposits is 32 days (31 December 2016: 49 days).

24. EQUITY

Share capital

As at 31 December 2017, share capital represents 2,200,000,000 (31 December 2016: 2,200,000,000) authorized, issued and fully paid shares with a par value of TL 1 each. In this respect, share capital presented in the consolidated financial statements refers to nominal amount of registered share capital.

Every holder of shares are entitled to receive dividends as declared and approved and is entitled to one vote at a meeting in person or by proxy.

Companies with their shareholding percentage are as follows:

	31 December 2017		31 December 2016	
	(%)	TL	(%)	TL
Turkcell Holding A.Ş. ("Turkcell Holding")	51,00	1.122.000	51,00	1.122.000
Public Share	48,95	1.077.004	48,95	1.077.004
Other	0,05	996	0,05	996
Total	100,00	2.200.000	100,00	2.200.000
Inflation adjustment to share capital		(52.352)		(52.352)
Inflation adjusted capital		2.147.648		2.147.648

As at 31 December 2017, total number of shares pledged as security is 995,509 (2016: 995,509).

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of a company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash dividends in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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24. EQUITY (CONTINUED)

Treasury shares

During 2016, the Company purchased 6,815,563 of its shares on-market with prices ranging from full TL 8.92 to full TL 9.99. The buy-back was approved by the Board of Directors on 27 July 2016. Total cost of TL 65,607 was deducted from equity.

Dividends

Turkcell:

On 23 March 2016, the Company's Board of Directors has recommended payment of a dividend amounting to TL 1,200,000 (equivalent to USD 340,987 as of 31 December 2016) out of profits for the year ended 31 December 2015 This represents a gross cash dividend of full TL 0.5454545 (net TL 0.4636364) (equivalent to full USD 0.15 and USD 0.13, respectively as of 31 December 2016) per share. The proposed dividend was discussed and rejected by the shareholders at the Ordinary General Assembly Meeting dated 29 March 2016.

On 25 May 2017, the Company's General Assembly has approved payment of a dividend amounting to TL 3,000,000 (equivalent to USD 841,633 as of 25 May 2017, the date of the Ordinary General Assembly Meeting) out of profits for the period from 1 January 2010 to 31 December 2016. This represents a gross cash dividend of full TL 1.3636364 (equivalent to full USD 0.3825604 as of 25 May 2017, the date of the Ordinary General Assembly Meeting) per share. The Company paid TL 3,000,000 in total including withholding taxes in three instalments on 15 June, 15 September and 15 December 2017 to the shareholders.

Inteltek:

According to the resolution of the General Assembly Meeting of Inteltek dated 31 March 2017, the shareholders decided to pay a dividend amounting to TL 63,528 out of profits for the year ended 31 December 2016 (remaining amount after deducting interim dividends for the six-month period ended 30 June 2016 amounting to TL 20,455) and a dividend out legal reserves amounting to TL 11,585. The aggregate amount of dividends were paid as of 31 December 2017. According to the the resolution of General Assembly Meeting of Inteltek dated 25 December 2017, shareholders decided to pay dividend amounting to TL 28,402 for the first 9 months of 2017 profit. The related dividend payment was made in January 2018.

Azerinteltek:

According to the four different resolution of the General Assembly Meeting of Azerinteltek within 2017, shareholders decided to pay dividend amounting to 13,131 AZN (31 December 2017: 27,838 TL) from the profit realized for the last quarter of 2016, first, second and third quarter of 2017. The related dividend payment was made in 2017.

According to resolution of the General Assembly Meeting of Azerinteltek , in January 2018 ,Board of Directors has been decided to pay dividend amounting 5.288 AZN (31 December 2017: 11.620 TL) from the profit realized for the last quarter of 2017. The related dividends were made in 2018.

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25. EARNINGS PER SHARE

	2017	2016	2015
Numerator:			
Profit attributable to owners of the Company	1,979,129	1,492,088	2,067,654
Denominator:			
Weighted average number of shares ⁽¹⁾	2,193,184,437	2,193,184,437	2,200,000,000
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	0.90	0.68	0.94

⁽¹⁾ Refer to Note 24 - Treasury shares

	2017	2016	2015
Numerator:			
Profit from continuing operations attributable to owners of the Company	1,979,129	1,534,252	1,700,318
Denominator:			
Weighted average number of shares ⁽¹⁾	2,193,184,437	2,193,184,437	2,200,000,000
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	0.90	0.70	0.77

⁽¹⁾ Refer to Note 24 - Treasury shares

26. OTHER NON-CURRENT LIABILITIES

	2017	2016
Consideration payable in relation to the acquisition of Belarusian Telecom	323,691	295,062
Deferred revenue	85,646	74,241
Deposits and guarantees received from dealers	-	58,244
	409,337	427,547

Consideration payable in relation to the acquisition of Belarusian Telecom represents present value of the long-term contingent consideration payables to the seller. Payment of USD 100,000 (equivalent to TL 377,190 as of 31 December 2017) is contingent on the financial performance of Belarusian Telecom, and based on management's estimations, the amount is expected to be paid during the first quarter of 2021 (31 December 2016: the first quarter of 2020). Discount rate used for calculating present value of the consideration payable in relation to the acquisition of Belarusian Telecom as of 31 December 2017 is 4.8% (31 December 2016: 5.6%).

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27. LOANS AND BORROWINGS

	31 December 2017	31 December 2016
Non-current liabilities		
Unsecured bank loans	6,376,981	5,300,756
Debt securities issued	1,770,482	1,589,227
Finance lease liabilities	108,164	41,539
Secured bank loans	2,368	3,580
	8,257,995	6,935,102
Current liabilities		
Unsecured bank loans	2,643,112	1,581,135
Current portion of unsecured bank loans	1,513,425	922,867
Current portion of secured bank loans	2,022	2,054
Current portion of finance lease liabilities	14,556	6,575
Current portion of long-term debt securities issued	105,039	94,473
Debt securities issued	-	238,956
	4,278,154	2,846,060

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27. LOANS AND BORROWINGS (CONTINUED)

Terms and conditions of outstanding loans are as follows:

	Currency	Interest rate type	31 December 2017			31 December 2016		
			Nominal interest rate	Payment period	Carrying amount	Nominal interest rate	Payment period	Carrying amount
Unsecured bank loans (*)	USD	Floating	Libor+2.0%- Libor+3.3%	2018-2020	2,880,615	Libor+2.0%- Libor+2.6%	2017-2020	1,984,533
Unsecured bank loans (*)	EUR	Floating	Euribor+1.2%- Euribor+2.2%	2018-2026	5,511,579	Euribor+1.2%- Euribor+2.2%	2017-2025	3,593,110
Unsecured bank loans	TL	Fixed	11.1%-15.5%	2018-2019	1,620,391	10.4%-12.6%	2017-2018	1,819,944
Unsecured bank loans (**)	UAH	Fixed	11%-14.5%	2018	520,933	13.5%-18.6%	2017	407,171
Secured bank loans (**)	BYN	Fixed	12%-16%	2018-2020	4,390	12%-16%	2017-2020	5,634
Debt securities issued	USD	Fixed	5.8%	2018-2025	1,875,521	5.8%	2017-2025	1,683,700
Debt securities issued	TL	Fixed	-	-	-	10.7%	2017	238,956
Finance lease liabilities	EUR	Fixed	3.4%	2018-2024	116,797	3.4%	2017-2024	48,034
Finance lease liabilities	USD	Fixed	22.5%	2018	41	18%-28%	2017-2018	80
Finance lease liabilities	TL	Fixed	27.5%-27.7%	2018-2020	5,882	-	-	-
					12,536,149			9,781,162

(*) Secured by blocked deposit amounting to EUR 26,350 and USD 17,100 (equivalent to TL 183,483 as at 31 December 2017), in connection with the foreign currency loans utilized by Turkcell Finansman.

(**) Belarusian Telecom pledged its certain property, plant and equipment to secure these bank loans. Also, these bank loans are secured by the Government of the Republic of Belarus (Note 33).

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27. LOANS AND BORROWINGS (CONTINUED)

Finance lease liabilities are payable as follows:

	31 December 2017			31 December 2016		
	Future minimum lease payments	Future finance charges	Recognized as a liability	Future minimum lease payments	Future finance charges	Recognized as a liability
Within one year	17,447	2,891	14,556	7,908	1,333	6,575
Between 1-5 years	55,722	5,541	50,181	26,506	3,752	22,754
More than 5 years	60,401	2,418	57,983	19,859	1,074	18,785
	133,570	10,850	122,720	54,273	6,159	48,114

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 33.

28. EMPLOYEE BENEFITS

	31 December 2017	31 December 2016
Retirement pay liability provision	149,449	120,755
Unused vacation provision	48,217	43,798
	197,666	164,553

Provision for annual leave

As 31 December 2017 and 2016, provision for annual leave amounted to TL 48,217 and TL 43,798, respectively.

Provision for employee termination benefits

Movements in provision for employee termination benefits are as follows:

	2017	2016
1 January	120,755	74,435
Service cost	32,696	25,933
Remeasurements	3,738	34,532
Interest expense	13,877	8,361
Benefit payments	(21,617)	(22,506)
31 December	149,449	120,755

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28. EMPLOYEE BENEFITS (CONTINUED)

The sensitivity of provision for employee termination benefits to changes in the significant actuarial assumptions is:

31 December 2017 Sensitivity Level	Discount Rate		Inflation Rate	
	1% increase	1% decrease	1% increase	1% decrease
Change in assumption	(14.6%)	18.1%	18.3%	(14.3%)
Impact on provision for employee termination benefits	(21,820)	27,050	27,349	(21,371)

31 December 2016 Sensitivity Level	Discount Rate		Inflation Rate	
	1% increase	1% decrease	1% increase	1% decrease
Change in assumption	(14.7%)	18.1%	18.6%	(15.1%)
Impact on provision for employee termination benefits	(17,751)	21,857	22,460	(18,234)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Defined contribution plans

Obligations for contribution to defined contribution plans are recognized as an expense in the consolidated statement of profit or loss as incurred. The Group incurred TL 8,107, TL 7,722 and TL 8,364 in relation to defined contribution retirement plan for the years ended 31 December 2017, 2016 and 2015, respectively.

Share based payments

The Group has a share performance based payment plan (cash settled incentive plan) in order to build a common interest with its shareholders, support sustainable success, and ensure loyalty of key employees. The KPIs of the plan are; the total shareholder return in excess of weighted average cost of capital (WACC), and ranking of total shareholder return in comparison with BIST-30 and peer group. Bonus amount is determined according to these evaluations, and it is distributed over a three-year payment plan.

As of 31 December 2017, the Group recognized expenses of TL 29,413 regarding this plan (31 December 2016: None).

29. DEFERRED REVENUE

Deferred revenue primarily consists of right of use sold but not used by prepaid subscribers and it is classified as current at 31 December 2017 and 2016. The amount of deferred revenue is TL 193,381 and TL 93,800 as at 31 December 2017 and 2016, respectively.

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30. PROVISIONS

Non-current provisions:

	Legal claims	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2017	6,889	180,652	187,541
Provisions recognized/(reversed)	4,256	(8,461)	(4,205)
Unwinding of discount	-	15,328	15,328
Transfer to current provisions	(2,258)	-	(2,258)
Effect of changes in exchange rates	-	1,012	1,012
Balance at 31 December 2017	8,887	188,531	197,418

	Legal claims	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2016	4,103	126,516	130,619
Provisions recognized/(reversed)	4,312	52,031	56,343
Unwinding of discount	-	(1,308)	(1,308)
Transfer to current provisions	(1,526)	-	(1,526)
Effect of changes in exchange rates	-	3,413	3,413
Balance at 31 December 2016	6,889	180,652	187,541

Provision for legal claims are recognized for the probable cash outflows related to legal disputes. Refer to Note 36.

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.

It is expected that the obligations for dismantling, removing and site restoration will be realized in accordance with the useful life of GSM services materials.

Additions to obligations for dismantling, removing and site restoration during the period are non-cash transactions and are recorded against property, plant and equipment.

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30. PROVISIONS (CONTINUED)

Obligations for dismantling, removing and site restoration are discounted using a discount rate of 5.6% at 31 December 2017 (31 December 2016: 5.4%).

Current provisions:

	Legal claims	Bonus	Other	Total
Balance at 1 January 2016	10,260	141,855	-	152,115
Provisions recognized/(reversed)	140,457	251,005	785	392,247
Amounts used	(134,019)	(220,269)	-	(354,288)
Transfers from non-current provisions	1,526	-	-	1,526
Effect of changes in exchange rates	42	800	-	842
Balance at 31 December 2016	18,266	173,391	785	192,442

	Legal claims	Bonus ^(*)	Other	Total
Balance at 1 January 2017	18,266	173,391	785	192,442
Provisions recognized/(reversed) ^(**)	583,788	318,603	(785)	901,606
Amounts used	(1,188)	(263,080)	-	(264,268)
Transfer from non-current provisions	2,258	-	-	2,258
Unwinding of discount	2,531	-	-	2,531
Effect of changes in exchange rates	24	606	-	630
Balance at 31 December 2017	605,679	229,520	-	835,199

^(*) Includes share-based payment (Note 28).

^(**) Refer to Note 36.1 and 36.3.

31. TRADE AND OTHER PAYABLES

	2017	2016
Payable to suppliers	2,527,152	1,718,788
Taxes payable	415,650	302,346
Accrued treasury share, universal service fund contribution and contributions to the ICTA's expenses	305,208	262,748
Accrued selling and marketing expenses	79,011	58,879
4.5G license fees payable	-	1,522,615
Other	369,445	236,615
	3,696,466	4,101,991

Payable to suppliers arises in the ordinary course of business.

Taxes payables include VAT payables, special communications taxes payable, frequency usage fees payable to the ICTA and personnel income taxes payable.

The Company is obliged to pay the Undersecretariat of the Treasury (the "Turkish Treasury") a monthly treasury share equal to 15% of gross revenue. Of such fee, 10% is paid to the Ministry of Transport, Maritime Affairs and Communications of Turkey for a universal service fund. In addition, the Company pays annual contributions in an amount equal to 0.35% of gross revenue to the ICTA's expenses.

Accrued selling and marketing expenses mainly result from services received from third parties related to the marketing activities of the Group but not yet invoiced.

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32. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial assets and liabilities:

Derivative financial assets:

Participating cross currency swap and FX swap contracts at 31 December 2017

Buy		Sell		Fair value (TL)	Maturity
Currency	Notional amount	Currency	Notional amount		
USD	47,304	EUR	39,835	1,005	02 January 2018
TL	69,680	USD	20,000	6,554	27 August 2018
TL	81,480	EUR	20,000	9,965	14 December 2018
TL	95,550	USD	25,000	72	24 January 2019
TL	67,410	USD	18,000	1,498	28 January 2019
TL	98,625	EUR	25,000	17,354	13 June 2019
TL	52,164	USD	14,620	4,465	16 July 2019
TL	69,744	USD	19,780	6,996	22 July 2019
TL	203,600	EUR	50,000	27,198	23 July 2019
TL	435,000	USD	150,000	142,085	16 September 2020
TL	386,500	USD	100,000	(4,645)	16 September 2020
TL	293,500	USD	100,000	90,071	16 September 2020
TL	242,873	USD	70,500	33,535	16 September 2020
TL	194,000	USD	50,000	(2,951)	16 September 2020
TL	1,650,000	EUR	500,000	627,385	25 October 2025
TL	275,850	EUR	60,000	1,078	22 April 2026
Total				961,665	

At 31 December 2017, total derivative financial assets of TL 981,396 also include accrued interest income of TL 19,731.

Participating cross currency swap and FX swap contracts at 31 December 2016

Buy		Sell		Fair value (TL)	Maturity
Currency	Notional amount	Currency	Notional amount		
TL	18,455	EUR	5,000	86	3 January 2017
TL	73,400	EUR	20,000	598	24 Mar 2017
TL	824,750	EUR	250,000	116,674	12 April 2021
TL	328,600	EUR	100,000	47,949	12 April 2021
TL	495,000	EUR	150,000	81,534	12 April 2021
TL	435,000	USD	150,000	84,416	16 September 2020
TL	293,500	USD	100,000	51,481	16 September 2020
Total				382,738	

At 31 December 2016, total derivative financial assets of TL 390,958 also include accrued interest income of TL 8,220.

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32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial liabilities:

Participating cross currency swap and FX swap contracts at 31 December 2017

Buy		Sell		Fair value (TL)	Maturity
Currency	Notional amount	Currency	Notional amount		
TL	470,232	USD	122,680	(2,465)	2 January 2018
TL	180,023	USD	47,250	(545)	2 January 2018
TL	141,001	USD	36,786	(726)	3 January 2018
TL	219,162	USD	57,245	(1,043)	4 January 2018
TL	115,022	USD	30,150	(435)	5 January 2018
TL	17,204	USD	4,500	(284)	10 January 2018
TL	15,916	EUR	3,500	(157)	10 January 2018
TL	91,556	EUR	20,140	(620)	22 January 2018
TL	137,834	EUR	30,400	(601)	05 February 2018
TL	82,013	EUR	17,860	(1,413)	19 February 2018
TL	1,143	EUR	250	(25)	5 Mart 2018
TL	97,997	EUR	21,500	(2,154)	19 December 2019
TL	269,451	USD	70,500	(5,010)	22 December 2020
Total				(15,478)	

Currency forward contracts at 31 December 2017

Buy		Fair value (TL)	Maturity
Currency	Notional amount		
USD	50,000	(2,246)	30 January 2018
Total		(2,246)	

At 31 December 2017, total derivative financial liabilities of TL 110,108 also include accrued interest expense of TL 92,384.

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32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial liabilities:

Participating cross currency swap and FX swap contracts at 31 December 2016

Buy		Sell		Fair value (TL)	Maturity
Currency	Notional amount	Currency	Notional amount		
TL	21,009	USD	5,960	(55)	3 January 2017
TL	7,050	USD	2,000	(18)	3 January 2017
Total				(73)	

Currency forward contracts at 31 December 2016

Buy		Fair value (TL)	Maturity
Currency	Notional amount		
USD	30,071	(1,286)	28 February 2017
Total		(1,286)	

At 31 December 2016, total derivative financial liabilities of TL 41,726 also include accrued interest expense of TL 40,367.

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 2i.

33. 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 is:

		2017	2016
Trade receivables	19	3,004,206	3,525,297
Receivables from financial services	20	4,248,120	2,396,372
Cash and cash equivalents*	23	4,712,141	6,052,129
Participating cross currency swap and FX swap contracts	32	981,396	390,958
Other current assets**	22	316,042	93,376
Held to maturity investments		11,992	-
Due from related parties	37	5,299	5,861
		13,279,196	12,463,993

* Cash in hand is excluded from cash and cash equivalents.

** Prepaid expenses and advances given are excluded from other current assets and other non-current assets.

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

Credit quality:

The maximum exposure to credit risk for trade receivables and receivables from financial services arising from sales transactions including those classified as due from related parties at the reporting date by type of customer is:

	2017	2016
Receivable from subscribers	2,472,596	3,061,130
Receivables from financial services	4,248,120	2,396,372
Receivables from distributors and other operators	516,352	376,204
Other	20,557	93,824
	7,257,625	5,927,530

The aging of trade receivables and due from related parties at 31 December 2017 and 2016:

	2017	2016
Not past due	2,124,719	3,138,043
Past due up to 3 months	317,649	285,561
Past due 3 to 6 months	95,738	48,775
Past due over 6 months	471,399	58,779
	3,009,505	3,531,158

The aging of receivables from financial services at 31 December 2017 and 2016:

	2017	2016
Not past due	3,659,521	2,350,375
Past due up to 3 months	513,925	16,533
Past due 3 to 6 months	39,233	20,227
Past due over 6 months	35,441	9,237
	4,248,120	2,396,372

As at 31 December 2017, trade receivables, due from related parties and receivables from financial services of TL 1,473,385 (2016: TL 439,112) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The other classes within trade receivables, due from related parties and receivables from financial services do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group holds TL 339,543 (2016: TL 156,647) collateral in relation to these receivables.

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Impairment losses

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the customer
- probability that the customer will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments

Receivables for which an impairment provision was recognized are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognized in profit or loss within administrative expense (Note 10). Subsequent recoveries of amounts previously written off are credited against administrative expense (Note 10).

Movements in the provision for impairment of trade receivables and due from related parties are as follows:

	31 December 2017	31 December 2016
Opening balance	964,311	816,373
Provision for impairment recognized during the year	180,948	452,767
Amounts collected	(224,460)	(251,553)
Exchange differences	3,128	5,038
Receivables written off during the year as uncollectible	(138,529)	(58,314)
Unused amount reversed ⁽¹⁾	(79,958)	-
Closing balance	705,440	964,311

⁽¹⁾ The Company signed a transfer of claim agreement with a debt management company to transfer some of its doubtful receivables stemming from the years between 1998 to 2016. Transferred doubtful receivables comprise of balances that the Company started legal proceedings.

Movements in the provision for impairment of receivables from financial services are as follows:

	31 December 2017	31 December 2016
Opening	10,170	-
Provision for impairment recognized during the year	117,293	11,593
Amounts collected	(37,503)	(1,423)
Unused amount reversed ⁽¹⁾	(16,968)	-
Closing balance	72,992	10,170

⁽¹⁾ The Company signed a transfer of claim agreement with a debt management company to transfer some of its doubtful receivables stemming from the year 2017. Transferred doubtful receivables comprise of balances that the Company started legal proceedings.

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

	31 December 2017						31 December 2016							
	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	4,390	(5,011)	-	(1,117)	(2,045)	(1,849)	-	5,634	(7,691)	(1,123)	(1,077)	(2,015)	(3,476)	-
Unsecured bank loans	10,533,518	(11,094,697)	(3,275,230)	(955,637)	(2,575,807)	(3,035,914)	(1,252,109)	7,804,758	(8,458,901)	(1,332,478)	(1,330,322)	(1,433,790)	(3,187,687)	(1,174,624)
Finance lease liabilities	122,720	(133,570)	(18)	(17,429)	(16,789)	(38,933)	(60,401)	48,114	(54,273)	(70)	(7,837)	(6,648)	(19,859)	(19,859)
Debt securities issued	1,875,521	(2,753,486)	(54,221)	(54,221)	(108,442)	(325,326)	(2,211,276)	1,922,656	(2,824,066)	(298,767)	(48,767)	(97,535)	(292,604)	(2,086,393)
Trade and other payables*	2,527,152	(2,548,365)	(2,548,365)	-	-	-	-	3,241,403	(3,266,123)	(3,266,123)	-	-	-	-
Due to related parties	6,980	(6,980)	(6,980)	-	-	-	-	11,201	(11,201)	(11,201)	-	-	-	-
Consideration payable in relation to acquisition of Belarussian Telecom (Note 31)	323,691	(377,190)	-	-	-	(377,190)	-	295,062	(351,920)	-	-	-	(351,920)	-
Derivative financial liabilities														
Participating Cross Currency Swap and FX swap contracts	107,862	23,428	18,982	-	4,446	-	-	40,440	46	46	-	-	-	-
Buy	-	1,471,106	-	367,448	-	-	-	28,059	28,059	-	-	-	-	-
Sell	-	(1,452,124)	-	(363,002)	-	-	-	(28,013)	(28,013)	-	-	-	-	-
Currency forward contracts	2,246	(2,246)	(2,246)	-	-	-	-	1,286	(1,286)	(1,286)	-	-	-	-
Buy	-	190,185	-	-	-	-	-	105,826	105,826	-	-	-	-	-
Sell	-	(192,431)	-	-	-	-	-	(107,112)	(107,112)	-	-	-	-	-
TOTAL	15,504,080	(16,898,117)	(5,868,078)	(1,028,404)	(2,698,637)	(3,779,212)	(3,523,786)	13,370,554	(14,975,415)	(4,911,002)	(1,388,003)	(1,539,988)	(3,855,546)	(3,280,876)

* Advances received, license fee accruals, taxes and withholding taxes payable are excluded from trade and other payables.

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk

The Group's exposure to foreign exchange risk at the end of the reporting period, based on notional amounts, was as follows:

	31 December 2016	
	USD	EUR
Foreign currency denominated assets		
Other non-current assets	244	2,131
Due from related parties	1,210	388
Trade receivables and accrued income	14,178	61,841
Other current assets	19,929	7,144
Cash and cash equivalents	807,372	378,057
	842,933	449,561
Foreign currency denominated liabilities		
Loans and borrowings-non-current	(483,910)	(959,482)
Debt securities issued-non-current	(451,588)	-
Other non-current liabilities	(99,273)	-
Loans and borrowings-current	(80,029)	(21,985)
Debt securities issued-current	(26,845)	-
Trade and other payables-current	(175,083)	(425,992)
Due to related parties	(398)	(334)
	(1,317,126)	(1,407,793)
Derivative financial instruments		
Participating cross currency swap and FX swap contracts	257,960	525,000
Currency forward contracts	(30,071)	-
Net exposure	(246,304)	(433,232)

	31 December 2017	
	USD	EUR
Foreign currency denominated assets		
Other non-current assets	72	2,681
Due from related parties	571	407
Trade receivables and accrued income	18,890	57,283
Other current assets	43,039	35,049
Cash and cash equivalents	688,717	237,697
	751,289	333,117
Foreign currency denominated liabilities		
Loans and borrowings-non-current	(557,180)	(960,629)
Debt securities issued-non-current	(469,387)	-
Other non-current liabilities	(85,816)	-
Loans and borrowings-current	(206,535)	(285,827)
Debt securities issued-current	(27,848)	-
Trade and other payables-current	(328,323)	(29,442)
Due to related parties	(1,172)	(394)
	(1,676,261)	(1,276,292)
Derivative financial instruments		
Participating cross currency swap and FX swap contracts	937,011	748,650
Currency forward contracts	50,000	-
Net exposure	62,039	(194,525)

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to currency risk (continued)

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, BYN against the following currencies at 31 December 2017 and 31 December 2016 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	
	31 December 2017	31 December 2016
USD	(23,400)	86,679
EUR	87,838	160,725

10% weakening of the TL, UAH, BYN against the following currencies at 31 December 2017 and 31 December 2016 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	
	31 December 2017	31 December 2016
USD	23,400	(86,679)
EUR	(87,838)	(160,725)

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

As at 31 December 2017 and 2016 the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Note	31 December 2017		31 December 2016	
		Effective Interest Rate	Carrying Amount	Effective interest rate	Carrying Amount
Fixed rate instruments					
Time deposits	23				
USD		5.8%	2,590,025	3.6%	2,817,650
EUR		2.2%	1,069,303	2.0%	1,383,978
TL		14.3%	436,224	11.0%	1,243,843
Other		12.9%	13,036	11.1%	36,175
Restricted cash	22				
USD		-	64,503	-	-
EUR		-	118,983	-	-
TL		-	-	-	-
Other		-	320	-	-
Finance lease obligations	27				
USD		28.1%	(41)	20.7%	(80)
EUR		3.4%	(116,797)	3.4%	(48,034)
TL		27.6%	(5,882)	-	-
Unsecured bank loans	27				
TL fixed rate loans		14.7%	(1,620,391)	12.1%	(1,819,944)
UAH fixed rate loans		13.9%	(520,933)	15.0%	(407,171)
Secured bank loans					
BYN fixed rate loans		11.6%	(4,390)	11.9%	(5,634)
Trade and other payables					
EUR fixed rate payables	31	-	-	2.6%	(1,522,615)
Debt securities issued	27				
USD		5.8%	(1,875,521)	5.8%	(1,683,700)
TL		-	-	10.7%	(238,956)
Variable rate instruments					
USD floating rate loans		3.2%	(2,880,615)	3.2%	(1,984,533)
EUR floating rate loans		2.1%	(5,511,579)	2.3%	(3,593,110)

⁽¹⁾ Includes 4.5G license payables related to the frequency bands which the Company has been awarded with. The last instalment of 4.5G license payable amounting to TL 1,534,702 was paid on 26 April 2017.

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

Cash flow sensitivity analysis for variable rate instruments:

An increase/decrease of interest rates by 100 basis points would have (decreased)/increased 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 at 31 December 2017 and 2016:

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 December 2017				
Variable rate instruments (financial liability)	(83,922)	83,922	-	-
Cash flow sensitivity (net)	(83,922)	83,922	-	-
31 December 2016				
Variable rate instruments (financial liability)	(55,776)	55,776	-	-
Cash flow sensitivity (net)	(55,776)	55,776	-	-

Fair values

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is 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.

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

			Fair values	
	31 December 2017	31 December 2016	Fair value hierarchy	Valuation techniques
FX swap contracts	(4,675)	611	Level 2	Present value of the estimated future cash flows based on observable yield curves and end period FX rates
Participating cross currency swap contracts ⁽¹⁾	950,862	382,054	Level 3	Present value of the estimated future cash flows based on unobservable yield curves and end period FX rates
Currency forward contracts	(2,246)	(1,286)	Level 2	Forward exchange rates at the balance sheet date

⁽¹⁾ Participating cross currency swap contracts include EUR-TL interest and currency swap contracts, EUR put and call options, amounting to nominal value of EUR 560,000 and also USD-TL interest and currency swap contracts and put and call options amounting to nominal value of USD 400,000 in total. The EUR-TL participating cross currency swap contracts, which are EUR 100,000, EUR 150,000 and EUR 250,000, was combined into one contract as of 26 May 2017 and the maturity of the contracts was extended to 23 October 2025. Additionally, cross currency swap contracts include EUR-TL interest and currency swap contracts nominal value of EUR 43,585 and USD-TL interest and currency swap contracts amounting to nominal value of USD 298,611 in total. Cross currency swap contracts include EUR-TL cross currency swap contracts nominal value of EUR 184,900 and USD-TL currency swap contracts amounting to nominal value of USD 238,400 in total. Regarding these contracts, TL 92,384 accrual of interest expense and TL 19,731 accrual of interest income has been reflected to consolidated financial statements as at 31 December 2017 (31 December 2016: TL 40,367 and TL 8,220 respectively). Since bid-ask spread is unobservable input; in valuation of participating cross currency swap contracts, prices in bid-ask price range which were considered the most appropriate were used instead of mid prices. If mid prices were used in the valuation the fair value of participating cross currency swap contracts would have been TL 129,870 lower as at 31 December 2017 (31 December 2016: TL 23,291).

There were no transfers between fair value hierarchy levels during the year.

Movements in the participating cross currency swap contracts for the years ended 31 December 2017 and 31 December 2016 are stated below:

	31 December 2017	31 December 2016
Opening balance	382,054	-
Fair value gains recognized in profit or loss	568,808	382,054
Closing balance	950,862	382,054

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33. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of contingent consideration.

	Fair value at		Unobservable Inputs	Inputs		Relationship of unobservable inputs to fair value
	31 December 2017	31 December 2016		31 December 2017	31 December 2016	
Contingent consideration	323,691	295,062	Risk-adjusted discount rate	4.8%	5.6%	A change in the discount rate by 100 bps would increase/decrease FV by TL (9,834) and TL 10,241 respectively.
			Expected settlement date	first quarter of 2021	first quarter of 2020	If expected settlement date changes by 1 year FV would increase/decrease by TL (14,884) and TL 15,602 respectively.

Changes in the consideration payable in relation to acquisition of Belarusian Telecom for the years ended 31 December 2017 and 31 December 2016 are stated below:

	2017	2016
Opening balance	295,062	235,281
Gains recognized in profit or loss	28,629	59,781
Closing balance	323,691	295,062

Financial assets:

Carrying values of significant portion of financial assets do not differ significantly from their fair values due to their short-term nature.

Financial liabilities:

Fair values of financial liabilities are assumed to approximate their carrying values due to their short term nature and floating interest rates.

As at 31 December 2017, the fair value of debt securities issued by the Company with a nominal value of USD 500,000 and fixed interest rate (Note 27), is TL 2,063,972.

As at 31 December 2016, the fair value of debt securities issued by the Company and Turkcell Finansman, with a nominal value of USD 500,000 and TL 500,000 comparatively, and fixed interest rate (Note 27), is TL 1,921,199.

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34. OPERATING LEASES

Lease contracts, which mainly comprise leases of radio, transmission, office and internet capacity, expire on various dates. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2017	2016
Within one year	144,424	163,336
Later than one year but not later than five years	346,832	345,374
Later than five years	167,227	101,328
	658,483	610,038

Rental expense relating to operating leases are as follows:

	2017	2016	2015
Minimum lease payments	812,385	837,575	751,816
Contingent rentals	-	-	1,733
Total	812,385	837,575	753,549

Rental expenses have been recognized within cost of sales and administration expenses for the years ended 31 December 2017, 2016 and 2015.

35. GUARANTEES AND PURCHASE OBLIGATIONS

At 31 December 2017, outstanding purchase commitments with respect to property, plant and equipment, inventory, advertising and sponsorship amount to TL 592,956 (31 December 2016: TL 915,868). Payments for these commitments will be made within 3 years.

The Group is contingently liable in respect of letters of guarantee obtained from banks and given to public institutions and private entities, and financial guarantees provided to subsidiaries amounting to TL 4,926,916 at 31 December 2017 (31 December 2016: TL 2,370,723).

At 31 December 2017, the Company has commitments regarding lifecell's 3G license amounting to UAH 217,793 (equivalent to TL 29,269 as at 31 December 2017).

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36. COMMITMENTS AND CONTINGENCIES

The following disclosures comprise of material legal lawsuits, investigations and in-depth investigations against the Company.

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.

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, Turkcell has provided IMT 2000/UMTS services starting from 30 July 2009.

4.5G License

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 started to provide 4.5G services on 1 April 2016.

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 2018. Belarusian Telecom has fulfilled all coverage requirements except covering all Belarusian settlements. The number of uncovered settlements is 657 out of a total of 22,552 settlements.

lifecell:

lifecell owns twelve activity licenses, for GSM 900, GSM 1800, a technology neutral license, issued for 3G, one license for international and long-distance calls and eight PSTN licenses for eight regions in Ukraine. As of December 31, 2017, lifecell owned 28 frequency use licenses for IMT-2000 (UMTS), GSM-900, GSM-1800, CDMA-800, Wi-fi and microwave Radiorelay and Broadband Radio Access, which are regional and national. 3G activity and frequency licenses were issued in March 2015, reissued due to company name change in March 2016 and are valid for 15 years. Additionally, lifecell holds a specific number range – three NDC codes for mobile networks, sixteen permissions on a number resource for short numbers, eleven permissions on a number resource for SS-7 codes (7 regional and 4 international), one permission on a number resource for Mobile Network Code, nine permissions on a number resource for local ranges for PSTN licenses, two permissions on a service codes for alternative routing selection for international and long-distance fixed telephony and one permission on a code for global telecommunication service "800".

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36. COMMITMENTS AND CONTINGENCIES (CONTINUED)

License Agreements (continued)

Inteltek:

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 at 31 December 2017, Inteltek has a letter of guarantee of TL 159,752 (31 December 2016: 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. As at 31 December 2017, Inteltek has a letter of guarantee of TL 25,000 (31 December 2016: TL 25,000) 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 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.

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36. COMMITMENTS AND CONTINGENCIES (CONTINUED)

License Agreements (continued)

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.

Since January 1, 2013, Azerinteltek was authorized for the sales of lottery tickets as a main distributor by Azerlotereya. As at 1 January 2016, the authorization for the sales of lottery tickets decided to be extended yearly.

Management believes that the Group is in compliance with the terms and conditions of the license agreements in all material respects as at 31 December 2017 and 2016.

36.1 Dispute on Treasury Share Amounts

Turkcell has the 2G and 3G Concession Agreements which was signed with the regulatory party in Turkey for rendering mobile telecommunication services.

According to the 2G and 3G Concession Agreements, The Company is obliged to pay each month 15% of its monthly gross sales; with the exception of the interest for late payment of the amounts charged to its subscribers and of the indirect taxes, fiscal obligations such as fees and duties and the invoiced amounts recorded in the accounts to the Treasury as treasury share. The Company is obliged to pay 90% of this share to Treasury and 10% of the remaining as the universal services share to the Ministry. The Company is also obliged to pay once a year 0.35% of its gross sale as the Authority contribution share.

As "Applicable Law and Settlement of Disputes" of the 2G and 3G Concession Agreement, the parties agreed that the disputes shall be settled by three arbitrators to be appointed in accordance with the arbitration rules of the International Chamber of Commerce for 2G while the Council of State is authorized to solve the disputes arising from the agreement and its annexes thereof for 3G.

The Undersecretariat of Treasury and ICTA alleged that Company made deficient treasury payments in the past, The Company objected to these claims.

After then, the Company has resolved the following within the scope of Provisional Article 13 added to the Telegraph and Telephone Law No.406 dated 4 February 1924 of the Law on the Amendment of Certain Tax Laws and Other Laws No. 7061 published in the Official Gazette dated December 5th, 2017: to restructure relevant disputes and their interest fees and to choose the method of increasing tax base from the options in order to restructure relevant disputes and their interest fees for the periods for which examination is ongoing or has not been yet initiated. The Company applied for restructure, and according to the Law The Company submitted waiver petition or accepted the cases related to the restructured amounts. It is expected that the Courts grant decisions about the statement of waiver/acceptance of the aforementioned cases.

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36. COMMITMENTS AND CONTINGENCIES (CONTINUED)

36.1 Dispute on Treasury Share Amounts (continued)

Based on the Laws stated above, the total amount, including principal and interest, calculated is TL 206,365 and is TL 209,159, respectively. The payment will be made in 6 equal installments in two-month periods, starting from January 31st, 2018. The total payment including interest on installments is TL 436,300.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits to settle the obligation is certain, thus, including discount TL 417,668 provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2017 (31 December 2016: None).

36.2 Dispute on Special Communication Tax

Large Tax Payers Office levied Special Communication Tax (SCT) and tax penalty on the Company amounting to TL 527,639 in total, of which SCT amounting 211,056 and penalty amounting to TL 316,583 based on the claim stated on Tax Investigation Reports related to SCT prepared for the years 2008-2012. The Company filed lawsuits in the Tax Courts for the cancellation of each tax and tax penalty claim. In some of the cases, The Court decided in favour of The Company or in favour of the Court. The parties appealed the decisions regarding the parts against them.

The Large Tax Payers Office has collected TL 80,355 calculated for the parts against the Company for the assessment of the SCT for the year 2011 by offsetting the receivables of the Company from Public Administrations.

As per the Law no. 6736, the Company filed applications for the restructuring of penalties and interest on the SCT regarding the dispute on the tax amount for the years 2008, 2009, 2010, 2011 and 2012. Tax Office rejected the application for the year 2011 and the case is pending for the year 2011; accepted the other restructuring applications for the years 2008, 2009, 2010, 2012 and the Company paid the restructuring amount of TL 117,058.

Limited tax investigation for the period of 2013 has been started in 2014 and the result of investigation has not yet been notified to Turkcell. Large Tax Payers Office has begun the limited tax investigation for the period of 2013. For the year of 2014, 2015 and 2016 a new investigation has been initiated.

Based on the probable payment including interest in case of restructuring the SCT for the year 2013 as per the Law no. 6736, the Company accrued provisions in the consolidated financial statements as at and for the period ended 31 December 2017 amounting to 24,175 TL including discount (31 December 2016: 14,866).

36.3 Investigation initiated by ICTA on subscription numbers and radio utilization and usage fees

ICTA commenced in-depth investigations, against the GSM operators for the years, 2004-2009, 2010-2011, 2012, 2013 and 2014. As a result of the investigations, ICTA imposed administrative fines to the Company amounting TL 11,240 in total and decided to warn the Company. The administrative fines were paid within 1 month following the notification of the decision of ICTA, with 25% discount. The Company filed lawsuits for the cancellation of aforementioned administrative fines and ICTA's administrative acts. ICTA filed lawsuits against Company for the collection of the radio utilization and usage fee amount which was alleged that the Company paid deficiently.

The Company has resolved the following based on the Laws No. 7061 as explained in detailed note 36.1 to restructure radio fees which are in dispute and respective penalty, default interest regarding these disputes. The Company applied for restructure, and according to the Law The Company submitted waiver petition or accepted the cases related to the restructured amounts. It is expected that the Courts grant decisions about the statement of waiver/ acceptance of the aforementioned cases.

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36. COMMITMENTS AND CONTINGENCIES (CONTINUED)

36.3 Investigation initiated by ICTA on subscription numbers and radio utilization and usage fees (continued)

The total amount, including principal and interest, calculated within the scope of clause 2 is TL 156,637. The payment will be made in 6 equal installments in two-month periods, starting from 31 January 2018. The total payment including interest on installments is TL 164,469.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits is certain, thus, including discount TL 157,446 provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2017 (31 December 2016: None).

36.4 Disputes regarding the Law on the Protection of Competition

On the grounds of the investigation initiated by the Competition Board on the grounds that the Company violated the competitive environment through abusing its dominant position in the Turkish mobile market and it was decided to apply administrative fine amounting to TL 91,942 on the Company. A lawsuit was filed by the Company. The case is still pending.

The payment order has been sent to the Company by the Tax Office. The Company filed a lawsuit for the stay of execution and cancellation of the payment order. The Court accepted the lawsuit and cancelled the payment order. Tax Office appealed the decision. The Company replied the appeal request. Appeal process is still pending.

Three private companies filed a lawsuits against the Company in relation with this case claiming in total of TL 113,084 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. The cases are still 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 2017 (31 December 2016: None).

36.5 Other ongoing lawsuits and investigations

Within consolidated financial statements prepared as of 31 December 2017, obligations which are related to following ongoing disputes have been evaluated.

Based on the management opinion, an outflow of resources embodying economic benefits is deemed to be less than probable, thus, no provision is recognized in the consolidated financial statements as at and for the period ended 31 December 2017 (31 December 2016: None).

Subject	31 December 2017 Anticipated Maximum Risk (excluding accrued interest)	31 December 2016 Anticipated Maximum Risk (excluding accrued interest)	31 December 2017 Provision	31 December 2016 Provision
Disputes related with ICTA	13,367	22,544	-	-

In addition, Tax Audit Committee carries out limited tax investigations regarding the Company's VAT and corporate tax practices for the years 2012, 2013 and 2014 and VAT practices for the years 2015 and 2016. 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 2017.

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37. RELATED PARTIES

Transactions with key management personnel

Key management personnel comprise of the Group's members of the Board of Directors and chief officers.

There are no loans to key management personnel as of 31 December 2017 and 2016.

The Group provide additional benefits to key management personnel and contribution to retirement plans based on a pre-determined ratio of compensation.

	31 December 2017	31 December 2016	31 December 2015
Short-term benefits ⁽¹⁾	74,696	50,001	52,767
Termination benefits	604	10,064	13,454
Long-term benefits	548	479	655
	75,848	60,544	66,876

⁽¹⁾ Includes share-based payment.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Due from related parties	31 December 2017	31 December 2016
Telia Sonera International Carrier AB ("Telia")	1,256	607
Kyivstar GSM JSC ("Kyivstar")	1,061	75
GSM Kazakhstan Ltd ("Kazakcell")	830	937
Azercell Telekom MMC ("Azercell")	364	446
MegaFon OJSC ("Megafon")	281	1,387
Hobim Bilgi Islem Hizmetleri AS ("Hobim") ⁽¹⁾	-	1,223
Vimpelcom OJSC ("Vimpelcom")	-	586
Other	1,507	600
	5,299	5,861

⁽¹⁾ Hobim is not a related party effective from 20 June 2017.

Due from related parties is shown net of allowance for doubtful receivables amounting to TL 227 at 31 December 2017 (31 December 2016: TL 231).

Due from Megafon, Telia, Vimpelcom, Azercell, Millenicom and Kyivstar resulted from telecommunications services.

Due from Kazakcell, mainly resulted from software services and telecommunications services

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37. RELATED PARTIES (CONTINUED)

Due to related parties	31 December 2017	31 December 2016
Kyivstar GSM JSC ("Kyivstar")	2,346	2,382
Wind Telecomunicazioni S.P.A.	1,738	-
Vimpelcom (Bvi) Ltd.	1,552	100
Geocell LLC ("Geocell")	447	445
Megafon	17	892
Hobim ^(*)	-	6,260
Other	880	1,122
	6,980	11,201

(*) Hobim is not a related party effective from 20 June 2017.

Due to Kyivstar, Megafon, Geocell, Wind Telecomunicazioni S.P.A. and Vimpelcom (Bvi) Ltd. mainly resulted from telecommunications services received.

The Group's exposure to currency risk related to outstanding balances with related parties is disclosed in Note 33.

The following transactions occurred with related parties:

Revenue from related parties	2017	2016	2015
Sales to Kyivstar			
Telecommunications services	30,875	30,964	41,728
Sales to Telia			
Telecommunications services	10,020	15,761	16,955
Sales to Vimpelcom			
Telecommunications services	7,230	20,775	20,489
Sales to Megafon			
Telecommunication services	6,362	11,773	14,958
Sales to Azercell			
Telecommunication services	1,583	2,585	4,183
Sales to Krea ^(*)			
Call center services, fixed line services, rent and interest charges	-	3,422	4,831
Sales to Millenicom ^(*)			
Telecommunication services	-	997	8,861
Sales to KVK Teknoloji ^(**)			
Simcard SIM card and prepaid card sales	-	-	217,080
Sales to other related parties	4,962	3,149	6,049
	61,032	89,426	335,134

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37. RELATED PARTIES (CONTINUED)

Transactions with related parties (continued)

Related party expenses	2017	2016	2015
Charges from Kyivstar			
Telecommunications services	49,178	47,595	49,608
Charges from Hobim (****)			
Invoicing and archiving services	16,993	31,832	29,570
Charges from Vimpelcom			
Telecommunications services	10,853	2,721	4,348
Charges from Megafon			
Telecommunications services	5,169	3,162	4,342
Charges from Telia			
Telecommunications services	3,120	2,499	3,409
Charges from Azercell			
Telecommunications services	734	1,361	28
Charges from Krea			
Digital television broadcasting services	-	5,975	15,826
Charges from KVK Teknoloji			
Dealer activation fees and others	-	-	76,743
Charges from other related parties	11,832	8,497	15,151
	97,879	103,642	199,025

(*) Transactions with Krea include transactions until 26 August 2016.

(**) Transactions with Millenicom include transactions until 21 January 2016.

(***) KVK Teknoloji is not a related party effective from 6 July 2015. Transactions with KVK Teknoloji include transactions until that date.

(****) Transactions with Hobim include transactions until 20 June 2017.

Transactions with Kyivstar:

Kyivstar, an entity under common control with Alfa, is rendering and receiving telecommunications services such as interconnection and roaming.

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.

Transactions with Vimpelcom:

Vimpelcom, an entity under common control with Alfa, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Megafon:

Megafon, a subsidiary of Sonera, is rendering and receiving telecommunications services such as interconnection and roaming.

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37. RELATED PARTIES (CONTINUED)

Transactions with related parties (continued)

Transactions with Telia:

Telia, a subsidiary of Sonera, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Azercell:

Azercell, a subsidiary of Sonera, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Krea:

Çukurova Holding has signed a share purchase agreement with BeIN Media Group LLC related to the sale of their shares in Krea. Share transfer has finalized as at 26 August 2016.

Krea, a direct-to-home digital television service company under the Digiturk brand name.

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.

Transactions with KVK Teknoloji:

KVK Teknoloji shares held by Cukurova Group were acquired by MV Holding on 6 July 2015. The Company has a distributorship agreement with KVK Teknoloji.

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38. SUBSIDIARIES

The Group's ultimate parent company is Turkcell Holding. Subsidiaries of the Company as at 31 December 2017 and 31 December 2016 are as follows:

Subsidiaries Name	Country of Incorporation	Business	Effective Ownership Interest	
			31 December 2017 (%)	31 December 2016 (%)
Kibris Telekom	Turkish Republic of Northern Cyprus	Telecommunications	100	100
Turkcell Global Bilgi	Turkey	Customer relations management	100	100
Turktell	Turkey	Information technology, value added GSM services and entertainment investments	100	100
Turkcell Superonline	Turkey	Telecommunications, television services and content services	100	100
Turkcell Satis	Turkey	Sales and delivery	100	100
Eastasia	Netherlands	Telecommunications investments	100	100
Turkcell Teknoloji	Turkey	Research and development	100	100
Global Tower	Turkey	Telecommunications infrastructure business	100	100
Financell	Netherlands	Financing business	100	100
Rehberlik	Turkey	Directory Assistance	100	100
Lifecell Ventures	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 ⁽¹⁾	Turkey	Payment services and e-money license	100	100
Lifecell	Ukraine	Telecommunications	100	100
Turkcell Finansman	Turkey	Consumer financing services	100	100
Beltower	Republic of Belarus	Telecommunications Infrastructure business	100	100
Turkcell Enerji ⁽²⁾	Turkey	Electricity energy trade and wholesale and retail electricity sales	100	-
Paycell ⁽³⁾	Ukraine	Payment services and e-money license	100	-
Lifecell Digital ⁽⁴⁾	Turkish Republic of Northern Cyprus	Telecommunications	100	-
Belarusian Telecom	Republic of Belarus	Telecommunications	80	80
Lifetech	Republic of Belarus	Research and development	80	80
Inteltek	Turkey	Information and Entertainment Services	55	55
Azerinteltek	Azerbaijan	Information and Entertainment Services	28	28

⁽¹⁾ Turkcell Odeme operating under "Paycell" brand has been authorized by the Banking Regulation and Supervision Agency ("BRSA") to operate as an "electronic money institution" and to provide intermediation service for invoice payments. The decision was published in the Official Gazette on 22 July 2017.

⁽²⁾ Turkcell Enerji that will be engaged in electricity energy trade, wholesale sales and retail sales was incorporated on 20 February 2017. The Company is a wholly owned subsidiary of Turktell and has obtained its electricity supply license upon approval from Energy Market Regulatory Authority ("EMRA") as at 11 May 2017.

⁽³⁾ The company "Paycell LLC" which is established in Ukraine by lifecell and wholly owned by the company granted the "financial company" status on September 21, 2017. Paycell LLC will apply for financial services and local money transfer licenses to provide digital payment services to customers via credit device sales and e-money.

⁽⁴⁾ The transactions in relation to the incorporation of Lifecell Digital Limited in the Turkish Republic of Northern Cyprus ("TRNC"), which will offer services as an internet service provider, by our wholly owned subsidiary Kibris Mobile Telekomünikasyon Limited based in TRNC is completed as at 14 December 2017.

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38. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests to the Company are disclosed below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by noncontrolling interest		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Inteltek	Turkey	45.00%	45.00%	35,924	39,346	46,072	50,863
Individually immaterial subsidiaries with non-controlling interest				22,706	12,369	9,855	5,769
				58,630	51,715	55,927	56,632

Summarized financial information in respect of Inteltek is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Inteltek

	31 December 2017	31 December 2016
Current assets	223,119	191,199
Non-current assets	9,290	17,367
Current liabilities	125,286	30,516
Non-current liabilities	4,742	65,020
Equity attributable to owners	102,381	113,030
	2017	2016
Revenue	184,025	178,408
Expenses	(104,194)	(90,973)
Profit for the year	79,831	87,435
Other comprehensive income/(loss) for the year	172	(618)
Dividend paid to non-controlling interests	(46,582)	(44,888)
Net cash inflow from operating activities	73,575	69,497
Net cash inflow from investing activities	19,930	17,470
Net cash outflow from financing activities	(75,113)	(119,751)
Effects of foreign exchange rate fluctuations on cash and cash equivalents	8,574	18,213
Net cash outflow/(inflow)	26,966	(14,571)

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39. CASH FLOW INFORMATION

Net debt reconciliation:

	Debt securities issued	Loans	Financial Leasings	Total
Balance at 1 January 2017	1,922,656	7,810,392	48,114	9,781,162
Cash inflows	209,808	24,030,222	72,421	24,312,451
Cash outflows	(503,391)	(22,768,911)	(1,068)	(23,273,370)
Other non-cash movements	246,448	1,466,205	3,253	1,715,906
Balance at 31 December 2017	1,875,521	10,537,908	122,720	12,536,149
Cash and cash equivalents				4,712,333
Net debt				(7,823,816)

40. SUBSEQUENT EVENTS

Fintur, in which the Group holds 41.45% stake, has completed the transfer of its 99.99% total shareholding in Geocell LLC to Silknet JSC on 20 March 2018, a joint stock company organized under the laws of Georgia, for a total consideration of USD 153,000 upon receiving the necessary regulatory approvals. The transaction has no impact on consolidated financial statements since Fintur is classified as "assets held for sale" in the statement of financial position.

2600 MHz frequency tender as part of the 4G License Tender, which the Group's fully owned subsidiary lifecell based in Ukraine had applied to participate, has been held on 31 January 2018. At the tender, lifecell has been awarded with the license for 15 years bidding UAH 909,251 (TL 129,155) for 15 MHz frequency band, the total of Lot 1 and Lot 2. Payment amounting to UAH 909,251 (equivalent to TL 129,155) of license was made in cash on 1 March 2018.

1800 MHz frequency tender as part of the 4G License Tender, which the Group's fully owned subsidiary lifecell based in Ukraine had applied to participate, was held on 6 March 2018. As a result of the tender, lifecell was awarded with the license for 15 years for 15 MHz frequency band on Lot 1 with its UAH 795,000 bid.

The 2017 General Assembly will be held on March 29, 2018 and the Board of Directors has proposed a dividend distribution for the year 2017 amounting to TL 1,239,500 which represented approximately 63% of distributable net income for the year 2017 on 15 February 2018. Dividend distribution decision is subject to approval of the General Assembly. This distribution is proposed to be paid in three equal installments on June 18, 2018, September 17, 2018 and December 17, 2018. The dividend amount is in line with the Group's dividend policy approved during the Ordinary General Assembly Meeting held on March 26, 2015 and without deduction for tax settlements provisioned as disclosed on January 30, 2018.

Fintur, in which the Group holds 41.45% stake, has transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatirim Dış Ticaret A.Ş. ("Azertel") to Azerbaijan International Telecom LLC ("Azintelecom"), a fully state owned company by the Republic of Azerbaijan, at the price of EUR 221,700 on 5 March 2018. The signing of definitive agreement, the transfer of shares to Azintelecom and the transfer of proceeds to Fintur were completed simultaneously. The transaction has no impact on consolidated financial statements since Fintur is classified as "assets held for sale" in the statement of financial position.

OUR OFFICES

CITY	LOCATION	ADDRESS
ISTANBUL	HEADQUARTERS	Aydınevler Mahallesi İnönü Caddesi Küçükyalı Ofispark No: 20 Maltepe/Istanbul
ISTANBUL	TEPEBEŞİ PLAZA	Meşrutiyet Caddesi No: 71 Beyoğlu/Istanbul
ISTANBUL	MALTEPE PLAZA	Yeni Mah. Pamukkale Sok. No: 3 Soğanlık Mevkii - Kartal/Istanbul
ISTANBUL	MALTEPE TECHNOLOGY PLAZA	Soğanlık Yeni Mah. Pamukkale Sokak No:11 Kartal/Istanbul
ISTANBUL	TURKCELL TECHNOLOGY PLAZA	Aydınevler Mahallesi İnönü Caddesi Küçükyalı Ofispark No: 20 Maltepe/Istanbul
ISTANBUL	DAVUTPAŞA PLAZA	Davutpaşa Cad. Serçekale Sok. No: 2 Zeytinburnu/Istanbul
ISTANBUL	DUDULLU DATA CENTER	Organize Sanayi Bölgesi Nato Yolu 4. Cadde No:1 Dudullu Ümraniye/Istanbul
ISTANBUL	LEVENT OFFICE	Büyükdere Cad. Harman Sok. No: 8 Levent/Istanbul
ISTANBUL	KARTAL PLAZA	Topselvi Mah. Dipçik Sok. No: 31 Kartal/Istanbul
ISTANBUL	HALKALI DEPO	Merkez Mah. Dere Boyu Cad. No: 8/8 Halkalı/Istanbul
ISTANBUL	MAHMUTBEY OMC	Mahmutbey Mah. İnönü Caddesi No: 89 Bağcılar/Istanbul
ADANA	ADANA PLAZA	Turhan Cemal Berikel Bulvarı No: 212 Seyhan/Adana
ADAPAZARI	SAKARYA OMC	Miklat Paşa Mah. Kamelya Sok. Kule Binası Sakarya/Adapazarı
ANKARA	ANKARA PLAZA	Eskişehir Yolu 9. Km. No: 264 Söğütözü/Ankara
ANKARA	BAŞKENT OMC	İvedik Mahallesi 1323 Cadde No: 37 Yenimahalle /Ankara
ANTALYA	ANTALYA PLAZA	915. Sokak No: 3 Kızıltoprak/Antalya
BURSA	BURSA PLAZA	Organize Sanayi Bölge Müd. Kırmızı Cad. No: 4 TSE Yanı Nilüfer/Bursa
DİYARBAKIR	DİYARBAKIR PLAZA	Urfa Yolu 6. Km Bağlar/Diyarbakır
ERZURUM	ERZURUM PLAZA	Ilıca Yolu Organize Sanayi Bölgesi 4. Sok No: 10 Erzurum
EDİRNE	EDİRNE DC	Şükrüpaşa Mah. Kıyık Caddesi Dörtüya Mevkii/Edirne
GAZİANTEP	GAZİANTEP OMC	Kocaoğlan Mah. Demokrasi Bulvarı No: 185/1 Şahinbey/Gaziantep
HATAY	HATAY OMC	Güzelbirlilik Mah. Yunus Emre Cad. No: 11-B Güzelburç/Hatay
İZMİR	İZMİR PLAZA (new)	367/7. Sokak No: 12 Kazım Direk Mah. Bornova/İzmir
İZMİR	İZMİR OMC	Ankara Asfaltı No: 64 Kazım Dirik Mah. Bornova/İzmir
İZMİT	GEBZE VERİ MERKEZİ	Gebze OSB Tembelova Mevkii Mah.3300 Sok Yanyol No: 3344 Gebze/Kocaeli
İZMİT	İZMİT OMC	Yahyakaptan Mah. Bahçeşehir Sokak No: 30 Yahyakaptan İzmit/Kocaeli
KAYSERİ	KAYSERİ PLAZA	Kayseri Organize Sanayi Bölgesi 13. Cadde No: 16 Melikgazi/Kayseri
KONYA	KONYA OMC	Horozluhan Mah. Sıhhiye 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 Konacık-Bodrum/Muğla
MUĞLA	MUĞLA OMC	Musulhittin Mah. Atatürk Bulvarı No: 61/Muğla
SAMSUN	SAMSUN PLAZA	Mimar Sinan Mah. 160.Sok. No: 18 Atakum/Samsun
TRABZON	TRABZON PLAZA	Çukurçayır Mah. Hasan Turfanda Yolu No: 1 Çukurçayır/Trabzon
TEKİRDAĞ	ÇORLU WAREHOUSE AND OMC	Yulaflı Mah. Hacı Şeremet Mevkii Çorlu/Tekirdağ
VAN	VAN OMC	Yeni Mah. Sahil. Sokak. No: 71 Edremit/Van

GLOSSARY

Abbreviation	Explanation
2G	The second generation telecommunication system, which used digital data stream for the first time, additionally providing packet-based data communication and voice and data services.
3G	A third generation mobile telecommunication system established according to IMT-2000/UMTS standards, or standards developed based on these standards.
4.5G	A generation containing technologies of more advanced features than standard 4G technology.
4x4 MIMO	A technology developed to improve performance using multiple antennas simultaneously.
5G	A generation containing technologies that having more advanced features than standard 4G technology.
AAC (Advanced Audio Coding)	Audio code with better sound quality and compression ratio than MP3
Access Transport	Access Transport Access and carrier network type providing high capacity
ARPU	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.
Cat-M	The class, in which machine-to-machine communication (Internet of Things) terminals require a relatively high data transmission speed
CELTIC+ (Celtic-Plus)	EUREKA Cluster focusing on the Information and Communications Technology and Telecommunications
Datacenter Interconnect	A technology that enables different data centers to serve, connecting to each other.
DL 256 QAM	The data transmission speed is increased by the coding of a downward sign over 8 bits (using high modulation)
EUREKA (Exceptional Unconventional Research Enabling Knowledge Acceleration)	It is an intergovernmental R&D organization financed by governments of more than forty countries.
EVS (Evolved Voice Service)	New Generation Voice Coding System defined by 4.5G technology
FDD	Frequency Division Duplex A technique using different frequency bands in sending and receiving processes within communication.
GHz (Giga Hertz)	A frequency unit
Gbps (Giga bits per second)	A data transmission speed unit
GSM	This is a digital mobile communication system, standardized by the European Communications Standards Institute and based on digital transmission with roaming and the cellular network structure being used in Europe, Japan and various other countries.
GSMA	The GSM Association is a community consisting of mobile operators and telecom-related companies with the aim of standardizing and developing the Mobile Telecommunications Sector.
HD (High Definition)	High Definition Broadcast
IoT (Internet of Things)	The mobilization, interpretation and communication/interaction of the data received through sensors
ITEA3 ITEA	EUREKA Cluster programme supporting innovative, industry-driven, pre-competitive R&D projects in the area of Software-intensive Systems & Services
IMT Spectrum	A spectrum that has been allocated to mobile operators by related regulatory bodies on a certain basis and which has been offered to their use for a limited/unlimited period of time.
ISS	Internet Service Provider
ITU	The International Telecommunication Union An international standardization institution with headquarters in Geneva that determines many standards in telecommunication.
IVVR	Interactive Voice & Video Response

GLOSSARY

Abbreviation	Explanation
LTE	Technology that ensures to achieve very high speeds by combining carriers in the same or different frequency bands.
LTE-A	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 is the general name of the technology that allows devices to exchange information and conduct transactions without human intervention.
MIMO (Multiple Input – Multiple Output)	The use of more than one antenna component at the same time
Mbps	A data transmission speed. 1 Mbps equals 2 (20) bpse.
MHz	A unit of frequency.
MVNO	Virtual Mobile Network Service
NB-IoT (Narrow Band Internet of Things)	A technology defined by 3GPP for Internet of Things
NGMN (The Next Generation Mobile Networks)	It is an organization, which has world's leading operators as members including Turkcell, suppliers and universities around the world and that guides the technology standards and companies producing technology in accordance with operator needs.
NPS	(Net Promoter Score) – The score that measures whether or not customers recommend the products they use to others
Ooakla Speed Test	An application that measures instant internet speed in fixed or mobile networks.
Overlay Network	A term used to describe networks, which are installed on the existing network and that use the existing infrastructure, but are independently located networks
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.
SDN-Ready Network	IP network architecture, which can be programmed with software. Technology that ensures the control of IP networks with a centralized software and application based routing.
SON (Self Organizing Networks)	Networks that can organize/optimize themselves
SMS	A mobile communication system allowing users to receive and send messages that can be constituted of both alphabetic and numerical characters of up to 160 characters, to and from mobile phones through a short message service.
On-net	A call originating from an operator network and ending on the same operator network.
TAS	Turkish Accounting Standards
UL 2 CA (Ultra Light 2 Carrier Aggregation)	Combining two carriers from terminal through the base station and upstream transmission of data through these combined carriers
Ultra Fast Convergency	Enables the transition on the back up line to be realized very quickly.
VoLTE	IP based high quality audio technology through a 4.5G network.
VPN	Technology that can provide secure connectivity through the Internet, or another network and serve point-to-point, or point-to-multipoint.
WiFi	A standard generated for the transfer of data through wireless cables. Laptops, smart phones, PCs, etc. having a receiver and transmitter of WiFi standard can benefit from wireless broadband internet services.

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