



Turkcell the Digital Operator





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 5 countries – Turkey, Ukraine, Belarus, Northern Cyprus, Germany.

Turkcell launched LTE services in its home country on April 1st, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. Turkcell offers up to 10 Gbps fiber internet speed with its FTTH services. Turkcell Group reported TRY 21.3 billion revenue in FY18 with total assets of TRY 42.8 billion as of December 31, 2018.

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/english-support

TRY
21.3
billion
REVENUES

41.3%
EBITDA
MARGIN

49
million
GROUP
SUBSCRIBERS

86
million
DIGITAL
SUBSCRIBERS

TABLE OF CONTENTS

Turkcell Group

16	Chairman's Message
20	Board of Directors
22	Message from the CEO
26	Executive Officers
28	Top Management of Subsidiaries
30	Turkcell Group
31	Our Vision, Target, Strategy and Approach
32	2018 at a Glance
34	2018 Highlights
36	The World's 1 st Digital Operator Brand: Lifecell
37	Turkcell's Digital Services

2018 Operations

38	Exemplary Digital Operator
40	Our Superior Technology
46	Our Consumer Business
52	Our Corporate Business
56	Turkcell on Communication
60	Our Digital Services
76	Turkcell Sales Channels
78	Carrier Relations and Wholesale
79	Customer Experience Focus
83	Successful Finance Management
84	Social Responsibility
94	Sponsorships
98	Human Resources
106	Turkcell Academy
112	Our Subsidiaries
118	Awards

Corporate Governance

123	Investor Relations
126	Credit Ratings
127	Important Developments after the Reporting Period
130	2018 Financial Year Corporate Governance Principles Compliance Report
142	Other Issues Regarding Corporate Governance
143	Conclusion of the Subsidiary Report

Sectoral and Financial Information

144	Telecommunications Sector in Turkey
145	Developments in Our Companies
150	Turkcell Group: 2018 Financial & Operational Review
154	Forward Looking Statements
155	Review of Risk Assessment
157	Independent Auditor's Report and Consolidated Financial Statements
278	Our Offices
279	Glossary



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

This is what drives the technology we have developed
over the last 25 years:

#senyapdiye

(for you to DO it)





The world's first digital operator

We have concluded a quarter century on our journey we embarked on by introducing Turkey to first mobile phone call. **Through our investments and digital transformation strategy, we have transformed ourselves from a traditional telecom operator into the first Digital Operator in the world.** Working passionately for 25 years and achieving many industry firsts, we offer globally innovative products and services that enable our customers to make the most of the communication and digital solutions of the modern era.



TRY
21.3
billion

Record revenue
with 49% two-year
cumulative growth

15%

Strong mobile
ARPU* growth
*Excluding M2M

TRY
8.8
billion

Record EBITDA
with 90% two-year
cumulative growth



Strong growth through digital transformation

We became the world's first digital operator thanks to our digital transformation strategy. **We continued our strong growth and achieved record results, despite significant macroeconomic volatility.**

We inspired our global competitors with our digital services, which enrich the lives of our customers, and with our innovative approach.



The relationship of a telecom operator with its customers is limited to 31 minutes of inbound/outbound calls in a day... We, on the other hand, take important steps to be relevant to our customers **at every one of 1440 minutes each day with our products and services.** For example, currently, in addition to an average 31 minutes of inbound/outbound calls, we touch our customers' lives each day for 81 minutes with TV+, 48 minutes with fizy, and 18 minutes with Dergilik.

Adding value to every minute of life

8GB

Average data consumption per 4.5G user

86
million

Digital subscribers





Digital exports to the entire world

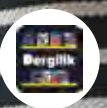
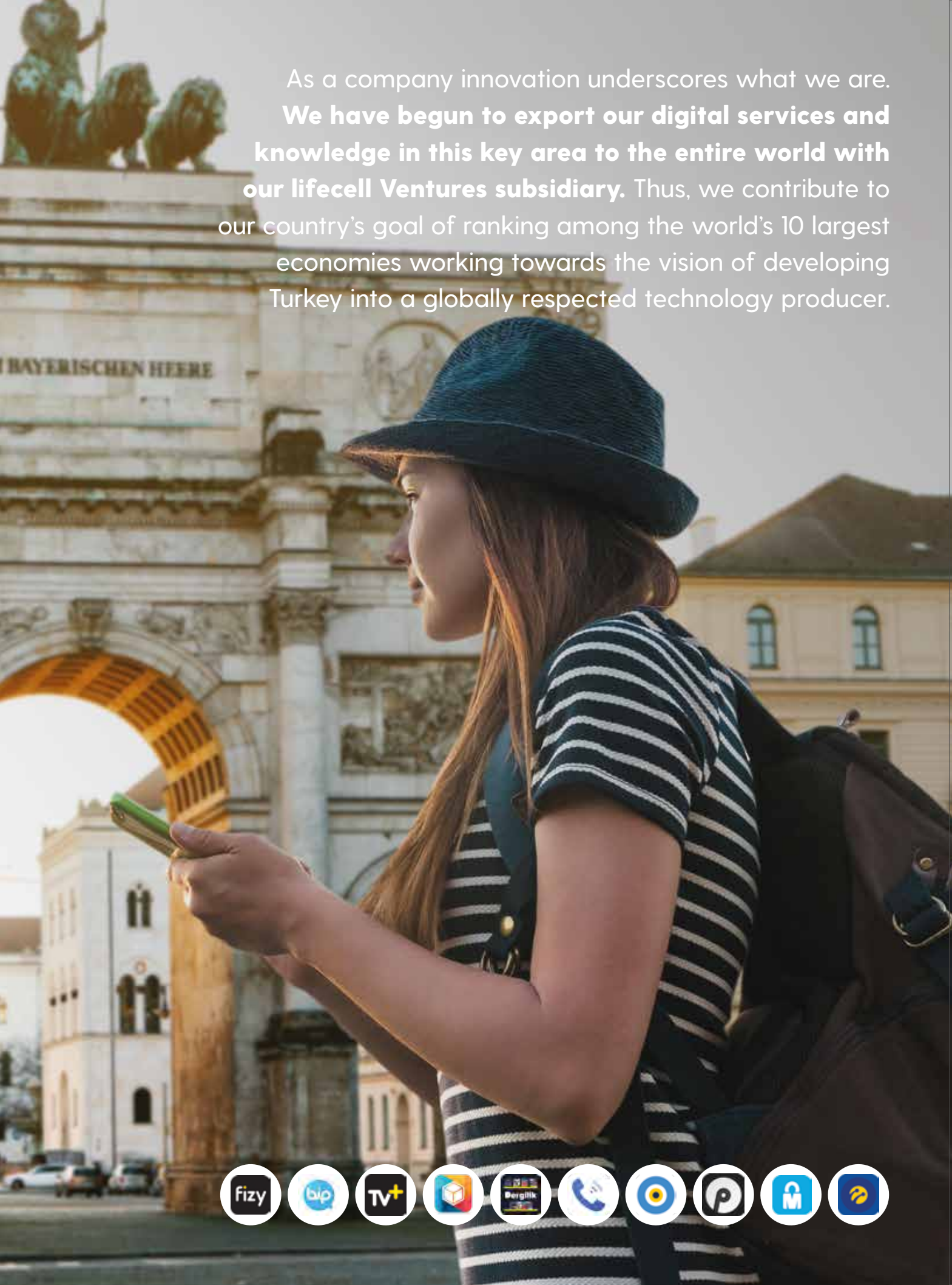
192

Number of countries where our digital services are downloaded

169
million

Downloads of our digital services

As a company innovation underscores what we are. **We have begun to export our digital services and knowledge in this key area to the entire world with our lifecell Ventures subsidiary.** Thus, we contribute to our country's goal of ranking among the world's 10 largest economies working towards the vision of developing Turkey into a globally respected technology producer.



Our new generation payment platform, Paycell, has brought a breath of fresh air to payment systems.

We deliver fast and easy payment services to over 3 thousand member-merchants and more than 5 million users. Facilitating the lives of our customers with innovative solutions such as Paycell card, mobile wallet and direct billing, Paycell continues to enjoy steady growth. Meanwhile, Financell, our other brand in techfin solutions, makes our customers' lives easier enabling them to access all kinds of technology products by supporting them with the loans it provides.



+5 million Paycell users



TRY 4.2 billion Financell loan portfolio

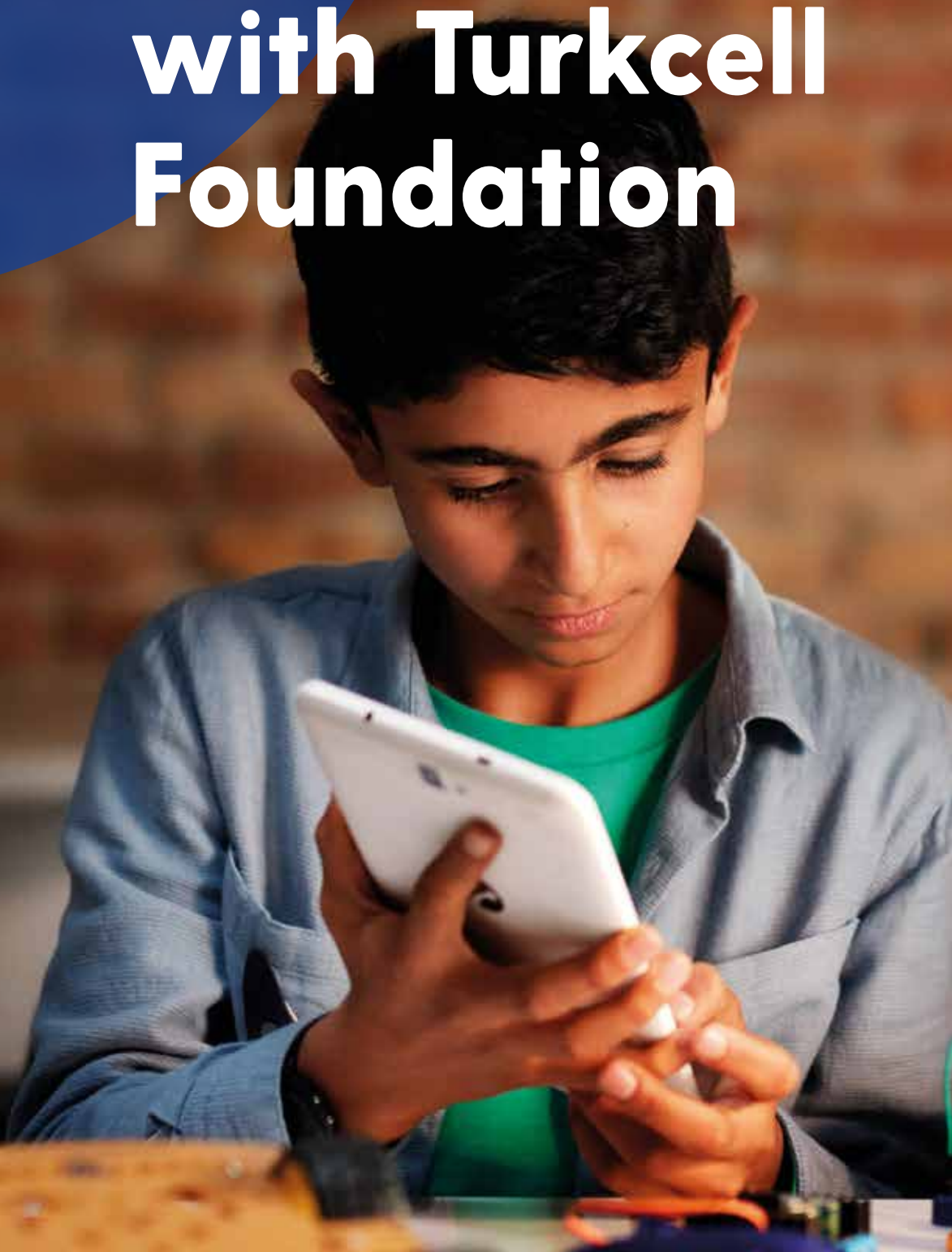
Techfin solutions that make a difference



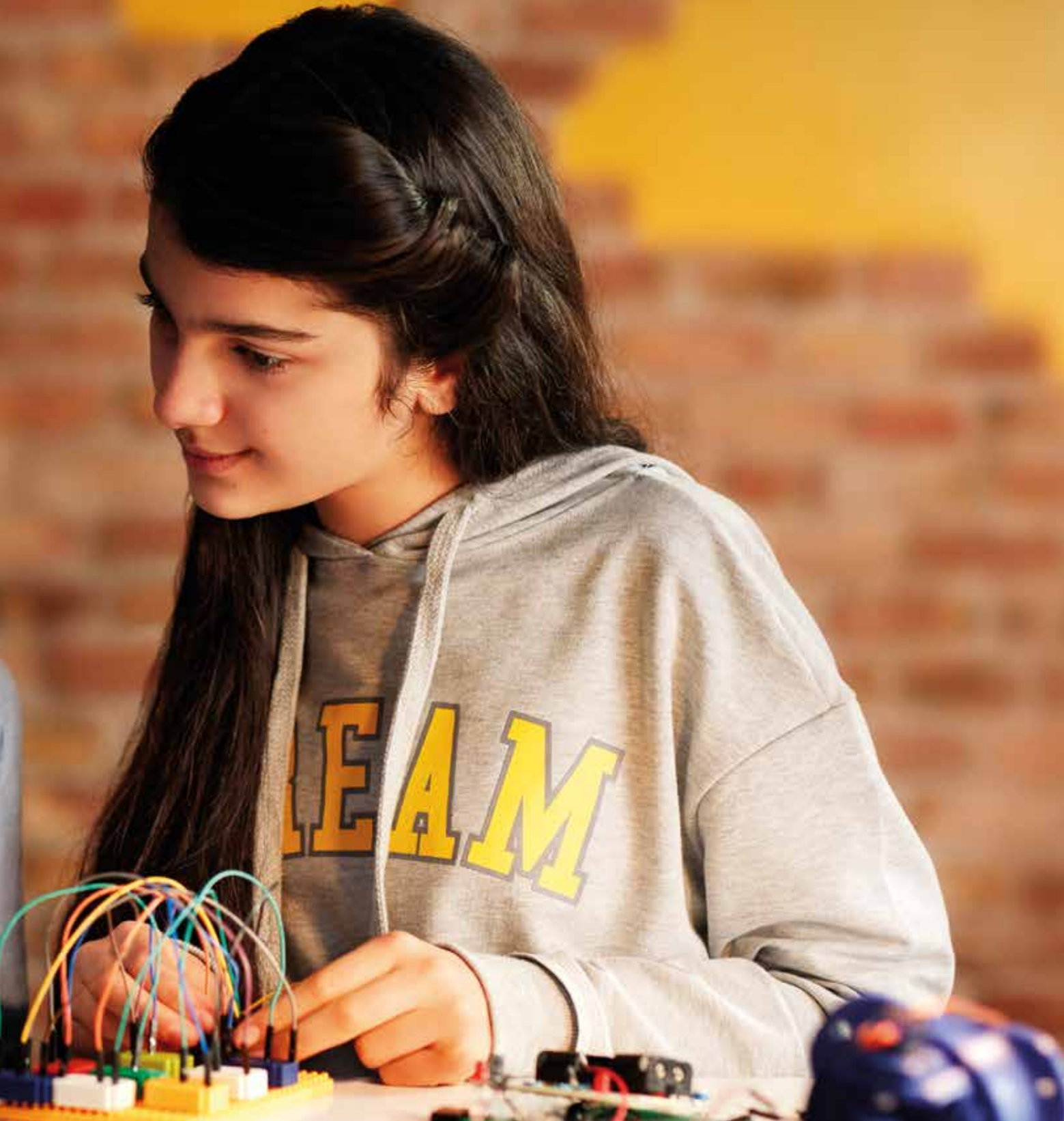




A major step in social responsibility with Turkcell Foundation



Each year, **we allocate 1% of our revenues to corporate social responsibility activities that invest in society.** We established Turkcell Foundation to focus our efforts in this area under a single roof and enable our social responsibility projects to create stronger, more effective, efficient, transparent and higher social benefit.



We maintained our leadership of the Net Promoter Score thanks to our efforts focused on customer satisfaction. The quality of our 4.5G network played an important role in our high Net Promoter Score. **In the report published by the Global Mobile Suppliers Association, we ranked among the best in the world with our 4.5G network.**

Leadership continues in Net Promoter Score

25
points

Turkcell score

13
points

Over the next best competitor

23
points

Over the third best competitor





CHAIRMAN'S MESSAGE

We continued to enrich our customers' lives through our telecommunications and digital services, and to create value for them, through our investments during the year.



The high-quality standards we have achieved and the firm steps we have taken in line with our targets confirm that we have successfully met the responsibility of “being the first” and “being a brand born of this country.”

Dear Shareholders,

We concluded a year shaped by challenging macroeconomic developments on both global and local fronts. In 2018, we witnessed conflicts between Atlantic and Pacific regions, acceleration in trade wars to an extent that raised concerns over the future of global trade and capital outflows from the emerging markets. While Turkey, as one of the world's 20 largest economies, had its share of this economic and political volatility, which impacted global trade in general, it also continued its struggle to eliminate the regional terrorism threat triggered by external interventions. These developments led to significant economic fragility in the second half of 2018. With sound and timely steps taken by the government, a new economic route has been established focused on increasing savings and exports, and the fight against inflation. Thus, began the stabilization period in the economy, with critical and positive results being achieved towards the end of the year.

As Turkcell, we continued to work passionately to serve our country and our shareholders to the best extent possible, leveraging our group synergy and investing great effort, without succumbing to difficult conditions. We are proud to sustain our commitment to creating value for our shareholders, a result of our successful operations in 2018.

Through our investments in 2018, we supported the journey of Turkey and the countries in which we operate towards embracing the future with technology. We continued to enrich our customers' lives through our telecommunications and digital services, and to create value for them, through our investments during the year. As Turkcell Group, we took firm steps towards strengthening corporate credibility further, based on trust and financial success. In the upcoming period, we will continue to develop innovative products and services that will fully reflect the message and responsibilities of the Turkcell brand from the perspective of our customers, and will continue our investments to make our competitive advantage sustainable on a global scale.

FOR TURKEY'S DATA TO REMAIN IN TURKEY...

As Turkcell, we have always embraced the responsibility of being Turkey's first mobile operator, and a group that introduces customers living in our countries of operation to the advantages of the communication world. And so, over the past 24 years, we have continued to introduce our customers to innovative products and services by deepening and diversifying our expertise based upon the latest technologies. The high-quality standards we have achieved and the firm steps we have taken in line with our targets confirm that we have successfully met the responsibility of “being the first” and “being a brand born of this country.”

Today, we are entering a new era, named Industry 4.0, through digital transformation taking place on a global scale. As Turkcell, we continuously work to position ourselves in the best possible manner during this transformation process, and to offer our customers a rich customer experience. In addition to traditional telecommunication services, today, we offer digital services meeting customer needs in almost all fields, from messaging to entertainment, from music to publishing, from payment systems to search engine, and from e-commerce solutions to online storage solutions, leveraging our strength in R&D and our innovative vision. Most importantly, we keep the data of all these services in Turkey in line with our goal of ensuring that “Turkey's data remains in Turkey.” As may be recalled, we previously established our world-class data center in Gebze equipped with the latest technology and security facilities in 2016. Meanwhile, the data center we opened in Izmir last year gave us the ability to provide resilient services addressing needs for geographical redundancy and capacity.

We started to achieve the position that we deserve in the digital world with services that run on this robust infrastructure. We now export this model, which has recently made a strong contribution to our growth, to the world with our lifecell Ventures subsidiary. Over the coming period, we will expand our digital export efforts, which we started in early 2018, and continue to contribute to growth of our country through our digital services.



One of the most important developments of 2018 was the establishment of Turkcell Foundation to bring our social responsibility projects to a point where they create stronger, more effective, efficient, transparent and higher social benefit.

WE INTRODUCE VALUE-ADD FOCUSED TECHNOLOGIES TO THE PEOPLE.

Our 4.5G network, one of the key components of our digital transformation process, continued to demonstrate its quality both locally and internationally. Turkcell was named one of the best in the world for its 4.5G network, in May 2018 Global Status Report published by the GSA (Global Mobile Suppliers Association). According to the May 2018 report, where Gigabit LTE networks were taken as a reference point and the fastest download networks were announced, Turkcell, the world's first digital operator, was presented as one of the world's two fastest operators, with a connection speed of 1.2 Gbps.

In order to replicate the success achieved on our 4.5G network in 5G, we continued our activities throughout the year launching local and international alliances. In the tests that we conducted this year, we achieved a download speed of 70 Gbps, which is difficult to reach given today's technologies. 5G technologies will allow numerous services in various sectors from smart cities to agriculture, and from transportation to health services, and I believe that as Turkcell we will maintain our leadership in the provision of these services with our digital capabilities.

We continued to offer end-to-end solutions to our corporate customers, meeting all their technological needs through Digital Integration and IT solutions within the scope of our digital operator vision. While we implemented 200 projects in this area last year, the number of projects in 2018 exceeded 550. We maintained our support for the City Hospitals project with the same degree of dedication under the same roof. We note that Elazığ and Eskişehir City Hospitals started to accept patients in 2018. In this respect, we were also proud that Yozgat City Hospital, the information

technologies infrastructure of which was provided by Turkcell, was registered as the first and only "Level 7 Fully Digital Hospital" in Europe in 2018.

As Turkcell, we will continue to introduce our consumer and corporate customers across diverse geographies in Turkey and the world, to new products and services aimed at bringing added value in accordance with our target of supporting Turkey's sustainable development journey. In addition to carrying out the transition to 5G with great determination, we will continue to offer valuable contributions to a diversity of sectors, from healthcare to automotive, in the light of integrated communication solutions to make Turkey and the Turkish people more prominent worldwide.

IN ACCORDANCE WITH SOCIAL RESPONSIBILITY THAT BEFITS TURKCELL...

In 2018, as Turkcell Group, we took pride in implementing many results-oriented social responsibility and sponsorship activities, in the light of our approach to widely contributing to Turkish society.

In this context, one of the most important developments of 2018 was the establishment of Turkcell Foundation to bring our social responsibility projects to a point where they create stronger, more effective, efficient, transparent and higher social benefit. Going forward, as well as our other donations, we will also make an annual donation to the Turkcell Foundation within the framework determined by our shareholders. We will continue to serve both our country and the humanity with Turkcell Foundation, supported by the strength and credibility of the Turkcell brand. Under its roof, we will work to ensure economic, social and cultural support for scientists and a skilled labor force that will play a crucial role in developing Turkey into a technology producer, rather solely a consumer of it.

CHAIRMAN'S MESSAGE

We will continue to offer solutions for all aspects of life in accordance with our long-term goals, leveraging the strength of our solid technological infrastructure and qualified human capital.



We set out to explore the sporting talents and potential of 2 million 500 thousand children through the Turkey Athletic Talent Screening and Orientation to Sports Project, which we supported under the auspices of the Ministry of Youth and Sports and the Ministry of National Education.

Within the scope of the Whiz Kids Project that we initiated in the education field, which is among the key focus areas of our social investments, the number of laboratories that we established in 27 provinces has reached 33, and the total number of students reached during the three-year period exceeded 30 thousand. The project is conducted under the auspices of the Ministry of National Education with the aim of introducing students with special talent to new generation technology and training.

Through the Education without Boundaries Program that we have been conducting since 2015, we have reached out to over 10 thousand disabled students in need of special education at 84 schools in 45 provinces. We encouraged the development of our disabled citizens' social skills, and their greater participation in social life through our "Academy without Boundaries" and "Turkcell Dialog Museum" projects. We enabled our disabled citizens to establish a stronger bond through the excitement and joy of sports, providing sponsorships again in 2018 to the Blind Sports Federation, the Hearing-Impaired Sports Federation, the Physically Disabled Sports Federation and the Special Athletes Federation, both at national team and league level.

We set out to explore the sporting talents and potential of 2 million 500 thousand children through the Turkey Athletic Talent Screening and Orientation to Sports Project, which we supported under the auspices of the Ministry of Youth and Sports and the Ministry of National Education. We offered our technological strength to serve Turkey, in the area of sports with the aim of investing in the future of Turkish sports, strengthening its infrastructure, and ensuring that youth grow up in touch with sporting activity.

Through the "Women Developers of the Future" project, which we initiated together with the TOBB Women Entrepreneurs Council, seeking to contribute to Turkey's digital transformation through women's employment in line with our 2023 targets, we provided mobile application development training to approximately 1,400 women across 18 provinces in Turkey. I can proudly state that, as the first tangible output of the project, we employed 100 women, who attended these trainings, as remote testing experts.

Following the Hello Hope Mobile Application, which we developed to meet our Syrian guests' social needs, particularly language learning, and to support their adaptation to social life, we launched the Hello Hope Technology Center at the Kahramanmaraş Temporary Housing Center. Thanks to the free of charge fiber internet connection service at the center, our Syrian guests have the opportunity to access various Turkcell services, in addition to learning Turkish.

WE WILL CONTINUE TO WORK WITH THE SAME DETERMINATION FOR OUR PEOPLE AND OUR COUNTRY.

As the Board of Directors and Management Team, we are aware of the significance of Turkcell's innovative products and services for the sustainable development of our country, and for our customers' access to communication and the digital solutions of the modern era. In this respect, we will continue to offer solutions for all aspects of life in accordance with our long-term goals, leveraging the strength of our solid technological infrastructure and qualified human capital.

I would like to thank all our business partners and employees, and particularly our shareholders, who became part of the achievements registered by Turkey's pride, Turkcell, in 2018 with their effort and support. We will continue to work with full determination in the upcoming periods to make our shareholders' savings more valuable, and to support the sustainable development of our country, and the welfare of our people.

Respectfully yours...

AHMET AKÇA
Chairman of the Board of Directors



**We were born free.
We live free.**

Happy 30th of August Victory Day!



BOARD OF DIRECTORS



**AHMET AKÇA (1), ATILLA KOÇ (2), MEHMET HİLMİ GÜLER (3) MUSTAFA KIRAL (4),
HASAN TUVAN YALIM (5) , INGRID MARIA STENMARK (6)**

Ahmet Akça**Chairman of the Board and Independent Board Member***

Ahmet Akça was appointed as an independent member to the Turkcell Board of Directors by Capital Markets Board in March 2013. Since August 2013, he has been serving as the Chairman of the Turkcell Board of Directors. From 1981 to 1988, Mr. Akça served as a Foreign Trade Manager in two reputable companies in glass and food industry. In 1988, he became the CEO of an international trade company, a position he held until 1992. He later started his own business, Akça Lojistik Hizmetleri ve Tic. A.Ş. and Tedarik Lojistik Hizmetleri A.Ş. which he still runs as the Chairman. Mr. Akça also serves as an independent member at the Board of Directors at BİM A.Ş. since May 2018. Mr. Akça studied Mathematics at Middle East Technical University and Sociology at Istanbul University for a certain period, and graduated from the Department of Economics at Bursa Economics and Commercial Sciences Academy.

Atila Koç**Independent Board Member***

Atila Koç was appointed as an independent member to the Turkcell Board of Directors by Capital Markets Board in March 2013. 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. Atila Koç graduated from Ankara University's Faculty of Political Science.

Mehmet Hilmi Güler**Independent Board Member***

Mehmet Hilmi Güler was appointed as an independent member to the Turkcell Board of Directors by Capital Markets Board in March 2013. 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 (TUBİTAK), 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. Mehmet Hilmi Güler graduated from Middle East Technical University's Department of Metallurgical and Materials Engineering where he obtained his Master's and Doctorate degrees.

Mustafa Kırıl**Board Member****

Mustafa Kırıl was appointed to the Turkcell Board of Directors by the General Assembly decision in 2018. During his career, he served in Altimo, responsible for overseeing mergers and acquisitions. He has advised on some of the company's key deals in recent years. He also served in various offices of McKinsey & Company. Prior to McKinsey, Mr. Kırıl was a market maker in the Pacific Stock Exchange in San Francisco, trading technology options. He is currently a Senior Partner at LetterOne Technology in London, UK. Mustafa Kırıl received a BS in Mechanical Engineering from the University of Texas at Austin and an MS in Biomedical Engineering from University of California at Berkeley.

Hasan Tuvan Yalim**Board Member****

Hasan Tuvan Yalim was appointed to the Turkcell Board of Directors by the General Assembly decision in 2018. From 2004 to 2009, Mr. Yalim served as an attorney at the U.S. law firm Cravath, Swaine & Moore where he led various finance and merger & acquisition transactions in Europe, Asia and the U.S. He worked as international general counsel of the Çukurova Group from 2010 to 2014 and led Çukurova's legal team in many complex multinational arbitration and litigation cases which resulted in landmark decisions in several jurisdictions, including the U.K., U.S. and Switzerland. As the partner of the Kabine Law Office, Mr. Yalim continues to serve as an attorney at law and legal counsel specializing in international arbitration, finance and corporate law. He currently represents numerous corporates and individuals in international commercial and investment arbitration proceedings. Hasan Tuvan Yalim graduated from Galatasaray High School and subsequently obtained a Bachelor of Laws degree (LL.B.) from Galatasaray University and a Master of Laws degree (LL.M.) from Harvard Law School.

Ingrid Maria Stenmark**Board Member****

Ingrid Maria Stenmark was appointed to the Turkcell Board of Directors by the General Assembly decision in 2018. Ms. Stenmark is responsible for Group Strategy, Enterprise Risk Management, Ethics and Compliance and overseeing Internal Audit at Telia Company. In addition, she has the responsibility for the associate operations in Turkcell and Latvia. Since joining Telia Company in 1994, Ms. Stenmark has held a number of senior positions in the Group, including Head of Group Regulatory affairs, acting General Counsel, and responsible for the associates Turkcell and MegaFon. Ms. Stenmark served as a board member of Kcell and MegaFon. Ms. Stenmark holds a Master of law from the University of Stockholm.

* 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.

** With the scope of the decision taken at Ordinary General Assembly Meeting dated 29th of March 2018, they were appointed as Board Members to serve for 3 years.

MESSAGE FROM THE CEO

While our digital transformation has reached its 4th year, our 1440 strategy focused on creating value for every minute of our customers' lives, has led to superior performance, both in operational and financial terms.



In 2018, we continued to expand and enrich our digital services portfolio with new features, a key pillar of our digital operator transition. We saw 169 million downloads of our digital services, receiving a higher share from our customers' 1440 minutes and creating greater value for them within those minutes.

TRY 8.8 billion

Turkcell Group's total revenues grew 20.8% to TRY21.3 billion, while EBITDA rose 41.1% to TRY8.8 billion leading to an EBITDA margin of 41.3%.

Dear Shareholders,

As Turkcell Group, we have concluded another successful year of operations, having taken firm steps in accordance with our digital business model. While our digital transformation has reached its 4th year, our 1440 strategy focused on creating value for every minute of our customers' lives, has led to superior performance, both in operational and financial terms. I am delighted that we have accomplished the vision that we set as the "Digital Operator", having fulfilled the very definition of being a "Digital Operator", creating new business areas in a challenging environment, and reaching a point where this model is now extended to the wider world.

2018 was a year where challenging macroeconomic conditions shaped global and local markets, where global trade decelerated, the emerging markets saw capital outflows, and the Turkish Lira depreciated against foreign currencies. And yet, we delivered a strong performance, actually exceeding our initial targets. Turkcell Group's total revenues grew 20.8% to TRY 21.3 billion, while EBITDA rose 41.1% to TRY 8.8 billion leading to an EBITDA margin of 41.3%. 2-year cumulative growth in revenues reached 49% while EBITDA grew 90.2%. Despite the challenging macro environment, we reported a net income above that of 2017 at TRY 2 billion. Our capital expenditures were in line with our plans, at 18.5% of revenues.

As reflected by this solid set of results, our digital operator model and strong balance sheet and business model hedging strategies have successfully passed a significant stress test. I would like to share with you the main components of our strategy that have made this performance possible, and the progress we have achieved throughout the year.

WE INCREASED OUR SHARE OF 1440 MINUTES WITH OUR DIGITAL SERVICES.

In 2018, we continued to expand and enrich our digital services portfolio with new features, a key pillar of our digital operator transition. We saw 169 million downloads of our digital services, receiving a higher share from our customers' 1440 minutes and creating greater value for them within those minutes.

Our digital communication and experience platform BiP has been equipped with two important capabilities this year. BiP now allows the use of two numbers on a single handset and money transfer in addition to its enriched messaging experience, multiuser video and voice call capability and subscription to service provider channels. We reached 34.6 million downloads and 11.5 million active users of BiP on the back of rising customer appreciation in 2018.

fizy, over which 7 million songs were streamed daily as of the year end, reached 3.2 million customers, while TV+ became one of Turkey's largest digital TV platforms with its users reaching 3.4 million. Dergilik, now with international magazines in its portfolio, led evening editions of newspapers to be published once again in Turkey. Reaching 12.5 million active users, Dergilik continued to transform the publishing sector.

Turkey's search engine, Yaani, which we launched by the end of 2017, has been downloaded 7.6 million times to date, while its active users reached 3 million. Over Yaani, the web version of which we now also offer to our customers, 2.7 million searches were performed on average every day. We launched Copilot, our service offering safe driving experience and vehicle security, and Supercam, through which we took an important step in the field of smart home technologies.

In the attractive gaming market, we are committed to growth on multiple platforms including Playcell, BiP Gaming and TavlaGo. Playcell, a safe-zone for kids offering a variety of educational and entertaining games, had 18.7 million total visitors in 2018, while BiP Gaming users have reached 4.8 million as at the end of 2018.

We improved our applications and digital capabilities to serve corporate customers in private sector as well as public institutions and municipalities; we embedded our offerings on this front into attractive business models. Along with business efficiency applications, we facilitated institutions' access to the end users through the "Discover in BiP" feature of BiP.

WE TOOK EFFECTIVE STEPS TO GROW THE DIGITAL ECONOMY.

Our Fast Login application, which enables secure and fast login experience to mobile applications, and mobile and online websites, has been used 232 million times to date by



We continued our leadership in net promoter score with increasing appreciation of customers thanks to our attractive digital services portfolio, strong infrastructure and successful campaigns.

its 15.3 million registered users. Thanks to Fast Login, Turkey became the first market to meet the commercial sustainability criteria set by the GSMA (Global Mobile Operators Association) in digital authentication, an area we consider the cornerstone of the digital economy.

In techfin solutions, we strengthened the foundations of our business, deepened our competencies, and increased our customer interaction. One key focus, Paycell, continues its firm progress towards becoming one of the strongest players in the mobile payment world. The Paycell application has been downloaded 2.6 million times and more than 1 million Paycell Cards have been issued. Financell, our consumer finance company, continued to facilitate our customers' access to smart devices supporting them with the loans it provided. This year, we expanded our competencies in financial services establishing Güvencell Sigorta that engages in insurance agency activities; the first insurance product offered to our customers was a health insurance package aimed at women.

Our traffic management, digital authentication and mobile payment solutions introduced for online and mobile content and service providers to grow e-commerce, offered a seamless digital experience to numerous entrepreneurs this year. One of the start-ups that we support through our services, "Hadi" Live Quiz, led to a revolution in the entertainment sector in Turkey. Hadi attracted 1.2 million people to their phone screens during the live broadcast on December 31, the last day of the year.

We have supported the digital transformation of sectors ranging from agriculture to health, and from smart cities to transportation. We increased the number of projects to which we provided digital integration services to 550. We feel proud that Yozgat City Hospital, the information technology infrastructure of which was established and operated by Turkcell, is the first and only hospital in Europe to have received "Level 7 Fully Digital Hospital" certification, considered the peak of HIMSS (Healthcare Information and Management Systems Society), the world's most respected society for health technologies.

OUR CUSTOMERS INCREASINGLY BENEFITED FROM OUR PRODUCTS AND SERVICES. WE RAISED THE BAR IN 4.5G.

The average data consumption of 4.5G users reached 8 GB in December on the back of our innovative mobile services. Turkcell Turkey's multiplay customers ratio on the mobile front reached 66.7% with a 10.9 percentage point increase, while the ratio of multiplay with TV+ users reached 48.6% in the fixed segment. We continued our leadership in net promoter score with increasing appreciation of customers thanks to our attractive digital services portfolio, strong infrastructure and successful campaigns.

Our infrastructure investments enable our customers to take full advantage of the digital world. In April, we reached a new milestone by serving at speeds in excess of 1 Gbps on our 4.5G network. Following this development, we were named among the world's leading 4.5G operators by the Global Mobile Suppliers Association (GSA). In an announcement made in May by the Global Mobile Suppliers Association (GSA), Turkcell was cited as one of the two fastest operators in the world.

We initiated our NB-IoT services, deploying our products on our infrastructure. We started to serve our customers with our NB-IoT featured device, Filiz, together with its application aimed at increasing agricultural productivity through remote monitoring.

As part of steps taken to ensure seamless and high-speed communication, we launched Superbox, our FWA (Fixed Wireless Access) product, to great appreciation from our customers. Moreover, we developed Dronecell, which will enable us to provide 4.5G services in areas where intensive data traffic is likely to be experienced. Dronecell, Turkey's first flying base station, will play an important role in ensuring uninterrupted communication to save lives particularly in emergencies and disasters.



In an announcement made in May by the Global Mobile Suppliers Association (GSA), Turkcell was cited as one of the two fastest operators in the world.

MESSAGE FROM THE CEO

In accordance with our vision of globalization, we aim to expand our digital footprint not only in the countries where we have operations, but throughout the wider world, by cooperating with other operators.



Strong operational performance combined with our Business Model Hedging strategy, enabled us to achieve strong profitability and create shareholder value, despite macroeconomic headwinds.

WE ACCELERATED THE DIGITAL TRANSFORMATION OF OUR COMPANY AND OUR SALES CHANNEL.

We accelerated the digital transformation also within our Company which enabled us to achieve all these. Today, we monitor more than 4 thousand metrics, from the utilization rate of our products, to the competitive analysis, from network data, to the sales performance in our stores, in real time through RTM and Digital Cockpit platforms developed in-house. We completed the digital and visual transformation of our stores; we introduce our rich portfolio of application, tariff and handset offerings to our customers with most up-to-date information and environment-friendly methods via digital tools we provided to our sales staff. We transformed customer satisfaction management via our My Account application, which is one of the most crucial interfaces for our interactions with our customers.

WE OPENED UP OUR DIGITAL MODEL TO THE WORLD, LAUNCHING THE DIGITAL EXPORT ERA.

In 2018, we also transferred our digital competencies to the countries where Turkcell Group operates. lifecell, the first operator to implement 4.5G in Ukraine, is taking firm steps towards becoming the national digital operator. Following the launch on 2600 MHz on March 30, lifecell also started 4.5G services on 1800 MHz, on July 1. This development, which is an important milestone in our journey to offer digital experience in Ukraine with all means, allowed us to take a further step and enable widespread use of our digital products and services with all their features. As one of the most important foreign investors in the country, we joined National Investment Council of Ukraine, which has a critical role in the development of Ukraine's economy.

In accordance with our vision of globalization, we aim to expand our digital footprint not only in the countries where we operate, but throughout the wider world, by cooperating with other operators. Established for this purpose, our subsidiary lifecell Ventures was introduced to the international audience at the GSMA Mobile World Congress, the most prestigious event of our industry, in Barcelona in February 2018.

lifecell Ventures conducted its first service export to Moldcell with BiP and lifebox. Negotiations that are carried out with numerous operators from the Caribbean to South Asia, encourage us for the rapid rise potential in the number of

markets to become digitized by lifecell over the coming years. While we provide consultancy services to operators from all over the world with respect to digitalization via these meetings, we also offer our products and services, such as BiP, fizy, TV+, lifebox, RTM, My Account to global users.

Another important development of 2018 was the sale of Fintur subsidiaries, and ultimately the agreement to sell our stake in Fintur to Telia, signed in December. This transaction enhances our efficient balance sheet management and focus on growth through digital services, and will result in a cash inflow of EUR 350 million upon completion.

WE CREATED VALUE FOR OUR INVESTORS WITH OUR DIGITAL MODEL AND BUSINESS MODEL HEDGING STRATEGY.

Strong operational performance combined with our Business Model Hedging strategy, enabled us to achieve strong profitability and create shareholder value, despite macroeconomic headwinds.

In a landmark development, with our 10-year, USD 500 million Eurobond issuance in April, we became the first Turkish company to issue a 10-year bond since 2015. This has strengthened our balance sheet under favorable financing conditions, while confirming market confidence in Turkcell. Going forward, we plan to keep the average tenure of our debt portfolio at 4-5 years. In addition to the bond issuance, we continued to strengthen our liquidity and diversify financing sources, while registering firsts for the market with vendor financing, lease certificates, asset-backed securities and other debt instruments.

On the back of hedging instruments, we maintained FX risk at a minimum level, generating solid profits, despite TL depreciation. Moreover, hedge accounting principles minimized volatility, allowing for predictable quarterly net profits throughout the year.

Including the TRY 1.9 billion dividend paid out in 2018 with a yield of 7.2%, we have distributed nearly 60% of net profit recorded since 2010 to our shareholders.



In accordance with our motto "Turkey's data should remain in Turkey," we took steps to increase the competence of our country to store and process data, and transform processed data into meaningful insight which will enable economic growth.

WE HAVE INVESTED IN TURKEY'S FUTURE WITH OUR TECHNOLOGY, SOCIAL RESPONSIBILITY AWARENESS AND NOW, OUR FOUNDATION.

We utilized our technology and strength to contribute to the growth of the countries in which we operate, primarily of Turkey also in 2018. In accordance with our motto "Turkey's data should remain in Turkey", we took steps to increase the competence of our country to store and process data, and transform processed data into meaningful insight which will enable economic growth. We became Turkey's largest data center operator in June with the opening of our new data center in Izmir.

We have equipped new Istanbul Airport, which ranks among the major projects to support Turkish economy, with the latest technology. We feel proud of putting first local base station ULAK, developed with our contribution, into service in various regions of our country within the scope of the Universal Project.

We believe that enabling fiber internet access to every household will be key to Turkey's economic growth in the upcoming period, and we continue to work by all means towards joint infrastructure. We consider the infrastructure sharing protocol signed this year with the support of the Ministry of Transportation and the ICTA, and which united all sector players, a positive step in this direction.

We believe that investing in future means investing in human capital. Accordingly, we welcomed 232 young friends to the Turkcell family within the scope of our GNCYTNK Project. Moreover, with the Whiz Kids project, we support the education of our gifted children, while also supporting education of children overcoming obstacles through the Education without Boundaries Project. We cooperate with DQ Institute in the area of DQ - Digital Intelligence, and we help children to develop digital awareness in order to become confident digital citizens.

We support entrepreneurship through various projects and applications, primarily Beehive, our crowd funding platform. This year, we launched a separate program for our female entrepreneurs as part of our "Developers of the Future" platform and provided mobile application development training to 1,400 women across Turkey. While a number of the participants progressed towards entrepreneurship, 100 participants joined our workforce, as user experience testers of Turkcell's 10 most popular applications.

"Hello Hope", our application dedicated to serving our Syrian guests in Turkey, has reached nearly 1 million downloads. We will continue to leverage our technology for the benefit of those who most need it.

In this respect, we took another important step by establishing Turkcell Foundation. With a vision of developing Turkey into a technology producer, Turkcell Foundation aims to gather Turkcell's corporate social responsibility activities under one

roof and work to increase the employment opportunities by supporting scientists and the qualified labor force required across all fields of endeavor.

THE FUTURE IS ALREADY HERE AND WE ARE READY FOR IT.

The near future will be shaped by technologies such as 5G, artificial intelligence, blockchain, and augmented and virtual reality all over the world. As Turkcell, we have launched strategic alliances with leading technology companies and universities domestically and abroad for the past two years with respect to our studies into 5G. Related activities continued in 2018. By bringing the necessary infrastructure in the open source test area of 5G Valley established with the leadership of the ICTA in Ankara, we completed the initial tests in September at the Hacettepe University Campus.

With 5G technology, through which we achieved a speed of 70 Gbps in the tests that we conducted with our suppliers, it will be critical to develop new business models in vertical sectors. I believe that the distance we have covered over the past few years towards the digitization of sectors will have a catalytic effect on the emergence of use cases, and on their efficient implementation.

The primary tool for processing the data generated by 5G will be artificial intelligence/machine learning technologies. As Turkcell, we are currently utilizing these technologies to enrich our applications, to make more effective and efficient contact with our customers, and to prevent identity fraud through image processing. Through our R&D Center and creative human capital, we will continue to employ artificial intelligence internally to the highest ethical standards in deploying our services.

We also continue our studies in blockchain field, which is another emerging technology. In 2018, we joined the Carrier Blockchain Study Group, which brings together the leading players of various markets to develop a blockchain platform and ecosystem that will work on a global network. The know-how that we will gain will play an important role in Turkcell's future.

OUR DIGITAL TRANSFORMATION PROCESS WILL KEEP UP THE PACE.

I would like to thank all our stakeholders, primarily our shareholders, for their unyielding support during 2018, where we crowned our transformation process into a digital operator with notable achievements. I sincerely believe that our success story will continue with the trust and support of all our stakeholders in the upcoming period.

Yours Sincerely,

KAAN TERZIOĞLU
Chief Executive Officer



We will continue to leverage our technology for the benefit of those who most need it.

EXECUTIVE OFFICERS



Kaan Terzioğlu (1)

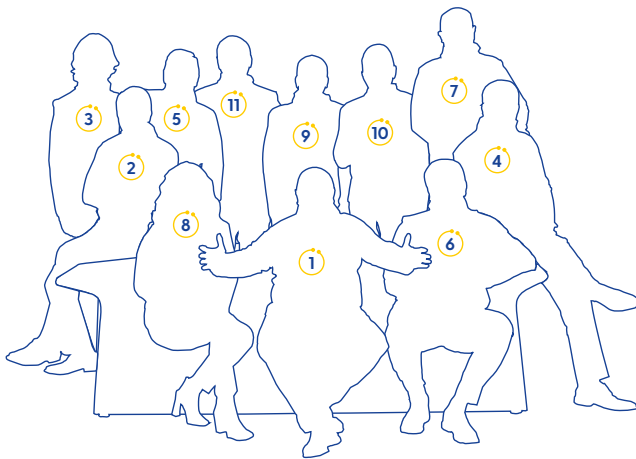
Chief Executive Officer

Kaan Terzioğlu was appointed as Turkcell Group's Chief Executive Officer as of April, 2015. Kaan Terzioğlu leads the digital transformation of Turkcell Group companies. Mr. Terzioğlu serves as board member of several international institutions and organizations. He is at the board of GSMA, the leading international mobile communication organization, and advisory board of World Economic Forum Center for Fourth Industrial Revolution. Mr. Terzioğlu also serves as a board member for "Turkey's Car" Initiative and he assumes the presidency of Mobile Telecommunications Operators Association (m-TOD). Terzioğlu is also at the board of Turkcell Foundation and as well as at GSMA Foundation focusing on "Mobile Communications for Development". Kaan Terzioğlu began his professional life in 1990 at Arthur Andersen Turkey. From 1990 to 1998, he undertook several roles on information technologies at Arthur Andersen in the USA, Belgium and Turkey. From 1999 to 2012, he held global managerial roles at the Cisco Systems Brussels office. From 2012 to 2015, Kaan Terzioğlu served as member of 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.

Osman Yılmaz (2)

Executive Vice President - Finance (CFO)

Osman Yılmaz was appointed as the Chief Financial Officer on August 1, 2018. Mr. Yılmaz started his professional career at Türkiye İş Bankası Treasury Department in 2006. In 2007, he worked at BNP/TEB Treasury Department. From 2008 to 2016, he served as Senior Fund Manager in Structured Products and Group Head of Fixed Income and Multi Asset Funds at HSBC Global Asset Management. In August 2016, he joined Turkcell family as Director of Treasury, Risk and Collection Management. Mr. Yılmaz holds a dual BSc degree in Economics and Management from London School of Economics and İstanbul Bilgi University, MSc in Financial Engineering from Boğaziçi University and a PhD in Finance from Ozyegin University.



Ömer Barbaros Yiş (3)**Acting Executive Vice President - Marketing**

Ömer Barbaros Yiş joined Turkcell in 2017. Mr. Yiş continues to serve as Consumer Marketing Director after holding Strategic and Focused Marketing Director role. Ömer Barbaros Yiş was appointed as acting Executive Vice President of Marketing on December 18, 2018, in addition to his existing role in Turkcell. Having started his career in 2006 as Corporate and Consumer Pricing Specialist in Turkcell, he held various Senior Product Manager roles in the marketing department. From 2010 to 2013, he continued his career as the Global Telecom Industry Director in Peppers & Rogers Group. In 2013, he served as Existing Customer Management Director, Premium Segment Customer Management Director and Fixed Products Revenue Management Director at Turk Telekom. Ömer Barbaros Yiş graduated from Koç University with a double major in Business Administration and Economics and received his master's degree in Economics from Universitat Autònoma de Barcelona.

Serhat Demir (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 Turkey office. From 2003 to 2007 he worked at Yıldız Holding Legal Department and in 2007 he served as the Legal Counsel at Çalık Holding A.Ş. Between 2009 and 2015, Mr. Demir undertook Çalık Holding Legal Affairs Director role and in the meantime he also served as member of Board of Directors at holding level and at group companies that operated in telecom and finance fields. Serhat Demir graduated from the Faculty of Law at Istanbul University.

Murat Erkan (5)**Executive Vice President - Sales**

Murat Erkan joined Turkcell Group in June 2008 as the General Manager of Turkcell Superonline and in December 2015 he was appointed as the Executive Vice President of Sales. Mr. Erkan, who started his professional life at Toshiba, worked as an Application Engineer at Biltam Mühendislik and then served as 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. As from 2006, Mr. Erkan served as the Business Unit Manager at Aneltech responsible for solutions related to telecommunications, mobile, ICT, defense industry and industrial products sectors. Murat Erkan graduated from the Yıldız Technical University Electronics and Telecommunication Engineering Department. He completed the Strategic Marketing Program at Harvard Business School in 2010.

Seyfettin Sağlam (6)**Executive Vice President - Human Resources**

Seyfettin Sağlam joined Turkcell in July 2014 and undertook the Chief Officer roles in charge of Procurement, Real Estate and Construction and Human Resources. Mr. Sağlam currently serves as the Executive Vice President responsible for Turkcell Group Human Resources. He is also a member of the Board of Directors of PERYÖN. He started his professional career at MSC Consulting. He held managerial roles at various levels in charge of Human Resources at Tekstilbank, Yıldız Holding, T.C. Ziraat Bankası, Rixos Hotels & Sembol İnşaat A.Ş. and Borsa İstanbul. Seyfettin Sağlam graduated from the Department of Sociology at Middle East Technical University and he received his master's degree from the Marmara University in International Quality Management. He completed the HR Management & Leadership Program at INSEAD and Executive Education Program at Harvard Business School.

İlter Terzioğlu (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. Prior to this appointment, he served as Senior Vice President of International Business under the Strategy Function. Previously at Turkcell, he undertook the roles of acting Chief of International Business, Chief Strategic Projects Officer and Chief Network Operations Officer. He also 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 Istanbul University Department of Econometrics.

Ayşem Ertopuz (8)**Executive Vice President - Digital Services and Solutions**

Ayşem Ertopuz joined Turkcell in January 2016 as Strategic Planning Director. In November 2016, she was appointed as the Executive Vice President of Digital Services and Solutions. She started her career in 1993 at Arçelik A.Ş. as Quality System Engineer. She served as Strategic Consultancy Services Manager at Arthur Andersen in 1997. Joining Cisco's EMEA Region Organization in 2001 in Belgium, Ayşem 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 a Project Supervisor. In August 2017, he was appointed as the Executive Vice President of Customer Experience and Information Technologies. 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. From 2011 to 2015 he served as Turkcell Customer Relations Management and Business Intelligence Solutions (CRM & BIS) Director. Prior to his last appointment, he was 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.

Gediz Sezgin (10)**Executive Vice President - Network Technologies**

Gediz Sezgin joined Turkcell as Network Engineer in 1995. In October 2015, he was appointed as the Executive Vice President of Network Technologies. Previously, he served as Senior Vice President of Information and Communication Technologies, Chief Information and Communication Technologies Officer, 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 Electronics and Communication Engineering Department and received his Master's degree from the same university.

Ali Türk (11)**Executive Vice President - Supply Chain Management**

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

TOP MANAGEMENT OF SUBSIDIARIES



Kaan Terzioğlu (1)

Chief Executive Officer

Please see page 26 for detailed CV.

İsmet Yazıcı (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 since May 2017. Prior to this position, Yazıcı worked as the Deputy General Manager of Sales and Business Development at Global Tower between 2009 and 2010 and as the General Manager between 2010 and 2011 at Global Tower. From 2011 to 2015, he served as the General Manager at BeST, Turkcell's subsidiary in Belarus and as General Manager at Kuzey Kıbrıs Turkcell between 2015 and 2017. Beginning his professional career in 1993, Yazıcı served as the Research & Development Engineer, International Sales Engineer, Romania 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. In 2011, he had obtained his second undergraduate degree from Istanbul University, Faculty of Law.

Erdal Yayla (3)

BeST, CFO (Acting General Manager)

Erdal Yayla joined Turkcell İletişim Hizmetleri A.Ş. as a financial controller & reporting specialist in 2003. He served as the manager of financial accounting, control and reporting department (2004-2010), deputy general manager of finance (2010-2016) and acting general manager (2014-2015), respectively at lifecell in Ukraine. He has been serving as the deputy general manager of finance at BeST, our subsidiary in Belarus since March 2016, and he has been assuming the acting general manager since November 2018. Mr. Yayla started his career as a senior auditor at PricewaterhouseCoopers in 1999, and then worked as a financial controller at LafargeHolcim in 2002. Erdal Yayla graduated from Marmara University Faculty of Economics and Administrative Sciences in 1999 and completed the Executive Development Program at Wharton School in 2016.

Barbaros Özdemir (4)

General Manager of lifecell Ventures & Turkcell Europe

Barbaros Özdemir serves as General Manager of lifecell Ventures and Turkcell Europe. Mr. Özdemir joined Superonline in 2008 as Deputy General Manager of Sales, Marketing and Wholesale and then held Fixed Solutions Sales Director role. Prior to his current role, he undertook Medium Business Sales Director position between 2015 and 2016. Mr. Özdemir began his career as a System Analyst at an IBM SoftwareHouse Step Reseller. Barbaros worked as a Sales Director at Borusan Telecom and BMC Software, Corporate Solutions Sales Manager at HP Turkey. Barbaros has 26 years of experience in digital transformation, marketing and sales. He is a member of IMD Business School International Leaders Program. He is also a senior trainer for Digital Transformation Leadership Program at Turkcell Academy. Barbaros graduated from Bilkent University Computer Technology and Programming Department in 1990.

Nihat Narin (5)

General Manager of Global Tower

Nihat Narin was appointed as General Manager of Global Tower in 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 various 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 UK. Mr. Narin also holds Turkish Capital Markets Advanced Degree License and Corporate Governance Licenses.



Çağatay Aynur (6)

General Manager of Turkcell Global Bilgi

Çağatay Aynur joined Turkcell Group in 2000 as an Account Manager. In July 2015, he was appointed as the General Manager of Turkcell Global Bilgi. Prior to 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 Department of Metallurgical Engineering at Middle East Technical University in 1993.

Adem Duman (7)

General Manager of Turkcell Finansman

Adem Duman was appointed as the General Manager of Turkcell Finansman A.Ş. as of September, 2018. He is also the chairman of the Association of Financial Institutions and board member of the Federation of European Finance Corporation Association (Eurofinance). Duman started his banking career as a management trainee at Interbank in 1996. From 2000 to 2005, he worked as the Head of Corporate Banking at BNP AK Dresdner Bank. From 2005 to 2014, Duman served as the Manager and Director of the Foreign Capital Firms Desk, Structured Finance and BNP Paribas Synergy Director and then as the Large Corporate Customers Director at Turkish Economy Bank. In 2015, he joined Vakıf Emeklilik A.Ş. and served as Deputy General Manager in charge of Finance, Marketing and Human Resources Transformation Project and in addition to his role, he was also responsible for the Actuarial, Risk Management, Law and Internal Control functions for one year period. Adem Duman graduated from Boğaziçi University Political Science and International Relations department and received his Executive MBA degree from the same university.

Melike Kara (8)

General Manager of Turkcell Payment and Electronic Money Services

Melike Kara, worked as a manager in Turkcell Mobile Financial Services Department from 2011 to 2015. 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 held various positions in the field of marketing and business development within Garanti Bank Payment Services business line.

Ahmet Sezer (9)

General Manager of Inteltek

Ahmet Sezer joined Inteltek as the General Manager in 2004. 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 Istanbul Technical University Electronics and Communication Engineering Department in 1982.

Harun Maden (10)

General Manager of Kuzey Kıbrıs Turkcell

Harun 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 Makinaçlık ve Ticaret. He worked for Datateknik between 1989 and 2002, as a Technical Manager (1989-1991), Product Development Director (1991-1993), Sales and Marketing Coordinator (1993-1996) and Deputy General Manager (1996-2002), respectively. Between 2002 and 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 between 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 acting General Manager of İBB Kültür in 2011, Founder and Chairman of the Board of İBB İstelkom between 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 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 study at Istanbul Technical University Faculty of Electrics, Department of Electronic Communication in 1982.

Erkin Kılınc (11)

General Manager of Turkcell Energy Solutions

Erkin Kılınc joined Turkcell Energy Solutions as the General Manager in 2017. Kılınc began his career at Ode Insulation as Sales Specialist 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 RW E (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 5 countries including Turkey, Ukraine, Belarus, TRNC and Germany.

BELARUS - BeST

Mobile Customers **1.6 million**
Revenues **TRY 293 million**

TURKEY - TURKCELL

Mobile Customers **33.8 million**
Fixed Customers **2.3 million**
IPTV Customers **613 thousand**
Revenues **TRY 18.3 billion**

TRNC - KUZUY KIBRIS TURKCELL

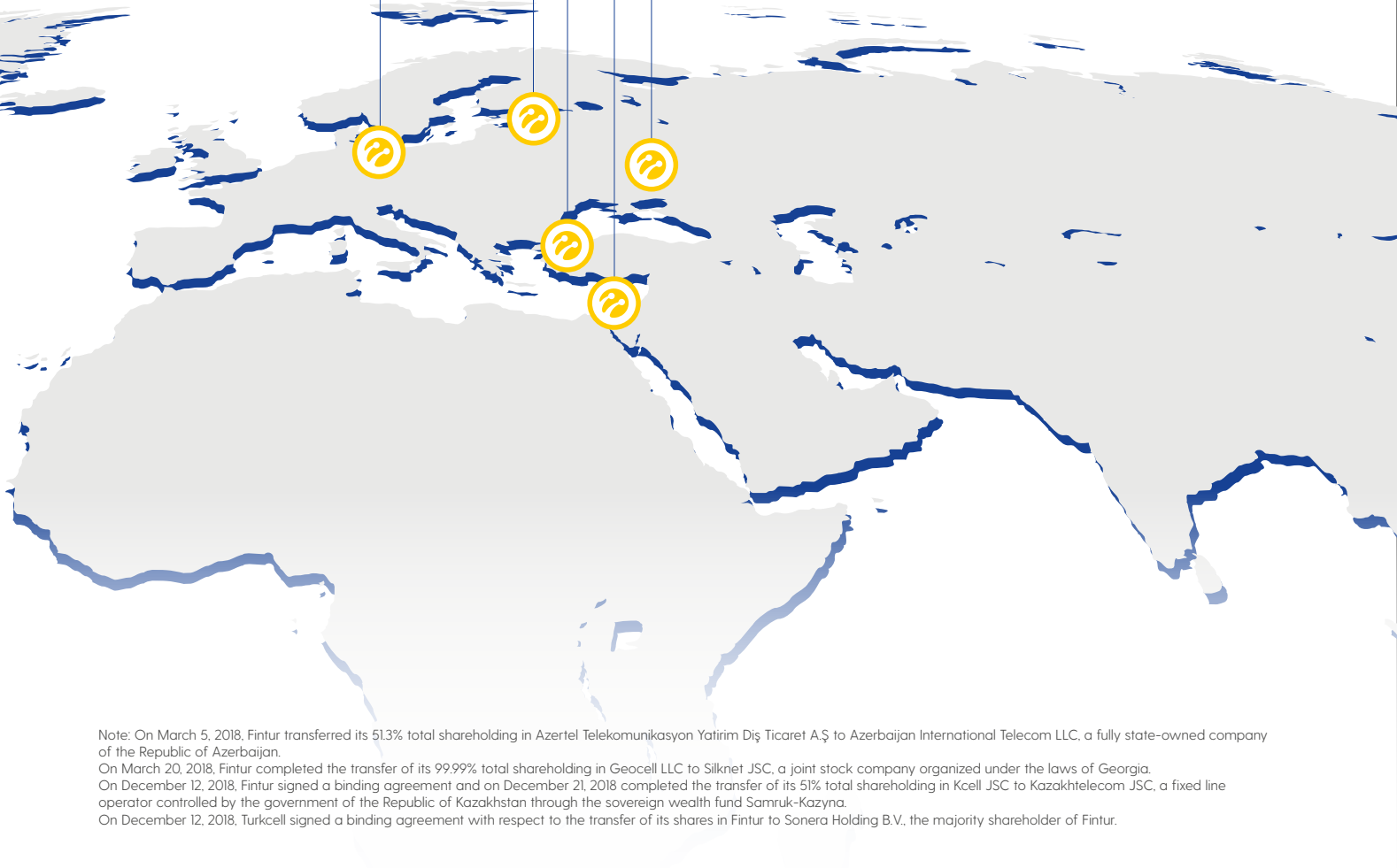
Mobile Customers **0.5 million**
Revenues **TRY 180 million**

UKRAINE - lifecell

Mobile Customers **9.9 million**
Revenues **TRY 924 million**

GERMANY - TURKCELL EUROPE

Mobile Customers **0.2 million**



Note: On March 5, 2018, Fintur transferred its 51.3% total shareholding in Azertel Telekomunikasyon Yatirim Dış Ticaret A.Ş. to Azerbaijan International Telecom LLC, a fully state-owned company of the Republic of Azerbaijan.
On March 20, 2018, Fintur completed the transfer of its 99.99% total shareholding in Geocell LLC to Silknet JSC, a joint stock company organized under the laws of Georgia.
On December 12, 2018, Fintur signed a binding agreement and on December 21, 2018 completed the transfer of its 51% total shareholding in Kcell JSC to Kazakhtelecom JSC, a fixed line operator controlled by the government of the Republic of Kazakhstan through the sovereign wealth fund Samruk-Kazyna.
On December 12, 2018, Turkcell signed a binding agreement with respect to the transfer of its shares in Fintur to Sonera Holding B.V., the majority shareholder of Fintur.

OUR VISION, TARGET, STRATEGY AND APPROACH

Our Vision

Digital Operator Turkcell

Our Target

Global leadership in digital services by reaching 1 billion downloads in 3 years

Our Strategy: 1440'

To strengthen our relationship with our customers and increase loyalty by providing products and services that include value proposition for each of 1440 minutes

Our Approach

Leading brand Turkcell in delivering technological, economic and social benefits to all of its stakeholders.

2018 AT A GLANCE

Remarkable results with digital transformation...



Group revenues increased by 20.8% to TRY 21.3 billion, while EBITDA rose by 41.1% to TRY 8.8 billion.



90.2% two-year cumulative EBITDA growth, led to an EBITDA margin of 41.3%.



The mobile multiplay subscriber ratio reached 66.7%, up 10.9 pp year-on-year; and multiplay with TV subscribers reached 48.6%, up 4.2 pp year-on-year.



Mobile ARPU rose 15%.
*Excluding M2M



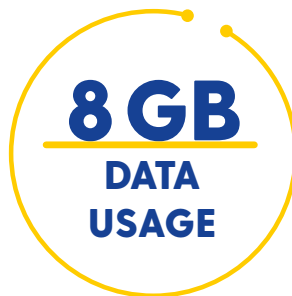
According to Net Promoter Score, which reflects customer satisfaction, Turkcell has the highest level of customer satisfaction in the industry in 2018.



74% smartphone penetration, 80% are 4.5G compatible smartphones.



Turkcell was cited as one of the world's two fastest operators.



The average monthly data usage of 4.5G users rose to 8 GB as of December 2018.



We have distributed nearly 60% of our net income registered since 2010.

Following its launch in Turkey, BiP accelerated its communications activities abroad. The first address of the application preparing to appear in the most important medium of global media was US, the country of its closest competitor.



2018 HIGHLIGHTS

Turkcell Group continued its strong financial performance in 2018 by reaching TRY 21.3 billion revenue on 20.8% growth and 8.8 billion EBITDA on 41.1% rise.

FINANCIAL HIGHLIGHTS

Turkcell Group Revenues (TRY million)



Turkcell Group EBITDA⁽¹⁾ (TRY million)



Turkcell Group Net Income (TRY million)



Turkcell Group Financial Indicators	2017	2018	Change
Turkcell Turkey (TRY million)			
Revenues	15,450	18,266	18.2%
EBITDA	5,594	7,534	34.7%
EBITDA Margin	36.2%	41.2%	5.0 pp
Turkcell International (TRY million)			
Revenues	1,067	1,457	36.5%
EBITDA	264	613	132.1%
EBITDA Margin	24.7%	42.1%	17.4 pp
Turkcell Other Subsidiaries⁽²⁾ (TRY million)			
Revenues	1,115	1,570	40.8%
EBITDA	370	641	73.0%
EBITDA Margin	33.2%	40.8%	7.6 pp

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

⁽²⁾ "Other subsidiaries" is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues and inter-business eliminations.

In the tables totals may not foot due to rounding differences. The same applies to the percentage comparisons.

In 2018, the total number of customers was 48.9 million, of which 36.7 million in Turkey.

OPERATIONAL INDICATORS

Mobile ARPU* (TRY)



On the mobile front, the number of our mobile postpaid customers increased to 18.8 million with 347 thousand net postpaid subscriber additions annually. Our fiber subscriber base reached 1.4 million on 181 thousand annual net additions. IPTV subscribers exceeded 613 thousand on 108 thousand annual net additions.

Turkcell Turkey Operational Indicators	2017	2018	Change
Number of Subscribers (million)	36.7	36.7	-
Mobile Postpaid (million)	18.5	18.8	1.6%
Mobile Prepaid (million)	15.6	14.9	(4.5%)
Fiber (thousand)	1,204.3	1,385.6	15.1%
ADSL (thousand)	921.4	905.6	(1.7%)
IPTV subscribers (thousand)	505.9	613.4	21.2%

*excluding M2M

THE WORLD'S 1ST DIGITAL OPERATOR

BRAND: LIFECELL

Lifecell, offering customized packages, facilitated the lives of our customers, who prefer to do everything online, with its new digital services and continued to meet all of their communication needs also in 2018.

2.5 million
Lifecell Customers

8.6 GB
Average Data Usage

Lifecell Has a Package for Everyone!

~30
Digital Services



TURKCELL'S DIGITAL SERVICES

	 Download ⁽¹⁾	 3 month active users	 Service KPIs
 Instant Messaging	34.6M	11.5M	148M messages per day
 Digital Publishing ⁽²⁾	10.5M	12.5M	522K copies read per day
 Music	20.9M	3.2M	7.0M songs streamed per day
 TV ⁽³⁾	11.8M	3.1M	3.4M TV sessions per day
 Personal Cloud (lifebox)	10.1M	2.6M	41 docs uploaded per person/day
 Digital Operator ⁽⁴⁾	38.8M	19.2M	27% more ARPU
 Yaani	7.6M	3.0M	2.7M search per day
 Payment Platform ⁽⁵⁾	2.6M	5.2M	TRY 5.8 billion transactions in 2018
 Fast Login	15.3M registered users	8.2M	232M logins to date

⁽¹⁾ Refers to downloads as of February 15, 2019
⁽²⁾ Includes users who utilized the zero rating benefit of Dergilik magazines and newspapers via browser
⁽³⁾ 3-Month active users also include IPTV users
⁽⁴⁾ My Account is renamed as Digital Operator
⁽⁵⁾ Transactions include subsidiary revenues. Active users include DCB, app and Paycell card customers

EXEMPLARY DIGITAL OPERATOR

As Turkey's Turkcell, we have been cited as one of the exemplary companies of the telecom and technology sector in international platforms in 2018.



As Turkcell, we made our mark with our 469 m² booth at the Mobile World Congress (MWC) in Barcelona, Spain in 2018.

As Turkey's Turkcell, we have been cited as one of the exemplary companies of the telecom and technology sector in international platforms in 2018. Having actively participated on international platforms, we succeeded in becoming the focus of international media with the new projects we implemented.

lifecell MARK AT MOBILE WORLD CONGRESS

As Turkcell, we made our mark with our 469 m² booth at the Mobile World Congress (MWC) in 2018. MWC was organized by GSMA, which guides the mobile communication sector, in Barcelona, Spain between February 26-March 1. At our booth, where digital transformation of Turkcell was showcased, visitors had the opportunity to experience the full range of Turkcell solutions. The press meeting held at our booth, during which we launched lifecell Ventures, attracted great attention from both the national and international press. As a result of the communication efforts within the scope of the Mobile World Congress, we appeared on international mainstream media, primarily NY Times, Financial Times and Wall Street Journal, and in industry publications with various news items. Additionally, due to exclusive interviews and informative activities that we conducted during the event, our news and images were featured on the CNBC, BBC, TVE and TV3 television channels.

WE INTRODUCED lifecell IN GERMANY.

Germany was one of our first routes in exporting of our products and services. Right after lifecell Ventures' launch in Barcelona, we introduced lifecell to our users in Germany at a press conference organized in April. The launch grabbed interest from national media and media sources followed by Turkish people living in Germany. Turkcell's digital transformation story was reflected at Handelsblatt, Germany's leading daily economy newspaper, with an exclusive interview with our CEO Kaan Terzioğlu.

WORLD ECONOMIC FORUM (WEF)

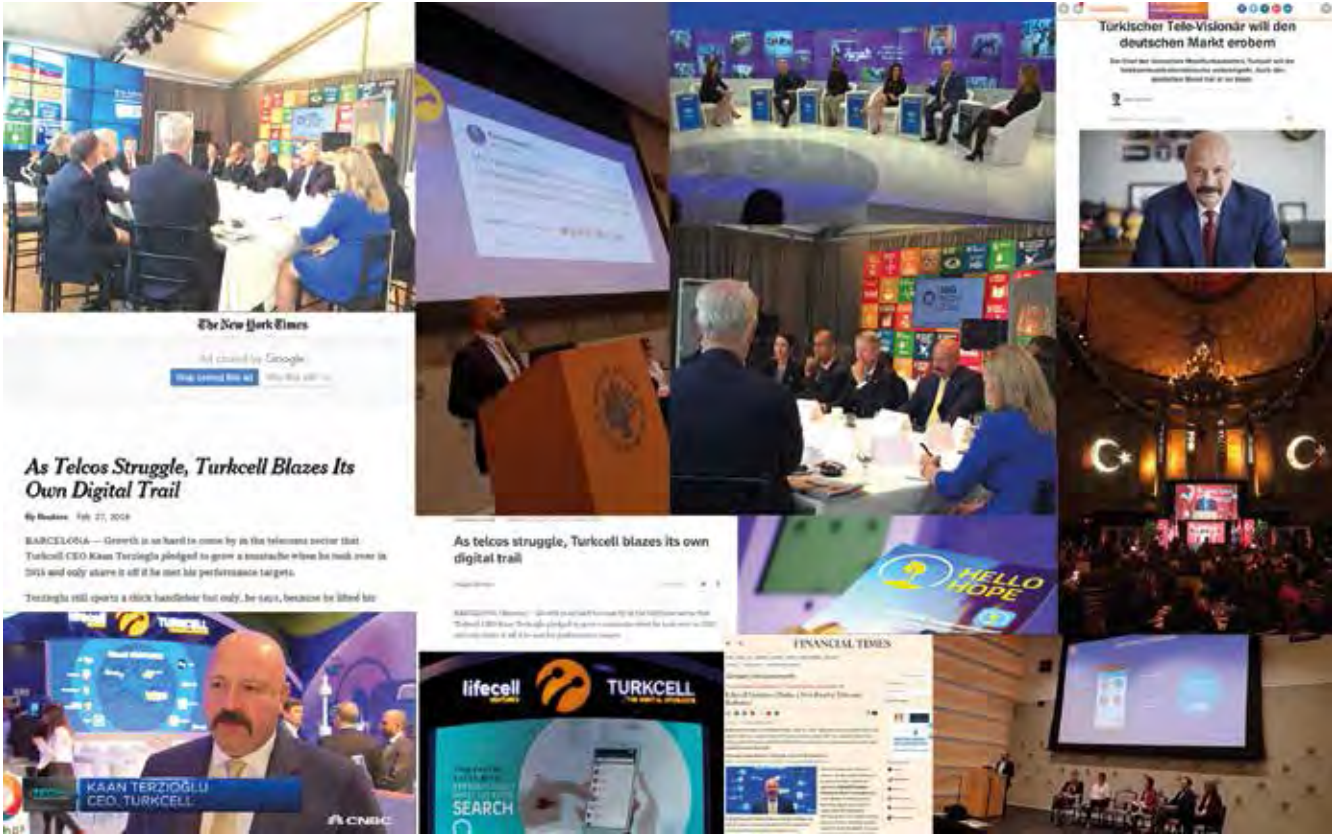
The annual meeting of the World Economic Forum (WEF), which brings together leaders of global society, took place in Davos with the theme of "Creating a Shared Future in a Fractured World." The refugee crisis was one of the key topics of the meeting. In his speech on the "Reconnecting Refugees" panel organized within this context, our CEO Kaan Terzioğlu outlined Turkey's efforts to enable Syrians to regain humanitarian living standards. Having also addressed Turkcell's Hello Hope application, which reached approximately 1 million users, Terzioğlu underlined that we should benefit from the opportunities created by digital technology in order to produce effective solutions for the future.

UNITED NATIONS

Our CEO Kaan Terzioğlu was one of the guests of the CEO Roundtable organized by GSMA, during the week of 73rd session of the United Nations (UN) General Assembly this year. At the event, the contribution of the telecommunications sector to the Global Sustainable Development Goals set by the United Nations to achieve the 2030 targets, was discussed.

In addition, the interview with "Our Children and the Digital World" theme, conducted by the social media team of the UN with our CEO Kaan Terzioğlu, was broadcast live from UN social media accounts.

The Foreign Economic Relations Board of Turkey (DEİK), held the 9th Turkey Investment Conference in New York also within the scope of UN Week events. Our President Recep Tayyip Erdoğan, our ministers Berat Albayrak, Ruhsar Pekcan, Mustafa Varank and Fahrettin Koca attended the meeting, where numerous foreign investors were welcomed. CEO Kaan Terzioğlu represented Turkcell at the meeting.



Turkcell's leadership in the digital transformation journey has been published as an international case study by IMD Business School, the world's leading school of strategy and management.

ALLIANCE OF CIVILIZATIONS FORUM 2018

Turkcell participated as a private sector representative at the forum organized under the roof of the United Nations Alliance of Civilizations, launched in 2005 at the initiative of then Prime Minister of Spain, Jose Luis Rodriguez Zapatero, and President Recep Tayyip Erdoğan. At the forum, in its 8th outing this year, our chairman Ahmet Akça attended the panel with "Productive Cooperation: Using the Power of Private Sector and Civil Society in the Foundation of Peace" theme and informed the audience on Turkcell's projects focused on investments in society and humanity.

The forum, held at the United Nations Headquarters in New York on November 19-20, 2018, was attended by the Foreign Minister Mevlüt Çavuşoğlu on behalf of Turkey. Our Chairman Ahmet Akça, who attended the event as a private sector representative on behalf of Turkey, gave a speech on the efforts of Turkey and Turkcell to establish and sustain peace in the world and in our country within the scope of the forum.

MOBILES FOR EDUCATION ALLIANCE – HELLO HOPE

The Mobiles for Education Alliance, formed with the partnership of internationally respected organizations such as the World Bank, UNESCO,

UNICEF, USAID and the key institutions of the mobile communication world such as GSMA, ITU, selected Turkcell's "Hello Hope" project as an exemplar among 160 projects. Upon the invitation of the Association, Turkcell participated in the closed symposium organized for the purpose of articulating exemplary projects and shared the story of "Hello Hope" and the benefit it provided to humanity by leveraging mobile technology, with officials of Mobile Education Association and participants.

IMD BUSINESS SCHOOL EXAMINED TURKCELL.

Turkcell's leadership in the digital transformation journey has been published as an international case study by IMD Business School, the world's leading school of strategy and management. This case study examined in detail Turkcell's journey of transformation from a traditional telecom operator to an experience provider, and indeed, the world's first digital operator. It also looked at its strategies and practices, how the Company adapted to the speed of the change, met the expectations of our customers, how our management, and our business manners and capabilities were developed, transformed, as well as Turkcell's leadership plans in international markets with OTT services.

OUR SUPERIOR TECHNOLOGY

Turkcell was named among the best in the world for its 4.5G (LTE) network, in May 2018 Global Status Report published by Global Mobile Suppliers Association (GSA).



According to the May 2018 report, where Gigabit LTE networks were taken as a reference point and the fastest download networks were announced, Turkcell, the world's first digital operator, was presented as one of the world's two fastest operators with a speed of 1.2 Gbps.



THE WORLD'S FASTEST 4.5G NETWORK IS AT TURKCELL.

We continue to offer the best services to our subscribers with our superior network technologies. As a result of our efforts in this context, Turkcell was named among the best in the world for its 4.5G (LTE) network, in May 2018 Global Status Report published by the Global Mobile Suppliers Association (GSA). According to the May 2018 report, where Gigabit LTE networks were taken as a reference point and the fastest download networks were announced, Turkcell, the world's first digital operator, was presented as one of the world's two fastest operators with a speed of 1.2 Gbps. Utilizing all three main LTE-Advanced features, Turkcell ranked at the very top among the fastest networks in the GSA database.

With the Technology Transformation Program, we modernized our 2G and 3G sites to make them ready for new technologies. As a result, with new generation products, we

achieved both energy savings of up to 35% and increased capacity, as well as improved customer experience in these sites. During the transformation, we also increased investment efficiency by reutilizing existing equipment.

As part of this modernization, with actions taken to enable more efficient use of our frequency resources, we continued our preparations that will ensure utilization of our existing frequencies in new generation technologies. Thus, we increased the service quality provided to our subscribers, while using our frequency resources more efficiently.

WE INTRODUCED MOBILE BROADBAND IN RURAL SETTLEMENTS THROUGH LOCAL BASE STATIONS.

Within the scope of the "Addition of Mobile Broadband Internet Services to the Existing GSM Infrastructure Under the Universal Service Law" Project, carried out by the Ministry of Transport, Maritime Affairs and Communications, Directorate General of Communications, and of which we



With the contribution of Turkcell, the development and testing processes ongoing for over 3 years for Turkey's first local 4.5G base station, ULAK, have reached its final stage. As Turkcell, we started to provide our customers with the first live service through the local base station in the city center of Rize.

are the prime contractor, we completed the 4.5G installations that had begun in 2017, on time, successfully in 2018 by using also ULAK local base stations. Our Minister of Transport, Maritime Affairs and Communications, and our CEO Kaan Terzioğlu, made the first video call via BiP during the "Commissioning of ULAK Base Stations" launch in Kars province on May 17, 2018. As a result of the successful completion of the Project, we brought the mobile broadband service over 4.5G to 1,623 villages.

OUR SUPPORT FOR LOCAL AND NATIONAL TECHNOLOGIES CONTINUES AT FULL SPEED.

With the contribution of Turkcell, the development and testing processes ongoing for over 3 years for Turkey's first local 4.5G base station, ULAK, have reached its final stage. As Turkcell, we started to provide our customers with the first live service through the local base station in the city center of Rize. While increasing the use of local base stations on our network, we continue our support for the creation of the technical road map of the product and the determination of its technical requirements.

The process of developing the local 4.5G antenna and live network tests, which we conducted with Aselsan were successfully completed. In 2019, we plan to use the first local antennas on our network.

We have not limited our support for local products through today's technologies, having also expanded our support for the technology of the future, 5G. "The End-to-End Local and National 5G Network Project" supported by The Scientific and Technological Research Council of Turkey (TUBITAK), started with the participation of 16 local companies and operators within the Communication Technologies Cluster (HTK). Within the scope of the Project, as Turkcell, we started to support 8 different product groups for the determination of technical specifications, as well as laboratory and site testing.

WE ARE LEADING 5G IN TURKEY.

We conducted the first live 5G experience in Turkey with end-to-end real 5G equipment. We provided a smooth and high-quality experience environment through 5G network infrastructure, for applications requiring resolution and high-speed such as Cloud Gaming, Virtual Reality, 4K video streaming and 360-degree camera image transmission.

Our cooperation with standardization institutions, universities, government agencies, suppliers and SMEs, and our R&D activities continue at full speed in line with our vision of being a "technology producing/developing" company, not only a "technology user."

Within the scope of 5G R&D studies, our project proposal regarding 5G vehicle communication was approved by the European Union research fund Horizon 2020. We will also implement the truck platooning, a vital scenario for the use of 5G, together with national and international partners in Turkey's first H2020-supported 5G vehicle communication project.

As Turkcell, we continued R&D activities in 5G in our focus areas such as SON (Self Organizing Networks), Network Slicing, physical network security and health.

As the leading operator, we organized the "Digital Journey with 5G" conference at the Haliç Congress Center, during which we addressed technological developments of 5G, business opportunities to be created by 5G all over the World and particularly in Turkey, and the digital transformation. The conference attended by leading national and international speakers with expertise in their fields attracted great attention. While over 350 listeners participated in the conference, it was followed by thousands of people online.

Within the scope of 5G Valley studies, we supported the establishment of test infrastructures in Ankara. In order to educate human resources for the sector, by incorporating postgraduate students of Bilkent, Middle East Technical and Hacettepe Universities, we enriched cooperation with our universities. By working with local R&D teams of global suppliers in Turkey such as Ericsson and Huawei, we support them utilizing their potential in Turkey efficiently.

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 utilize them. Accordingly, we are constantly developing the network architecture that models the expectations of our customers in the best possible manner. This

OUR SUPERIOR TECHNOLOGY

As Turkcell, we added the “Dronecell” to our innovative solutions. With “Dronecell,” Turkey’s first flying base station, 4.5G mobile network service can be provided in areas with no coverage.



In 2018, Turkcell crowned its leadership on Internet of Things (IoT) with 2 awards.



year, by adding Internet of Things (IoT) studies we expanded the scope of Mixed Mode Multi Standard software developments, enabling 4.5G, 3G and all technologies to operate together. In the development process of new radio technologies, we filed patent applications in 3 separate topics.

WE PLAY AN ACTIVE ROLE IN DETERMINING THE STANDARDS OF OUR SECTOR.

In the beginning of 2018, as Turkcell, we became a member of the ETSI (European Telecommunication Standards Institute) and 3GPP (3rd Generation Partnership Project). Within the scope of these memberships, we began to participate in ongoing standardization studies and related meetings, particularly on 5G. Similarly, we take part in various working groups within the framework of our existing membership at the NGMN (New Generation Mobile Networks) alliance. Besides, as Turkcell, we also lead a project in the “5G Trial and Testing Initiative” working group. We actively participate in the studies of the Technology Group and Spectrum Group at GSMA and closely monitor developments in these areas. We are part of the management of a focus group called “Machine Learning for Future Networks” at ITU-T’s Working Group 13 (SG13). Thus, we make significant contributions to studies that also include 5G. We take part in the working groups within the 5G-PPP (5G Infrastructure Public Private Partnership), an outstanding initiative in Europe focused on 5G research and development.

WE HAVE CROWNED OUR LEADERSHIP IN THE IOT WITH PRESTIGIOUS AWARDS.

In 2018, Turkcell crowned its leadership on Internet of Things (IoT) with 2 awards. We have been awarded at the IoT World Europe in the Best End-to-End IoT Solution category for our “Connected Parking” project, and at Telecoms World in the Innovation Award category for our “Water Irrigation” project.

WE ARE OFFERING INNOVATIVE SOLUTIONS TO OUR CUSTOMERS.

We implemented relay technology to provide 4.5G network coverage in regions where network access was challenging. Thanks to the practical installation and intelligent optimization feature through the plug-and-play method, we increase customer satisfaction by offering a fast and high quality solution. The use of this solution, one of the first examples in the world, is becoming increasingly widespread.

As Turkcell, we added the “Dronecell” to our innovative solutions. With “Dronecell,” Turkey’s first flying base station, 4.5G mobile network service can be provided in areas with no coverage. We developed a solution to support search and rescue activities by providing temporary coverage to inaccessible areas, in particular, during natural disasters and emergencies.



We implemented relay technology to provide 4.5G network coverage in regions where network access was challenging. Thanks to the practical installation and intelligent optimization feature through the plug-and-play method, we increase customer satisfaction by offering a fast and high quality solution.



After offering households 1 Gbps internet speed in a first for Turkey, we also undersigned another first, serving our residential users with 10 times of this speed, at 10 Gbps. Accordingly, we gained ability to offer high quality video-based next generation services.



TURKCELL ESTABLISHED THE DIGITAL INDOOR SYSTEM NETWORK OF THE WORLD'S LARGEST AIRPORT.

As Turkcell, we assumed the task of establishing the mobile communication infrastructure of the new Istanbul Airport, the world's largest, with an area of 77.5 million m² and an annual accommodation capacity of up to 200 million passengers. The mobile network infrastructure, which is equipped with advanced technology that befits our country and is suitable for the density at the new airport, was successfully rolled out in time for the launch organized on October 29, 2018. In addition to pushing the boundaries of today's technology, the infrastructure that we have deployed ensures that we look to the future with confidence, thanks to its compatibility with 5G. We are proud to be providing our customers with Gbps speed and the highest quality service through a digital infrastructure that possesses all these features.

TURKCELL SERVICE QUALITY IS EVERYWHERE.

- » By expanding our plug-and-play Wi-Fi service launched for large enterprises and SMEs, we included young people within our field of focus. We implemented our new service on university campuses through SIM-based authorization.
- » Sharing infrastructure with the leading internet service providers of our country to penetrate digital services at our focus in accordance with our digital operator vision, we aim to differentiate ourselves through the digital services and experience we provide to our customers.

- » We are switching to an IPv6-based structure with an innovative solution in our network in order to provide segmentation of our customers acquired within the scope of infrastructure sharing projects. Additionally, we also completed our international patent applications for this solution.
- » After offering households 1 Gbps internet speed in a first for Turkey, we also undersigned another first, serving our residential users 10 times of this speed, at 10 Gbps. Accordingly, we gained ability to offer high quality video-based next generation services.
- » We became a member of the Open Network Foundation, which aims to accelerate the digital transformation of telecom operators in the developing world and enrich their business models. With this move, aimed at the use of open source code and hardware, we aim to provide our customers the opportunity to offer the latest generation of digital services cost effectively.
- » By the end of 2018, we are capable of delivering our fiber internet service to 6.44 million households in 28 cities with our infrastructure and partnership activities. Our fiber infrastructure reached 42,700 km at the end of the year.
- » This year, Muğla and Edirne provinces were also introduced to Turkcell fiber internet.

CYBER SECURITY SUPPORT FROM TURKCELL TO OUR CORPORATE CUSTOMERS AND SUBSIDIARIES

Having pioneered digital transformation in Turkey, and become the world's first digital operator through its technology and investments, Turkcell will use its technological superiority to ensure cyber

OUR SUPERIOR TECHNOLOGY

Having pioneered digital transformation in Turkey, and become the world's first digital operator through its technology and investments, Turkcell will use its technological superiority to ensure cyber security.



The Turkcell Cyber Defense Center and Cyber Security Operation Center have been awarded the right to participate in, and receive the certificate of, FIRST (Forum of Incident Response and Security Teams) organization, which has a total of 448 members including global giants, from 90 countries.

security. In this respect, Turkcell offers custom solutions against threats, through the Cyber Defense Center established three years ago, and the Cyber Security Operation Center established last year.

Our Cyber Defense Center team and Cyber Security Operations Center team serve with knowledge-based approach with leadership of Turkish cyber security experts who are equipped with skill set that revolves around knowledge, talent and creativity. We have completed the transition to the 24/7 working structure aimed at real-time detection and prevention of cyber-attacks. The provision of continuous security monitoring of critical and high-value digital assets has enabled cyber security incidents to be effectively intervened, reported, while supporting compatibility.

THE SYSTEM WILL PERFORM 24/7 ANALYSIS AND GENERATE ALARMS.

The Turkcell Cyber Security Operation Center developed with international standards to serve 24/7, will oversee the previously experienced attack databases, both internationally and nationally, thanks to its superior technological infrastructure. Thus, detecting variations in user behavior at institutions and it will generate alarms on cyber-attacks and the functioning of systems. These alarms will be examined in detail by cyber security expert analysts at the Center, ensuring the prevention of attacks in advance.

TOP-LEVEL CYBER PROTECTION FOR COMPANIES AT ZERO INVESTMENT COST

With the digitalization of institutions, the number of systems and business processes connected to the internet is also increasing rapidly. This brings a number of cyber security risks, both globally and locally. For various reasons, it is not always possible for institutions to have their own cyber security experts within their organization, or to make investments for anticipation and prevention of potential risks. For this reason, we launched our new center where we will offer end-to-end high-level cyber security services to companies

at zero investment cost. In addition to the superior technological infrastructure of our center, we will avoid system outages by protecting companies against cyber-attacks with our professional teams working on a 24/7 basis. Therefore, we will eliminate the unnecessary losses of our companies and prevent possible financial losses.

The Turkcell Cyber Security Operation Center was designed with an infrastructure that can develop security solutions for corporate companies, as well as public institutions.

FIRST CERTIFICATE

The Turkcell Cyber Defense Center and Cyber Security Operation Center have been awarded the right to participate in and receive the certificate of FIRST (Forum of Incident Response and Security Teams) organization, which has a total of 448 members including global giants, from 90 countries.

The Turkcell Cyber Defense Center team and Cyber Security Operations Center achieved a first in the private sector in Turkey by having FIRST Certificate following the Information and Communication Technologies Authority.

With this certification, granting access to the best practices and tools in the area of cyber security, and establishing reliable communications with member teams around the world, it is possible to respond to security events aimed at our Company more effectively and rapidly.

TI MEMBERSHIP

Turkcell Cyber Defense Center team became a member of the TI (Trusted Introducer) community, established in 2000 by the CSIRT (Cyber Security Incident Response Teams) in Europe.

TI membership ensures that the operations of the Turkcell Cyber Defense Center team comply with international standards, enables receipt of support through early warning of and urgent informing on global cyber threats, and provides the opportunity to meet with other CSIRT teams around the world on a common platform.

MY SECOND NUMBER IS ON BiP

It is now possible to make and receive calls with a second mobile number through BiP. We started to offer the world's second example of this to our customers as one of the most important services combining our digital and operator services.

We eliminate the issue of carrying two phones by integrating our mobile IMS (IP Multimedia Subsystem) network with BiP infrastructure. With this service allowing the use of a second number via BiP downloaded on the first number, the calls coming to the second number can be received via BiP downloaded on the first number, while calls to be made from the second number can also be initiated via BiP, on the first number.

HOME AT BiP

It is now possible to make and receive calls using the home phone number via BiP. As one of the most important service that combines our digital and operator services, Home at BiP is among just a few such examples in the World.

By integrating our fixed IMS network with the BiP infrastructure, the need to use home telephones in a fixed location will be eliminated. It is now possible to make and receive calls via home numbers, while being mobile.

TURKCELL UNIFIED COMMUNICATIONS

Turkcell Unified Communications is a cloud PBX service that we have started to offer to our fixed corporate customers. In addition to the traditional PBX services (company greeting announcement, short code dialing, call transfer, forwarding, standby music, voicemail, etc.), the SoftClient application downloaded on PC and mobile phones offers the experience of using a single-number for fixed and mobile phone, voice and video calls of the employees, teleconferencing and instant messaging.

TELCO CLOUD

Turkcell became the leader of Telco Cloud investments, the new standard of virtualization in the telecommunications sector. By implementing a virtual investment with an overall capacity of 1.8 Tbps, we became one of the world's few operators in this field. By providing 70% virtualization on the VoLTE network, we gained significant cost advantage and flexibility for new digital voice services. Our central network providing our data and voice services is targeted to be 75% virtualized by 2020.

LIFECELL MIX

New generation digital data services were launched with the Appworld Project. By going a step further in charging standard data usage, we enabled our users to create their own packages from the applications as they wish. We managed to incorporate the most popular domestic and global applications into the selection range. We introduced a tariff model that our competitors lack.

AD BLOCKING

We launched an ad blocking service that is not offered by any other operator in Turkey. With this service, we provide our users a higher quality internet experience by preventing undesired advertisements that our customers are exposed to on the internet. The Ad Blocking Service can be activated on both the mobile and fixed network in real time via My Account application without installing any software.

YAANI BROWSER CHARGING

With innovative browser-based charging, we implemented a first for the world in the area of application-based pricing. With pricing structure specific to the use of local search engine Yaani and Yaani browser, users were enabled to use Yaani by spending from their Yaani quotas, without having to use the quota on their internet packages. This application is aimed at increasing the use of local search engine Yaani.

BASE STATION SERVICE OUTAGE PREDICTION – A ML/AI APPLICATION

"Base Station Service Outage Prediction" studies, conducted within the scope of digitalization of our operations, have begun to generate fruitful results. With this application, site outages, managed reactively today, are predicted before the incident occurs, and necessary actions are taken without any customer impact.

Approximately 200 million alarm records and the corresponding 200 GB of data are processed together with the algorithm developed by Turkcell's engineers on Turkcell's local ML (Machine Learning) platform. An outage prediction for a 24-hour time frame is calculated together with realization rate on a site basis.

Based on the full year, 33 thousand hours of usability increase is anticipated due to proactive interventions. In addition, with the prevention of site outages, the instant signal loss problems that our customers experience will be prevented. Thus, a 5% decrease in the total number of customer complaints is foreseen.

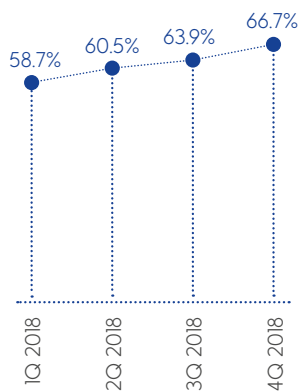


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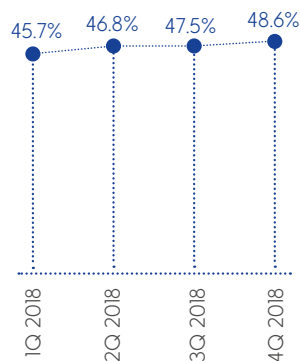
OUR CONSUMER BUSINESS

We increased the time during which we add value to our users' lives over 1440 minutes of the day through the campaigns and communications that we enrich with our digital services.

Mobile
(Multiplay)



Fiber Residential
(Multiplay with TV)



AS THE WORLD'S FIRST DIGITAL OPERATOR, WE LAUNCHED MANY OF OUR MASS CAMPAIGNS IN 2018 OVER OUR DIGITAL SERVICES.

We increased the time during which we add value to our users' lives over 1440 minutes of the day through the campaigns and communications that we enrich with our digital services.

Together with increasing service usage, we continue to increase the number of customers using our multiple products.

LIFECELL'S UNLIMITED INTERNET WORLD CONTINUES TO GROW WITH BRAND NEW FEATURES.

As of December, we reached 2.5 million subscribers in our Lifecell world, where we meet all of our customers' communication needs with our digital services and mobile internet service, wholly built on mobile data and entirely realized online.

On our digital brand journey that we set out on in the last quarter of 2017, we provide our customers with a more flexible and free Lifecell world with the Lifecell Mix incentives offered as of the second quarter of 2018. Lifecell customers experience the freedom of creating their own packages by choosing from a pool of nearly 30 applications, which are most widely used in Turkey and in the World, in addition to the rich internet offering available for Turkcell applications BiP, fizy, lifebox, TV+, Dergilik and Yaani, included in their packages.

In 2018, within Lifecell World, we implemented brand new solutions for Turkish citizens living in other countries. We launched Lifecell One offerings tailored to the communication needs of our citizens living abroad enabling them to

freely communicate while they are holiday in Turkey. Moreover, upon return to their country of residence, they can register to BiP with their foreign number in use in their country of domicile, and through the 2nd Number service on BiP, may call their loved ones in Turkey as often as they wish.

The number of our customers who prefer Lifecell continues to increase nearly doubling each quarter. In Lifecell, which provides rich internet offers, subscribers consume an average of 8.6 GB of internet. Our customers who prefer Lifecell are 50% more loyal and create 1.3 times ARPU.

WE ALSO HAVE OUR CUSTOMERS EXPERIENCE HIGH SPEED SEAMLESS INTERNET IN THEIR HOMES.

We continued to meet the fixed broadband needs of our customers with our evolving product range. In addition to our fiber and ADSL services, we offered Superbox with its superior technology, and had our customers experience 4.5G speed at home. With Superbox, offering high-speed home internet with easy installation for those households that don't have fiber infrastructure, and a unique customer experience, we exceeded 33 thousand customers in our first year. Superbox continues to grow with a monthly average growth rate of 30% in the number of new customers.

In 2018, the number of our customers who experienced our unique fiber speed had reached 1.4 million. We continued to support our multiplay strategy, a focus area also in 2018, with our TV+ product offered with our fiber service. On the fixed front, the ratio of customers using multiplay with TV services reached 48.6%.



Turkcell sets an example for the entire world with its 4.5G network. The world's first digital operator, Turkcell, was named one of the best in the world for its 4.5G (LTE) network, in May 2018 Global Status Report published by the Global Mobile Suppliers Association (GSA).

297 million GB

Shake and Win, which awarded 297 million GB of data, 48 billion minutes and 73 billion BiP minutes to Turkcell customers, provided them with a sense of privilege of being a Turkcell customer.

In 2018, we continued to connect our customers to life with a seamless fiber speed experience by focusing on our literally unlimited packages that don't have a Fair Usage Quota. At the same time, we created a world for all our customers with or without a Fair Usage Quota to freely experience Turkcell's innovative digital services, where BiP, fizy, TV+, lifebox and Dergilik usage is not deducted from our customers' quotas.

Within the scope of the initiative to open up our fiber infrastructure to other national operators initiated in 2014, we continued to participate in projects that contribute to the technological transformation and development of our country in 2018 by supporting the joint infrastructure project, initiated together with the leading companies of the sector.

FASTEST IN 4.5G

Continuous Increase in Data Usage with 4.5G

The campaign doubling the internet packages of customers who change their SIM cards, free SIM Card campaign 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 4.5G technology launch, the 4.5G Ramadan Campaign, where we doubled our customers' internet packages, saw the participation of 3.4 million customers. In the context of the fight against inflation, we offered our 4.5G SIM card subscribers the opportunity to double their internet package for three months. The campaign, which was available from October 13 to December 31, attracted 6.3 million subscribers. Thanks to these campaigns, we have begun to be rewarded for our investments. At the end of 2018, the ratio of subscribers using 4.5G compatible devices among smartphone users rose to 80%. The average monthly data usage of our 4.5G customers rose to 8 GB in December, creating twice as much traffic as generated by other users.

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DIGITAL LOYALTY

Shake and Win (Salla Kazan)

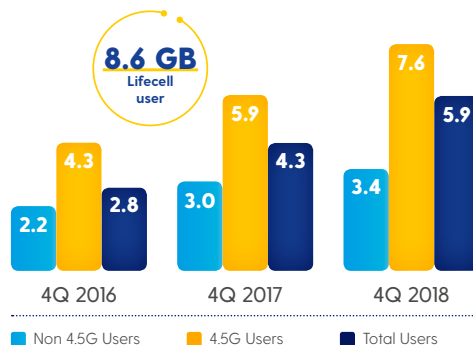
Turkcell's most popular campaign, Shake and Win, has delivered 604 million gifts to 21 million Turkcell mobile customers since its launch on November 28, 2016. With this campaign, which grants customers a new right to shake every Friday, two shakes were granted on the week of Ramadan and Feast of Sacrifice.

Shake and Win, which awarded 297 million GB of data, 48 billion minutes and 73 billion BiP minutes to Turkcell customers, provided them with a sense of privilege of being a Turkcell customer.

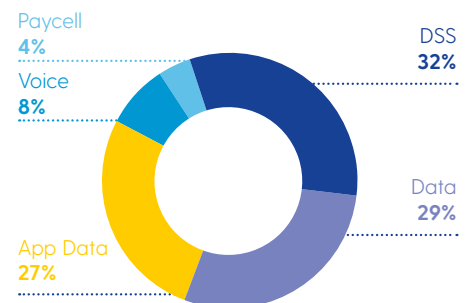
Shake and Win, where 32% of gifts granted to customers were TV+, fizy, Dergilik, lifebox and BiP, became a platform for Turkcell subscribers to access and experience digital services. Turkcell's service penetration focus was supported by additional features such as Dergilik Gift Campaign, where subscribers who participated in Shake and Win, received additional gifts when downloading magazines from the 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 4.5G subscription approvals taken while participating in the campaign. Within the scope of the fight against inflation, subscribers whose SIM cards were not compatible with 4.5G were also allowed to participate in the campaign from November till year-end.

Mobile Data Usage (Average GB/User)



Gifts on Shake and Win



OUR CONSUMER BUSINESS

Turkcell gave full support to the “All-out War Program Against Inflation” announced by the Ministry of Treasury and Finance.



We gave gifts to those of our customers who followed the Surprise Point Campaign in the BiP discover field, and went to the point where the gifts had been located. So far, 7 million subscribers have participated in the campaign through the channel, which began in April 2018, and won 50 million gifts.



Since the launch of the campaign, the number of downloads of the My Account application, which enables customers to access Shake and Win, has risen from 10 million to 38.8 million, whereas the number of 3 month active users has been 19.2 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.

The Fight Against Inflation

Turkcell gave full support to the “All-out War Program Against Inflation” announced by the Ministry of Treasury and Finance. We doubled the internet quotas of our customers’ packages as of October 13, to enable everyone to meet their communication needs more easily. We also doubled the GBs valid for our digital applications BiP, TV+, Dergilik and lifebox. During the campaign, customers with a 4.5G compatible SIM card had to access the BiP application and follow the “All-out War Program Against Inflation” channel under the discover field. At the same time, our customers without a 4.5G compatible SIM card participated in the campaign between 15 and 30 November and doubled the internet in their packages. Thus, 6.3 million customers have participated in the campaign through the BiP channel.

Surprise Point

We gave gifts to those of our customers who followed the Surprise Point Campaign in the BiP discover field, and went to the point where the gifts had been located. So far, 7 million subscribers have participated in the campaign through the channel, which began in April 2018, and won 50 million gifts. Our customers have so far won a total of 50 million GB data, 9 million digital service gifts as well as a total of 8 billion minutes including 5 billion voice minutes and 3 billion BiP minutes.

GNÇ

Relaunched in May 2018 and downloaded 6 million times, the GNÇ application is now open to the young subscribers of all operators. In the renewed GNÇ application, we started the “CRACK THE EGG” era this year. This smart system, which is developed and patented by Turkcell Technology and marks a first for the World, enables young people to crack the surprise eggs on the GNÇ application twice a week and earn hourly internet opportunities according to the network density at that time. With this newly-developed smart system, we use our networks efficiently, reduce our costs, and bring our young customers together with rich internet experience in the most efficient manner. The hourly 1 GB packages that we developed for the potential needs of young people for hourly internet and a daily 1 GB package for TRY 1, attracted considerable interest having opened the door to the rich internet world.

In addition, young people benefit from the GNÇ application in areas such as practicing English language for their academic and career needs, as well as access to university lecture notes and preparation for exams. With our campaign aimed at increasing youth recognition of Paycell, young people are not subject to transfer fees when realizing money transfers from mobile to mobile on the GNÇ application.

With the GNÇ application, positioned as a platform that markets other applications in our focus, young people enjoy various opportunities in applications such as TV+, fizy, Yaani and BiP. One of our most popular campaigns was the 2 GB internet gift campaign implemented via TV communication took place in June over BiP for our users under the age of 26. With such campaigns, we managed to increase the use of our digital services among the youth segment. In 2018, two out of every three of our young customers benefit from our postpaid offers including all our digital services free of charge. One out of two of our young customers is using the GNÇ packages prepared specifically for young people.



2.1 million customers

Through Turkcell Platinum, the Turkcell brand addressing customers with high internet needs and heavy communication requirements, we embraced innovations this year, by offering our customers the privileges not offered before. Our brand, reaching 2.1 million customers, enriched our customers' lives with our sponsorships and privileges offered this year.

PLATINUM

We Continue to Offer Superior Services that Make a Difference for Our Customers by Adding Innovations to the Platinum World of Privilege.

Through Turkcell Platinum, the Turkcell brand addressing customers with high internet needs and heavy communication requirements, we embraced innovations this year, by offering our customers the privileges not offered before. Our brand, reaching 2.1 million customers, enriched our customers' lives with our sponsorships and privileges offered this year. We stood by our customers with sponsorships such as the Turkcell Platinum Night Flight Concerts, Turkcell Platinum Offroad Park, Turkcell Platinum Zorlu Arena, Turkcell Platinum Bosphorus Cup, Turkcell Platinum International Alaçatı Fishing Tournament, and Turkcell Platinum Golf Challenge, as well as with seasonal venue sponsorships. While continuing our current benefits such as free valet in Istanbul and Ankara with THY and D&R, we undersigned innovations in diverse areas such as the Zorlu Performance Center, 1001 Culture and Art Concept and Offroad. This year, we focused on the Adana, Mersin, Bursa, Antalya, Samsun and Kocaeli provinces with our goal of localization. We provided Havaş, cinema, car washing and car rental services through communication specific to these provinces. Working together with Samsun Municipality, we organized the first Turkcell Platinum Golf Challenge Samsun event, which reached approximately 11 million people.

The Turkcell Platinum application, our main channel of communication with our customers, reached 2.5 million downloads and 700 thousand three-month active users as of the fourth quarter of 2018. We turned our application into a revenue-generator. Premium brands willing to take part in the Platinum application need to pay the campaign price to be included in the Turkcell application. Our customers who prefer high-GB Platinum packages, or who use fiber Platinum packages now receive more privileges as Platinum Black customers. These Platinum Black customers receive 5 GB of additional internet, as well as new surprises each month.

Platinum Package World

With the increasing internet needs in the digitalized world, we have added the Platinum 50 package to our offering portfolio, which features our rich digital services such as BiP, fizy, TV+, lifebox, Yaani and Dergilik, provided to our Platinum customers. The Platinum 50 package has 50 GB with benefits of use abroad and the placing of international calls. Our digital services have been integrated with our new customer acquisition and retention activities, with schemes such as movie gift via TV+, and Fulltrip gift voucher.

ROAMING

Turkcell Users Freely Connect to Life Abroad

In 2018, Turkcell strengthened its brand perception by providing the rich incentives offered to its customers abroad in more countries. Turkcell started to offer applications which accompanies our customers and facilitates their lives abroad in more countries as well.

Roam Like Home in 85 countries

Turkcell users can utilize their domestic tariffs as if they were using them in Turkey, without dealing with additional procedures, simply by paying an additional daily fee.

In 2018, Turkcell added 12 new countries to its "Roam Like Home" feature, making it available in 85 countries in total.

In order for customers to use this feature, regardless of their tariff price, or segment; they need to be on a postpaid tariff, including internet, minute, and SMS at the same time.

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 the "Advantageous Abroad" package, valid in Turkey, as well as in 88 other countries, our prepaid customers can also conveniently communicate with their loved ones with rich package incentives, and remain connected to life with Turkcell while abroad.

Roam Like Home with Your Prepaid Card

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

OUR CONSUMER BUSINESS

Through our customer-oriented approach, reception quality and uninterrupted connection, we continued our Net Promoter Score leadership.



Professional Tour Guide on Your Mobile Phone When Abroad

Thanks to the Piri application, Turkcell customers have their own professional tour guide on their mobile phones when abroad. The overseas tours, prepared with unique content by Saffet Emre Tonguç, Turkey's most widely travelling tour guide, tells Piri users the unknown stories of the city they are visiting. With audio walking feature, which is free of charge for Turkcell customers, the beauty and stories of the cities, guided by Piri, can be listened in Turkish and explored. 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

Through BiP's Abroad Campaign valid in 88 countries that provides 1 GB free of charge data to be used on BiP, all Turkcell customers can fulfil their loved ones' longing through BiP video calls while talking and messaging as they wish. 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 them simultaneously. And 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.

88 countries

Through BiP's Abroad Campaign valid in 88 countries that provides 1 GB free of charge data to be used on BiP, all Turkcell customers can fulfil their loved ones' longing through BiP video calls while talking and messaging as they wish.

WE FACILITATE LIFE.

Turkcell Store is Just One Click Away

Thanks to the "Fast Login" technology that we have integrated into our website, we made it possible for our 27 million visitors each month to log into turkcell.com.tr, the nearest Turkcell Store, safely and quickly with one click.

Moreover, we offer our customers an easy and lucrative e-commerce experience with a wide range of product alternatives from smartphones to accessories, and from new generation technologies to computers with advantageous payment options. We provide special offers specific to turkcell.com.tr on special days to enrich the e-commerce experience. In addition, we are implementing multi-channel sales schemes with our Yellow Days Campaign, integrated with our stores and digital channels.

The marketing automation schemes enable us to know our customers better and provide them customized campaign offers. Accordingly, our new device and campaign offers reach our users with the most appropriate design and visuals. We also use marketing automation schemes in new customer acquisition via turkcell.com.tr. For example, we provide offers by changing our message and visual based on the weather conditions at the user's location.

In 2018, we launched the transformation of our Turkcell brand and logo, after having reflected all arrangements on our web and mobile site, with our new brand communication.

turkcell.com.tr visitors, the majority of whom are mobile internet users, continue to reach all products, services, digital services and campaigns Turkcell offers its subscribers, in a more customized manner.



We launched turkiyeninuygulamalari.com website where we explain the applications developed within our organization to users once again and in detail through the local and national concept, and enable their easy download.

TRULY IT BELONGS TO US, IT BELONGS TO TURKEY WITH EVERY INCH OF IT.

turkiyeninuygulamalari.com

We are progressing rapidly towards our goal of contributing to the growth of Turkey's digital economy and supporting domestic production momentum. We continue to create and develop digital services that enrich our customers' lives.

We launched turkiyeninuygulamalari.com website where we explain the applications developed within our organization to users once again and in detail through the local and national concept, and enable their easy download.

We offered Applications of Turkey to ensure that Turkey's data remains in Turkey, that our application understands our language, and that our value that we generate contributes to Turkey's growth. Developed entirely by Turkish engineers and programmers, on Applications of Turkey, wholly-domestic applications are presented to our customers ranging from entertainment to information services, from television to music, from magazines and newspapers to search engines, and from sports to educational content.

OUR NEW COLLABORATIONS IN SPORTS

Galatasaray Digital Cooperation

In January 2018, as the first step of the digitalization of Galatasaray Sports Club, we offered three special digital packages called Yellow, Red and Champion for those of our customers who love the yellow and red, allowing them to further support their team. In addition to being a first for Turkcell, these packages including our digital services aim to bring the Galatasaray community together in a digital environment. Thus, we create sustainable economic value for our business partner, Galatasaray, one of the largest sports club in Turkey.

Fans with these digital packages, had the opportunity to benefit from many special surprises, such as having access to club information from the Yellow Red Support channel established on BIP, gift match tickets, signed shirts and balls, while supporting their team. Moreover, our customers who have the Champion package, won 1 GB per day for each game won by Galatasaray and additional 200 MB for each goal scored.

Bursa Mobile

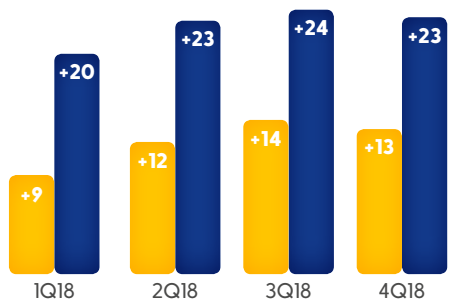
With the cooperation with Bursaspor, we offered lines specific for Bursa with the "516" initial code that includes the license plate number of the city, for those living in Bursa and who are fans of the green and white. In addition to the special number, we offered tariffs full of Turkcell's rich digital services, the chance to earn 3 GB additional monthly internet with the Bring a Friend Campaign and a 200 MB internet gift to our customers for every goal Bursaspor scored. Bursa citizens subscribed to one of the "green-white" packages by obtaining a 516 line from Turkcell, also have the chance to win various surprise gifts with campaigns organized on the 16th of every month. We began the digitalization process of Bursaspor, which has undersigned several firsts, as one of Turkey's five biggest teams experienced championship.

INCREASING CUSTOMER SATISFACTION

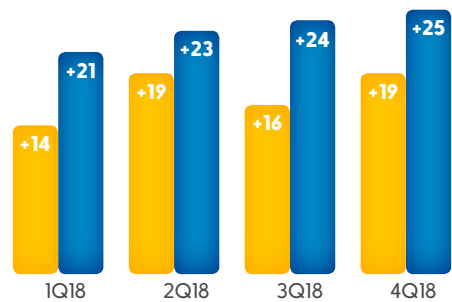
Through our customer-oriented approach, reception quality and uninterrupted connection, we continued our Net Promoter Score leadership.

Turkcell is also the leader among the 4.5G customers who have higher expectations of the operators. Our points over the next best competitor are higher in the promoter score of the 4.5G users compared to those not using 4.5G.

Net Promoter Score (NPS) - Gap with Competition



Net Promoter Score (NPS) of 4.5G Users - Gap with Competition



Yellow = Points over the next best competitor Blue = Points over the third best competitor

Yellow = Points over the next best competitor Blue = Points over the third best competitor

OUR CORPORATE BUSINESS

Turkcell, the world's first digital operator, renewed its world of corporate products and services with a brand new vision, to accompany institutions through every stage of their digitalization process.



Turkcell has strengthened its leadership position as the most recommended operator for its internet speed and innovative digital services during a period when competitors experienced losses in many areas, primarily market share, NPS and image scores.

TURKCELL HAS COMPLETELY RENEWED ITS CORPORATE WORLD: "İŞTE DESTEK İŞTE TURKCELL"

Turkcell, the world's first digital operator, renewed its world of corporate products and services with a brand new vision, to accompany institutions through every stage of their digitalization process. Taking the responsibility for digitalization of companies in Turkey as a mission, Turkcell brought a new perspective to product and service platform.

Turkcell, which produces customized solutions for the needs of companies, did not forget those entrepreneurs running their own businesses, declaring "İşte Destek İşte Turkcell." By visiting the small companies that make up 85% of the national economy, hearing them out on site, and determining their digital needs, Turkcell offers solutions in a single package, such as e-accounting and mobile internet support, as well as the unlimited fiber internet that companies need the most.

TURKCELL AND TESK DIGITIZE ARTISANS.

Turkcell conducts the digitalization process of the members of the Confederation of Turkish Tradesmen and Craftsmen (TESK), Turkey's largest professional non-governmental organization. With the cooperation of TESK and Turkcell, advantageous

special service packages were launched to meet the entire digital communication needs of nearly 2 million artisans. Therefore, another important step was taken towards the rapid digitalization process of artisans, the lifeblood of the Turkish economy.

As the first step towards long-term digitalization process, TESK-member artisans can meet all their digital communication needs by opting for Turkcell's artisan packages. At the same time, they also benefit from digital solutions such as Smart Fax specific to them. To qualify, it is sufficient for customers to have a TESK Card featuring the advantages aimed at artisans and craftsmen.

WE CONTINUE OUR LEADERSHIP OF THE NET PROMOTER SCORE.

With the increase in our digital product and service penetration, we posted an increase in both market share and brand image criteria. We not only maintained our leadership position in the Net Promoter Score (NPS) of corporate customers, but also increased the score difference to 8 points between our nearest competitor thanks to the contribution of the products and services developed that are tailored to the needs of our customers. Turkcell has strengthened its leadership position as the most recommended operator for its internet speed and innovative digital services during a period when competitors experienced losses in many areas, primarily market share, NPS and image scores.

Now, our customers are listening to music from the fizy, while following up on news and programs on TV+ and newspapers from Dergilik. While enabling our customers to experience digital services, we continue to develop those services to facilitate their daily life.



Of those companies on the most recently announced Fortune 500 list, 88% work with Turkcell, for Turkey. All top 10 companies on the list receive service from Turkcell.

THE CHOICE OF TURKEY'S LARGEST COMPANIES: TURKCELL

Turkcell, the world's first digital operator, is preferred by the most valuable companies of our country. Of those companies on the most recently announced Fortune 500 list, 88% work with Turkcell, for Turkey. All top 10 companies on the list receive service from Turkcell. And as Turkcell digitizes itself, it also provides full support to the giant companies it works with on the path of digital transformation.

DIGITAL SERVICES WERE THE STAR OF MOBILE MULTIPLAY.

In the corporate segment, Turkcell increased the total number of 2P-3P-4P customers by 40% in a year in corporate multiplay, where the use of mobile/fixed core products, mobile business applications, fixed data center and cloud services are monitored. Through our data incentives that are to be used in digital services such as TV+, fizy, BiP, lifebox and Dergilik; we enabled all of our customers to experience these services without having to spend the internet in their packages. We accelerated our customers' upsell through increasing benefits, differentiated content and the campaigns attached to these packages.

SYSTEM INTEGRATION AND PUBLIC PRIVATE COLLABORATIONS

We continue to offer solutions to our customers' telecom and other information technology needs from a single point. This is achieved by supporting our end-to-end solution approach adopted in our corporate business with our System Integration and Information Technology Services organization. In line with our vision, we implemented over 200 projects in 2017. As of 2018, the number of projects undertaken by our project management team under the roof of Digital Integration and Information Technology Solutions exceeded 550. In these projects, we address the right solution by analyzing customer needs from each sector, and with our project management team we implement our solutions such as network, security and system management, application management, end-user support, data center services, digital transformation, IoT, mobile applications and mobile user support, in accordance with our customers' business processes.

In addition to our Digital Integration and Information Technology Solutions approach, our mission is to be a critical business partner in the restructuring processes that will carry our country forward. Accordingly, in the role of our country's digital solution partner, we have undersigned valuable projects in the public sector, and we will continue to do so.

We provide and manage all information technology infrastructure, including data centers, wired and wireless network infrastructure and end-user devices in the City Hospitals, the pioneers of digital transformation in health sector. In addition, we manage the entire operation within this scope with the Hospital Information Management System application software service, which is the heart of the hospital, and the data entry personnel hosted in the hospital. This transformation, which began in 2017 with Yozgat and Adana city hospitals, continues with Elazığ and Eskişehir in 2018 and Bursa hospitals in 2019.

In May, we launched the Talent Screening project with the Ministry of Youth and Sports to explore the talents of 3rd grade students throughout Turkey. We contributed to Turkish sports by taking part in the installation and integration of mobile infrastructure.

OUR ACHIEVEMENTS IN INFORMATION TECHNOLOGY SERVICES

As Turkcell, we are among the leading companies in terms of our 2017 Information Technology Services revenues according to the report published by IDC, that reviews the market status of Turkey's Information Technology services each year, in September. In addition to our digital operator vision our integrator identity enabled us to achieve this important outcome.

In addition, our Supply Chain Management team received the 2018 Cisco Managed Services Partner of the Year Award thanks to the partnership with Cisco this year for the purchases of our hospital projects managed by the DIIS (Digital Integration and IT Solutions) team overtaking our competitor, which maintained the leading position for five years.

CLOUD COMPUTING AND DATA CENTERS

Turkcell Expanded its Data Center and Cloud Services by Opening the First Tier 3 Certified Data Center of the Aegean Region in Izmir.

In the area of cloud computing and data centers, this year:

- » With the opening of Izmir Data Center, the first Tier 3 certified data center in the Aegean Region, we commenced the provision of data center and cloud services in four different cities (Izmir, Kocaeli, Ankara, Istanbul).
- » In Gebze Data Center, 2,000 m² sale was performed within two years. In November 2018, 1,000 m² customer area was activated. With the new module, we will host the data of our new customers.
- » We became the Oracle Cloud best seller business partner of the year through the projects conducted in cooperation with Oracle this year.
- » As Turkcell, we integrated all cloud services that we offer to our corporate customers with a portal experience on www.turkcellbulut.com. We digitalized our cloud sales and order processes.



As of 2018, the number of projects undertaken by our project management team under the roof of Digital Integration and Information Technology Solutions exceeded 550.

OUR CORPORATE BUSINESS

In the Technology Summit, Turkey's largest technology event, 127 expert speakers in 46 sessions took stage.

**+10
thousand**
participants

**30
thousand**
live broadcast
viewers

Access to
12 million
people on
social media



CYBER SECURITY

Having established a Cyber Security Operation Center, Turkcell offers companies 24/7 tailored solutions against threats.

Having pioneered digital transformation in Turkey and become the world's first digital operator with its technology and investments, Turkcell also uses its technological superiority to ensure cyber security. For this purpose, Turkcell established a Cyber Security Operations Center and offers companies 24/7 tailored solutions against threats.

Having introduced the digital technologies, developed to ensure the security of networks and systems, Turkcell launched a new Cyber Security Operation Center that will provide institutions 24/7 service. Thanks to the new center established at Turkcell Maltepe Technology Plaza, expert teams monitor the potential cyber-attacks that institutions may face. By taking necessary measures beforehand, institutions are protected against cyber-attacks 24/7. At the cyber security center set to serve institutions, the prevention of material and moral damages is aimed at by avoiding data and information losses.

TECHNOLOGY SUMMIT

In April, we organized the Technology Summit, Turkey's largest technology event, with the theme of "Turkey, Today. Now." A total of 10 thousand people from our thousands of customer companies participated in the vast event, where 127 expert speakers in 46 sessions took stage to address many subjects that shape the future, such as artificial intelligence, blockchain and digitalization. Our event, which brought our corporate business partners together with the opinion leaders of the world of science and technology, also attracted interest at state level, with the participation of the Information and Communication Technologies Authority President and ministries.

Our event, which attracted record participation, also registered a record in terms of press coverage, appearing in 47 publications. Our news, covering a total of 10 newspaper pages, reached approximately 10 million people.



Victory is ours. Future is ours.

Happy 30th of August Victory Day



TURKCELL ON COMMUNICATION

We thoroughly renewed our visual world, in accordance with the changing and digitalizing world.



We hold a total of 15 awards from Crystal Apple, and were selected by Crystal Apple as an advertiser that had encouraged creativity over the past 30 years.



On the path on which we set off as the world's first digital operator, we have now concluded another successful year where our solutions added value to life, where our projects demonstrated our social responsibility, and our family expanded. We were deemed worthy of many awards for our communication campaigns. We hold a total of 15 awards from Crystal Apple, Turkey's preeminent marketing and creativity awards event. In addition, we were selected by Crystal Apple as an advertiser that had encouraged creativity over the past 30 years. We also received the "coolest brand" award in the telecom sector from Marketing Turkey.

We thoroughly renewed our visual world, in accordance with the changing and digitalizing world. In the new world, we further strengthened our natural, warm and sincere communication with our customers on the marketing front with the phrase "connect to life right now." The cast of our commercial prepared for the launch of our major change featured the legendary Türkan

Şoray, who had not appeared on the screen for many years. During this period, we shot TV technology programs at our stores, and through radio broadcasts in Turkcell stores, we gave consumers the opportunity to experience our new technologies.

As Turkcell, with our strong presence during the special days, we once again designed very special campaigns. Our October 29 campaign in 2017, identified as the most admired commercial film of the past seven years, according to the results of research conducted by Mediacat and Ipsos, once again made us proud. In our campaign, we highlighted our integrity under the Turkish flag, with the message of unity and solidarity, and on the day of October 29, we celebrated Republic Day with the voice of our founder Atatürk. We touched the hearts of millions of people, achieving a great success. On the feast of Ramadan, we delivered Turkish people the message to "leave the phones aside and be with the family and loved ones" with our "Bayram Olsun" commercial film.



As Turkcell, since our inception, corporate social responsibility projects have always been our priority. We continued to develop new projects using our technology. In this context, we received three Crystal Apple awards for our "Hello Hope - Bana" film, in which we communicated our Hello Hope application, developed to overcome the language barrier of Syrians living in Turkey. In addition, we received four awards from the Mobile Marketing Association (MMA), Smarties and Felis competitions with another Hello Hope project implemented to develop empathy.

With our joint Talent Screening Project with the Ministry of Youth and Sports, we initiated a momentum towards sports with the film and public service ad aimed at motivating children to engage in sport. We launched TURKSPORU magazine, a quarterly periodical available exclusively on the Dergilik application, and that delivers to millions the stories of known and unknown heroes of Turkish sports. With its first volume and the Turkcell Gelibolu Marathon special edition, TURKSPORU received more than 40 thousand reads.

More than 40 thousand reads

We launched TURKSPORU magazine, a quarterly periodical available exclusively on the Dergilik application. With its first volume and the Turkcell Gelibolu Marathon special edition, TURKSPORU received more than 40 thousand reads.

We never stopped being the pioneer of innovation, while continuing to benefit our customers with our offers and tariffs. We increased the awareness of the Surprise Point campaign, by placing physical Surprise Points at the main arteries of the city during our campaign communications. Most importantly, we added a new member to our much loved Emocan family by launching Armağan Emocan, which will be available in the virtual environment.

For the successful integrated communication of our Lifecell Mix "Yiyosa Gelin" campaign, we received the Silver and Bronze awards in general and service categories of Crystal Apple. We used "Media First" in Turkey with Light TV Viewers mass communication for the launch of the new data-focused operator, Lifecell.

Our use of the internet phenomenon Uncle Şelale and its video in new customer offering communication set a good example in terms of being mentioned and remembered with real time communication. It was one of the most frequently remembered commercial films for a period of five months. Since January 2017, Turkcell has ranked eight times on Adwatch's top seven most frequently remembered commercial films, whereas competitor commercials were ranked once.

As Turkcell, we became the first to adopt the "There is no Fair Usage Quota" communication implementation ahead of our competitors. In addition, Turkcell fiber customers were able to use BiP, fizy, TV+, Dergilik and lifebox digital applications without the need to spend the quota of their internet packages, regardless of which tariff they used.

We conducted our Turkcell Corporate relaunch in April. In our image film, in which we asserted "İşte Destek İşte Turkcell" we reached out to the self-employed and emphasized that as Turkcell, we always supported them. Our first campaign, in which we said "call us for a workplace visit" made a mark in Turkcell Corporate history. Our "Self Employed" commercial was followed by the TESK (Confederation of Turkish Tradesmen and Craftsmen) cooperation commercial, in which we conveyed how Turkcell, the world's first digital operator, digitized artisans.

Under the main communication platform of "İşte Destek İşte Turkcell," we emphasize that we remain the firm supporter of all small and large scale companies, offering them solutions in a changing and transforming world. We also support this communication through TV, digital, brochures, corporate solution centers dressing, advertisements and local communications.

As the pioneer of the world of innovations, and the world's first and only digital operator, we continued to make a difference in digital communication. The new launch video of BiP broadcast under the slogan of "Do the BiPing!" attracted great attention in the social media. Following BiP's mass reach out, a colorful world was set up in the video that encouraged people to download BiP.

Another of our activities to make a mark this year was Turkey's search engine Yaani. We highlighted the recently rising trend of using and embracing local and national products in Turkey.

TURKCELL ON COMMUNICATION

We continue to benefit from the creative power of digital media to draw attention to the challenges that our disabled citizens face, while supporting them in all areas.



Our news line project, which we implemented with TV channels, in order to enhance usage habit of BiP received the Effective Native - Special Award and Partnerships and Sponsorships - Bronze Award, from WARC.

One of our projects that touched many through our technology was Life Repairer Hasan. Our videos, told stories of Hasan from Mardin, helping disabled animals on World Animal Day, and building a prosthetic hand for his friend using Turkcell technology. These videos were shared on social media numerous times.

One of our key projects was our film broadcast during Disability Week, telling how Dialog Museum guides and Tango Instructor Elif Ömürüş connected to life through dance, and their story of overcoming obstacles. Our film was extensively disseminated on social media and in the press. Our "#PeoplewithoutBoundaries Marking a First in the World with Dance" video that we shared on Facebook, Twitter, Instagram, YouTube and LinkedIn reached 5.5 million people with 11.5 million page views.

Within the scope of the GSMA Mobile World Congress, we launched the www.turkcellblog.com website, and throughout the event, we brought together the most important developments, news and interviews with followers, while instantly sharing all developments at the lifecell Ventures booth. In addition to this website, we continuously shared innovations with respect to products and services, interviews, photos and videos within the booth on the social media accounts of Turkcell.

Bringing all travel operations together on a single platform with Fulltrip, we aimed to meet all the needs of our users in the field of tourism from end to end. We launched Fulltrip through our communication campaigns where we encouraged people to take

a vacation with the "Let's Travel!" concept. We conveyed product awareness to a large audience within a very short time frame through uninterrupted communications during the early booking period.

In our new TV+ ad, where we talked about the world of entertainment that smart devices bring to our lives, we explained that we could switch on TV+ and enjoy its fun content, rather than stare ahead in a traffic jam, a bank queue, before a meeting, or in any other spare moment. We highlighted that we can always carry our television with TV+ that we upload on our tablets or phones, by conveying our "TV+, wherever you go" message to the consumers.

With the aim of penetrating our applications abroad, we started to invest in media in many countries, and particularly in Germany and the US for BiP, lifebox, Dergilik and fizy. Having launched the new world of BiP at first in the US, we also continued to broadcast in Turkey with a wide combination of channels. During this period, BiP appeared in main news bulletins along with the interviews of Kaan Terzioğlu.

We renewed nearly 4 thousand food containers left in our warehouses. We sent them to our close to 1,500 stores throughout Turkey, announcing this with our film, which we used #LoveandFoodforStreetAnimals tag. #LoveandFoodforStreetAnimals entered the global agenda in third place, remaining for 2 hours on the list of Twitter's trending topics. And in Turkey, entering the agenda in second place, it rose to first place and remained for 5.5 hours on the list of Twitter's trending topics. Our film was accessed 946 thousand times over 2 days.

WE WERE REWARDED ON MANY LOCAL AND GLOBAL PLATFORMS THIS YEAR, FOR THE FIRSTS WE MARKED AND THE TECHNOLOGIES WE DEVELOPED, IN THE MEDIA!

Our news line project, which we implemented with TV channels, in order to enhance usage habit of BiP received the Effective Native - Special Award and Partnerships and Sponsorships - Bronze Award, from WARC.

5.5 million views

We made integrations in TV series, primarily for our DSS products, achieving highly successful business results. In the project, a first for Turkey, the organic view rating greatly exceeded the target. Our videos, which received very positive responses, exceeded the 5.5 million viewing level.

We were awarded at the Excellence in Branded Experience category in the Media Excellence Awards for the Series Extra Channel, which we created on BiP to offer special content to the followers of series.

We continue to benefit from the creative power of digital media to draw attention to the challenges that our disabled citizens face, while supporting them in all areas. Our interactive mobile advertising model, Aurora Case, which increased awareness of the My Sign Language and My Dream Companion applications, was crowned with five awards at the MMA Smarties.

WE CREATED STRONG APP INTERACTION, INFORMATICS AND CONTENT MODELS IN ALL CHANNELS, PRIMARILY SOCIAL MEDIA. WE IMPLEMENTED INNOVATIVE MEDIA MODELS.

We increased the return on investment with sophisticated approaches in addition to simple technical integration and measurements.

We completed the social media definitions of our data and implemented its integration with Turkcell customer relations management.

During the Fulltrip launch, we measured the impact of TV broadcasts on website traffic and implemented a new planning practice by spot-based optimization.

We used "Responsive Search Ads" in the beta advertising model, which provides more space in the Google search network. Thus, we provided more opportunities for a single ad user, while increasing turkcell.com.tr traffic by 9%.

We created new business models in cooperation with Hürriyet Emlak for Superonline, by integrating alternative communication channels, with the B2B sales channel.

We contributed to the efficiency of our investments, by actively using the advertising spaces in our mobile applications (BiP, fizy, Yaani, Dergilik) for all Turkcell campaigns through a cross-marketing strategy.

We turned the Hadi Live Quiz into a major source of active users, primarily for BiP and Yaani.

We received strong returns on the BiP Surprise Point, location based gamification schemes. For people seeking New Year gifts, we showed them the products that their loved ones would like, at the right time and location.

With our TV+ sponsorship for the "Ailecek Şaşkıncı" movie, we increased product awareness by including TV+ in a high box office movie. By purchasing the exclusive broadcasting rights of the motion picture, we increased the activity of the application.

We brought a breath of fresh air to TV advertorials through content integrations that turns characters from the series into the brand spokespersons. Our Lifecell introduction during Erkenci Kuş, the most popular series of the season, attracted great audience interest, leading to a significant rise in the product's search and site traffic. Within the scope of the relaunch of Turkcell connect to life now campaign, we introduced the consumer to a fresh advertising model, by showing sections from the daily life of the actors of the series, during the ad break.

By deploying VAR (Video Aided Referee) broadcast, which began to be used in Superlig matches as of the 2018-2019 season, with TURKSPORU and Goals on Mobile, "first media" use was implemented on TV.

WE FURTHER DEVELOPED OUR CONTENT STRATEGIES THIS YEAR.

We utilized all advertising areas available in our own media in our digital campaigns.

The use of channels on BiP, and articles on Dergilik, provided us the possibility of targeting. With these use cases and all of Turkcell's targeting opportunities we are able to send notifications. We also made integrations in TV series, primarily for our DSS products, achieving highly successful business results. In the project, a first for Turkey, the organic view ratings greatly exceeded the target. Our videos, which received very positive responses, exceeded the 5.5 million viewing level.

For the first time in Turkey, we connected two internet phenomenon on the air and enabled them to live broadcast. We directed the live broadcast, watched with great interest by followers of the phenomenon, to the Yaani integrated main video on the YouTube channel, and introduced the product features. We broadcast questions coming from BiP and addressed to celebrities on the Onedio video channel. In addition to high viewing numbers, the ratio of our mentions rose with the sharing of the fun content on social media.

We also followed trends across the world as well as in Turkey. When we started communication for the Yaani web launch, we received 172 thousand page views and 23 thousand clicks on the internet with the "Yanny or Laurel" video. With this campaign, we provided 43% of the traffic in the always on search engine campaigns. In other words, we doubled our monthly traffic.

OUR DIGITAL SERVICES

BiP has been used in 192 countries, and downloaded by 34.6 million users as of the end of 2018.



Over BiP, which reached 11.5 million three-month active users as of the fourth quarter of 2018, approximately 4 billion messages are sent each month, while more than 20 million calls are placed and nearly 2 million hours are spent over phone calls.



BiP

BiP has been used in 192 countries, and downloaded by 34.6 million users as of the end of 2018.

Over BiP, which reached 11.5 million three-month active users as of the fourth quarter of 2018, approximately 4 billion messages are sent each month, while more than 20 million calls are placed and nearly 2 million hours are spent over phone calls.

With over 200 services positioned under the discover platform of BiP, the total number of follows reached nearly 50 million. The paid and free of charge services launched in diverse categories, from sports to finance, and from magazines to entertainment and information services, continue to reach end users.

Hadi Live Quiz Started the Digital Journey with BiP.

Setting off with the idea of a live broadcast mobile quiz show with cash prizes, Vipme accomplished a first for Turkey with 'Hadi Live Quiz' as the strategic partner of BiP. The 'Hadi Live Quiz' channel appearing under the Discover

category of BiP with its flexible and advanced capabilities, reached more than 2 million followers. While the latest information on the contest was provided through the 'Hadi Live Quiz' channel, BiP users were given the privilege of getting the lifeline they could use in the contest. Hadi starts digital interaction with its users by accepting them on the platform through Fast Login, the digital authentication management solution provided by Turkcell. The winners of the contest spend the money that they receive through Paycell. In new year's eve, 1.2 million people competed simultaneously, setting a new record. BiP and the cooperation with Turkcell digital services have a significant share in the success of Hadi Live Quiz in reaching millions in a couple of months.

Vipme runs on Turkcell Cloud infrastructure by strengthening its cooperation with Turkcell for users from all operators, enabling an uninterrupted experience during the contest. The Hadi Live Quiz example is one of the key indicators of the power that Turkcell digital platform and solutions deliver to business partner applications online. In 2019, new players are going to continue to join the Turkcell digital ecosystem rapidly.

50 million follows

With over 200 services positioned under the discover platform of BiP, the total number of follows reached nearly 50 million.



With Surprise Point services under Discover platform of BiP, millions of gifts were distributed, from lifebox to fizy and from TV+ to Paycell, as well as cash at the surprise points located in the 81 provinces of Turkey.

Global Communications Campaigns that Make the World "BiP"ing

BiP accelerated its efforts for its communication abroad in the wake of Turkey. Having increased its number of users by 70% over the past year, BiP launched a new communication campaign. The first address of the application preparing to appear in the most important medium of the global media, was US, the country of its closest competitor. Thanks to the campaigns that BiP started in many European countries, including England, Germany, France and Russia, the number of users gained momentum in the last quarter of the year. In 2019, more than half of new users are expected to come from abroad.

In addition to its international communication activities, BiP also continues its digital transformation partnerships with operators. In 2018, it increased the number of active users in Moldova 30 times as a result of the cooperation initiated with Moldcell.

Hundreds of Services, Including the Public Service Sphere, are Provided through Discover.

The number of the channels/services on BiP Discover platform exceeded 200 in 2018. The total number of unique followers of the channels exceeded 13 million.

BiP offers users diverse rich content from sports to magazine and games, and ensures users derive joy and excitement through different contests instantly, BiP also enables access to public institutions such as the Ministry of Agriculture and Forestry, State Supply Office, e-government gateway, Istanbul Metropolitan Municipality White Table, and the Keçiören and Bodrum Municipality.

Whole Turkey is at Surprise Point with BiP!

With Surprise Point service under Discover platform of BiP, millions of gifts were distributed, from lifebox to fizy and from TV+ to Paycell, as well as cash at the surprise points located in the

81 provinces of Turkey. Millions of BiP users roamed from one province to another, and from one district to another to collect the surprise gifts. As BiP's most popular service in 2018, Surprise Point both amused users and rewarded them. Surprise Point continues to be positioned as a solution to customer acquisition and loyalty for numerous sectors.

Turkey Loved the Fight Against Inflation Channel.

Turkcell's "Double Internet Quota" campaign launched in the scope of the All-out War Program Against Inflation Program announced by the Treasury and the Ministry of Finance, attracted great interest. In the first 72 hours of the campaign, more than 2 million Turkcell users followed the 'Fight Against Inflation' channel on BiP doubling their internet quota. As the result of the campaign, BiP became the most downloaded application of Turkey in the application stores in that time frame of 3 days.

The Era of Using Two Numbers on a Single Phone Began on BiP.

BiP makes it possible to use two different numbers on a single phone, thanks to My Second Number on BiP. With this innovative feature developed for BiP by Turkcell engineers; people using two different numbers can start using only one handset by using their other line via BiP. With the My Second Number on BiP service, the second number is identified on BiP to place and receive calls, and get SMS. Thus, those who need to use two lines may avoid the burden of carrying multiple devices.

This feature, a first in both Turkey and Europe, is also available to BiP users abroad. With this feature, Turkish people living in Europe started to use their line in Turkey, and their line of the country they live in, on a single phone, and eliminated the hassle of closing one of their lines.

Send Money Easily As If You Send Message

It is also possible to send money via BiP as if sending a message. With BiP money transfer, it is now possible to transfer money by simply knowing the phone number without requiring the IBAN or account number.

Joy of BiP Gaming

As of the end of December, 4.8 million unique visitors played games on the BiP game platform, which offers a unique game experience, accessing more players with each day with its enriched game portfolio.

OUR DIGITAL SERVICES

Integration of UpCall and Turkey's local search engine, Yaani, enabled location based searches inquired under the application to be performed over Yaani which further enriched those searches.



The Operator Name Setting feature provided only by UpCall enables users to personalize the operator name displayed on the phone screen.



UPCALL – THE APPLICATION THAT CHANGES THE CALLING EXPERIENCE

UpCall is an application enriching and facilitating our customers' calling experience with the numerous value added features it offers. When a call is received from a number that is not saved in the phonebook, the caller is identified on the screen, while the phone rings; the calling experience can be made customized in a fun way 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. In addition, with the Do Not Disturb feature, when the phone is on, the caller hears the message that the number cannot be reached, while it is possible to track when and which number called.

UpCall application also has features that enable users to identify the number of an unknown person or place via name and to conduct number queries, to form a group and initiate a group call with a single click and speak to everyone in the group simultaneously. Allowing for a more dynamic usage with its renewed interface, UpCall enables to track all notifications and settings related to a mobile call on a single screen and to manage them effectively.

The Operator Name Setting feature provided only by UpCall enables users to personalize the operator name displayed on the phone screen.

Integration of UpCall and Turkey's local search engine, Yaani, enabled location based searches inquired under the application to be performed over Yaani which further enriched those searches.

Moreover, in order to enable users to get easier support, Live Support integration was first introduced in UpCall in addition to e-mail communication. With this feature, which is dynamically adjustable, it is possible to obtain rapid support via instant messaging with the application consultant within the specified time period.

With the UpCall application, which started to create solutions for institutions, employees in the same institution can see name and title information when they call each other, even if the number is not recorded in their phone book. In addition, with the feature of adding topics to calls, call centers are now able to communicate the reason for calling their customers while the phone is ringing. This way, while subscribers are informed about incoming calls when their phone rings, call centers also increase their ratio of reach and efficiency.

Having reached more than 5 million downloads, UpCall is planned to be made available for the use of other operators subscribers soon.



In addition to the popular local magazines, Dergilik introduced 1 thousand popular international magazines across diverse categories, from sports to business, and from the tabloid press to science to its users.



DERGİLİK – THE APPLICATION THAT CHANGES READING HABITS

Our Dergilik application, which offers the opportunity to read hundreds of Turkey's popular magazines and newspapers digitally on one platform, reached 12.5 million three-month active users as of the fourth quarter of 2018. While also improving its user-friendly experience in 2018, we made it more enjoyable for our users to read magazines and newspapers, by enhancing magazine and newspaper downloading and reading performance.

We Quadrupled Our Magazine and Newspaper Archive.

In addition to the popular local magazines, Dergilik introduced 1 thousand popular international magazines across diverse categories, from sports to business, and from the tabloid press to science to its users, quadrupling the number of publications in its portfolio from 400 to 1.6 thousand in 2018.

Dergilik not only included Turkey's most widely read national newspapers to its platform, but also extended its content with minority and local newspapers, Dünya Newspaper as well as the daily special 'Headlines of the Day' newspaper, which compiles the daily headlines unique to the application.

We Launched the Dergilik International Magazine Package.

In addition to our extensive portfolio of local magazines, we introduced our subscribers to 1 thousand international magazines across diverse categories, from sports to business and from science to the tabloid press, with an additional premium fee. In order to attract many users to this premium subscription, we set the price equal to the cost of a single piece of a magazine boosting the value of the offering.

Northern Cyprus Reads Dergilik, too.

We brought Dergilik to the Turkish Republic of Northern Cyprus. By incorporating the most widely read national newspapers in Cyprus into Dergilik, we

introduced them to users on the digital platform. By gathering these valuable publications on a single platform, we also manifested our leadership in digital publishing in Cyprus.

Dergilik Became Global.

As of January, users downloading Dergilik from the global application stores will benefit from the rich content world of Dergilik. Our users, who are thousands of kilometers away from Turkey, can read hundreds of local magazines and newspapers with just one click, from anywhere in the world.

Easy to Use Dergilik

Dergilik, Turkey's richest and most popular digital magazine and newspaper reading platform, continues to solidify its position by taking strong steps towards becoming the Turkey's most powerful digital publishing platform offering numerous 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 accessing hundreds of magazines at the price of a single magazine, are some of the features offered by Dergilik.

Offers That Add Value to Life

As of September 2016, Dergilik started to offer 5 GB of monthly mobile internet quota to be used in the application for consumer tariffs to encourage the downloading and reading of magazines. Users enjoy consuming 5 GB, reserved for reading in their Turkcell tariffs on Dergilik, without paying an additional fee to their tariffs. This benefit, part of the Digital Operator strategy, increases user loyalty and satisfaction.

In 2018, Dergilik users had the advantage of different benefits in addition to the 5 GB incentive. Turkcell customers who downloaded and logged in to the Dergilik application for the first time were gifted 1 GB of internet. Users, who additionally downloaded magazines from Dergilik after participating in the Shake and Win campaign, won a second (minute, SMS, internet, etc.) gift. In addition, those who downloaded magazines from Dergilik won the right to participate in the phone draw campaign.

In 2018, Dergilik Users Read 81.7 Million Publishing!

The number of magazines and newspapers read on Dergilik, the leader in digital publishing, reached 81.7 million, rising by 3.4 times in a span of one year. Moreover, Dergilik expanded the digital publishing sector by combining the content of many different publishers for its users, demonstrating its pioneering position by creating equality in the sector for small publishers, as much as for large ones within the ecosystem.

81.7 million publishing

The number of magazines and newspapers read on Dergilik, the leader in digital publishing, reached 81.7 million, rising by 3.4 times in 2018.

OUR DIGITAL SERVICES

In 2018, 7 million songs were listened at average on a daily basis on fizy, which reached 21 million downloads to date.



Users have experienced a much stronger and more binding user experience with fizy Social, enabling them to share the playlists they prepared with other fizy users, follow and listen to the playlists that are shared with everyone.

fizy – TURKEY'S MUSIC PLATFORM

fizy, the most downloaded and popular music platform in Turkey ended 2018 with new records. As well as fizy Social, fizy Web Player, CarPlay and Mobile Connect that entered our lives in 2018, existing features* like high audio quality, live concert broadcasts, artists' performances not available in any other medium, and Turkey's most popular radio channels provided users 48 minutes of music and entertainment daily.

In 2018, 7 million songs were listened at average on a daily basis on fizy, which reached 21 million downloads to date.

***High Audio Quality:** fizy Premium users can listen to songs with high audio quality, i.e. 320 kbps (AAC).

***More Radio Stations:** Users can access Turkey's most popular radio channels located on the radio tab through fizy application.

***Custom Video Content:** fizy users can access video content, acoustic shots, and fizy concert recordings that will not be available anywhere else.

fizy Opened to the World!

Being offered with the radio application for Ukrainian users, fizy opened its doors to the world for the first time in 2017 in Ukraine. In 2018, fizy was first launched in Germany in March, followed by Belarus in May. fizy, which registered a tremendous impact, was launched in Germany with Tarkan on a six concert, special Germany tour. Thanks to the various social media schemes, fizy users in Germany won invitations to these concerts, and the chance to meet with the artist. In April, the "on demand" structure was brought into use in fizy in Ukraine, whereby the number of users began to increase rapidly. The efforts continue to enable the use of fizy in more countries in 2019.

Expanding Music Archive

The music archive is expanding rapidly with the addition of new audio and video content in the scope of agreements made with the most professional content firms and content distributors in their fields day by day. Currently, there are approximately 25 million different pieces of content in the fizy archive. fizy, the only music platform to include audio content and video content plus dozens of radio channels on the same platform, continues to work on expanding the fizy catalog/content.

Brand New Features!

Users have experienced a much stronger and more binding user experience with fizy Social, enabling them to share the playlists they prepared with other fizy users, follow and listen to the playlists that are shared with everyone. The new fizy Web Player eagerly awaited by desktop users, was brought into service with its newly added radio and video features, on the road to globalization. Besides, users also started to enjoy unlimited music through fizy with the CarPlay feature in their cars. Login to the application, the key to a perfect fizy experience, is integrated with Mobile Connect making fizy experience seamless.

In addition, this year fizy supported valuable events. These were:



The Turkcell Starry Nights event was held at the Harbiye Cemil Topuzlu Stage once again this year. Throughout the ten-concert event, all concerts were broadcast live through fizy.



The 21st fizy High School Music Contest

The 21st fizy High School Music Contest, one of Turkey's largest music contests, was held during the January-April 2018 period, again with the sponsorship of fizy. Communication of the contest began in January and the performances of the contestants were presented for the likes of users through fizy after auditions in Ankara, Istanbul and Izmir, in March. Following the voting on audition videos through fizy, a total of 6 groups won the right to participate in the grand finals on April 29. The grand final on April 29 was broadcast live on fizy for 13 hours. The 21st fizy HSMC gained 62% more new users compared to the previous year while 144% increased data consumption was registered.

fizy: Cappadox Festival

Pozitif's music festival Cappadox, organized for the 4th time in 2018, and sponsored by fizy, was successfully staged.

In the context of Cappadox, 9 contemporary art performances, 65 workshops, and a total of 141 events consisting of live music, a contemporary art exhibition, artistic performances, workshops, gastronomy tastings, outdoor trekking, bike tours, jogging, yoga and meditation were organized at 21 venues. In the music program of Cappadox participated in by 10 thousand people, many important artists took to the stage in rock, folk, electronic, Turkish folk music, jazz and world music genres, in total of 31 concerts.

İlhan Erşahin's Istanbul Sessions and Birsen Tezer Cappadox performances were broadcast live through fizy.

fizy: Bodrum Music Festival

This year, fizy was among the sponsors of the festival, which was held on August 4-8 in Bodrum D-Marin.

The festival hosted stars such as Fazıl Say, Gülsin Onay, Murat Karahan, Christina Pluhar, Lauren Fagan, Alina Pogostkina, Vikingur Ólafsson and Avi Avital, and virtuosos as Sevil Ulucan, Hillel Zori, İbrahim Yazıcı, Erman Türküli, Çağ Erçağ, Gülrü Ensari, Dorukhan Doruk, Camille Thomas and Veriko Çumberidze, in addition to ensembles such as the Presidential Symphony Orchestra, L'Arpeggiata, the Olten Quartet and the LUDWIG Orchestra. In the scope of Bodrum Music Festival, numerous concerts were broadcast live through fizy.

Turkcell Starry Nights

The Turkcell Starry Nights event was held at the Harbiye Cemil Topuzlu Stage once again this year. Throughout the 10-concert event, all concerts were broadcast live through fizy. Approximately 400 thousand music lovers watched live broadcasts with fizy. With competitions held on the social media accounts of the fizy application, fizy users won both invitation to the concerts, and a chance to meet the artists.

144%

The grand finale of 21st fizy High School Music Contest (HSMC) on April 29 was broadcast live on fizy for 13 hours. The 21st fizy HSMC gained 62% more new users compared to the previous year while 144% increased data consumption was registered.

OUR DIGITAL SERVICES

fizy Istanbul Music Week hosted a very special award ceremony in addition to the panels, concerts and signing days.



During the International Antalya Film Festival, held for the 55th occasion this year, a special preview was presented. "Sezen Sokakta" documentary, the production and shooting of which lasted 18 months and was sponsored by fizy, premiered at the Antalya Film Festival.



fizy Istanbul Music Week

The fizy Istanbul Music Week, which was held for the first time this year on September 18-23 at Zorlu PSM, was completed with great success. Spreading over six days, the festival set out with the goal of being Turkey's first and only popular cultural festival, and hosted signature days and special concerts one from another, as well as panels and interviews, that inspire legendary musicians and young artists. The fizy Istanbul Music Week took place at Zorlu PSM in five stages, with 36 concerts given by 300 musicians, as well as 13 panels of 47 speakers and five signing days.

During the festival, participated in by 25 thousand music lovers by the end of the 6 days, legendary musicians such as MFÖ, Athena, Bülent Ortaçgil, Teoman, Şebnem Ferah, Kenan Doğulu, Selda Bağcan, Nil Karaibrahimgil, mor ve ötesi and Gripin, and young stars such as Kalben, Edis, Ece Seçkin and Alper Erözler had met with their fans. Performances during the fizy Istanbul Music Week reached fizy users through the fizy application in a total of 12 hours of live broadcasts, whereby 210 thousand people watched the concerts in real time. Again with the contests held through social

media accounts, music lovers won both invitations to the concerts and the chance to meet the artists.

fizy Music Awards were Presented to the Winners.

The fizy Istanbul Music Week, apart from panels, concerts and signing days, also hosted a very special award ceremony. On the evening of September 20, the awards were presented to the winners during the fizy Music Awards held for the first time this year at Zorlu PSM.

Awards were given in 11 categories at the ceremony, at which Burcu Esmersoy hosted. During the opening speech of the award ceremony, Turkcell CEO Kaan Terzioğlu stated that the results of the fizy Music Awards were determined by taking into account the most listened to and followed data from publicly-available sources including fizy, underlining that the new jury in the digital world is data.

Sezen Sokakta Documentary

During the International Antalya Film Festival, held for the 55th occasion this year, a special preview was presented. 'Sezen Sokakta' documentary, the production and shooting of which lasted 18 months and was sponsored by fizy, premiered at the Antalya Film Festival.

In the documentary, written by Erkan Güleriyüz and filmed by director Bedran Güzel, street musicians living in various cities of Turkey sang the songs of Sezen Aksu. In the 'Sezen Sokakta,' street musicians selected by Erkan Güleriyüz covered Sezen Aksu songs with acoustic performances in select locations in Ankara, Eskişehir, İstanbul, İzmir, Mardin, Antalya and Cappadocia. The final shoot of the project in Kanlıca, İstanbul, was completed with the surprise participation of Sezen Aksu herself. During the 55th Antalya Film Festival, an audience of 2 thousand participated in a special preview, open to the public, setting a record in the festival's history. Sezen Sokakta was broadcast exclusively on fizy for 1 month. As of November 2, the documentary had been viewed by over 200 thousand people through fizy.



81 minutes

New generation TV viewing time of TV+ customers through mobile phones and tablet rose to 81 minutes.

TV+

TV+ continues to play an important role in Turkcell's digital operator vision by enabling its users to access TV series, movies and television programs wherever and whenever they want.

On the back of this vision new generation TV daily viewing time of TV+ customers through mobile phones and tablets rose to 81 minutes.

Number of active users⁽¹⁾ reached 3.4 million as of the fourth quarter of 2018. Offers, in which we provided television, fiber internet and fixed call needs as a bundle, 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 and UHD format. TV+ became the platform with the highest number of UHD channels in Turkey.

TV+ became the broadcaster of the German Bundesliga, one of the world's most valuable football leagues, 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 key motor sport events such as Formula 1 and MotoGP. The world's leading tennis tournament Wimbledon, and FIBA Champions League were also broadcast on TV+.

⁽¹⁾ IPTV users and OTT only cumulative active users.

TV+ started live broadcasting. While we broadcast various concerts, important events, sports and magazine programs, we also bring important live sports organizations and users together. We will continue to produce programs such as e-sports, horse racing, match broadcasts and live commentary programs that embrace those sports' audiences, and further increase viewer numbers.

Hollywood's blockbusters and the most prominent films, and series continue to meet users on TV+. High box-office movies such as Batman vs. Superman, Star Wars and Transformers are just a few of them.

In this period where series are increasingly drawing attention, we bring the most popular new series to our customers, both through our series channels and our optional video viewing service.

We started to broadcast the highest box-office movies of Turkish cinema, the most beautiful classics and the most prominent Turkish movies on TV+.

We launched our specially designed new box to provide a better service to our home users, enabling them to enjoy a new generation television experience. With our new box, 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 4K (Ultra HD) supported box and our 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.

In the scope of our strategy of appearing on every screen, we respectively deployed Apple TV, Android TV and the Smart TV applications of TV+, which we offer to home users who are Superonline fiber internet customers. Thereby, we increased the number of screens on which our users can enjoy the new 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 to provide tailor made offers to users. By listening to our users, we take into account their changing needs and global trends, and work on improving the holistic TV+ experience every single day.

OUR DIGITAL SERVICES

lifebox has users in 155 countries, primarily in Ukraine, Germany, the US, Azerbaijan, Russia, China, Syria and the UK.



Thanks to the “Face and Object Recognition” feature launched in 2018, providing users with ease of use, lifebox began to automatically group photos based on faces and objects.



lifebox – BRAND NEW DESIGN MEETS THE USERS.

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 2018. With the number of files stored exceeding 3.5 billion, phone books can also be backed up in lifebox. In 2018, the number of users who backed up their phone book in lifebox exceeded 1 million. Number of three-month active users rose up to 2.6 million.

Thanks to the “Face and Object Recognition” feature launched in 2018, providing users with ease of use, lifebox began to automatically group photos based on faces and objects. The entire photo archive is automatically grouped under the smart album based on individuals, objects and places, and can be reached out through performing a search.

Another innovative feature launched this year by lifebox is “Auto Story Creation.” By creating automatic stories from the users’ lifebox archive, memories are kept alive. Users can immortalize these videos by easily sharing them on their social media accounts.

In June, with the new design, lifebox had been transformed into a platform that enables it to directly interact with users. On this platform, through which lifebox can interact with its users at more points, automatic cards and stories enable users to better preserve their memories.

lifebox has users in 155 countries, primarily in Ukraine, Germany, the US, Azerbaijan, Russia, China, Syria and the UK. In addition, in 2018, after collaboration with subsidiaries in Ukraine and Cyprus, the operator business partnerships continued with Moldcell in Moldova. Thanks to operator business partnerships, lifebox advances by solidifying its presence abroad.

lifebox is available to operators throughout the World by providing language support in Turkish, English, Arabic, German, Russian, Ukrainian and Romanian. In 2018, it also began to provide Spanish language support to further broaden its audience.



Celebrating its first anniversary on October 25, 2018, Yaani continues to expand its features. With the most recently added Shopping Search Vertical, it provides a comparison of the sought for products on the basis of price and supplier without the need for users to switch to another page.



Turkcell Fast Login, which marked significant steps in 2018, with 15.3 million registered users, became the first global application meeting the commercial sustainability criteria set by the World GSM Association (GSMA) worldwide.

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. It makes a difference by displaying the closest venues to users in location-based searches. Yaani has reached 7.6 million downloads amid intense user interest. Yaani made it to the first place on the list of most downloaded free apps on both App Store and Google Playstore, in a matter of just 2 days after being introduced.

Initially, Yaani was designed as a mobile browser, but shortly thereafter, it could be accessed via yaani.com.tr through web and mobile browsers. Yaani draws attention for its location-based search feature, enabling users to view the results closest to them, based on the location search initiated. For example, while Yaani users search for movies in theaters, they can also monitor the closest movie theaters, where those movies are playing. Or, those seeking alternative places to eat, can easily access the restaurants and cafes closest to them, and get there with contact information.

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

Celebrating its first anniversary on October 25, 2018, Yaani continues to expand its features. With the most recently added Shopping Search Vertical, it provides a comparison of the sought for products on the basis of price and supplier without the need for users to switch to another page.

Yaani is integrated with Turkcell services. For example, users who search on Yaani can directly access the relevant article or magazine through integration with the rich content of Dergilik.

TURKCELL FAST LOGIN

Given the incidents recently experienced, digital authentication and the security of digital information has become one of the digital world's most vital standards. Fast Login is a customer authentication service provided through mobile phone number, which tops the most reliably protected information list in personalized verification. Fast Login, which became one of the most reliable solutions that Turkcell introduced to the world, is compatible with the Mobile Connect service, provided by the World GSM Association (GSMA). The service, which marked significant steps in 2018, with 15.3 million registered users, became the first global application meeting the commercial sustainability criteria set by the World GSM Association (GSMA) worldwide. In order to both share this success story with global players and give information on different Mobile Connect applications, Mobile Connect Summit Istanbul was organized by GSMA and hosted by Turkcell on October 10-11. The event was held with the participation of approximately 150 people, where operators and service providers such as KPN, DT, SKT, Umniah, Tunisie Telecom, Bharti Airtel, Payfone, Megafon, Microsoft, Infocert, Zain Group, JT Global, Telesign, BICS, Magyar, Reliance Jio, Teleoptima Global Mobile, Experian, Clayster, and Trans Union came together.

Reaching 8.2 million three-month active users as of the fourth quarter of 2018, Fast Login has been used in across over 40 different services for 232 million times to date.

Fast Login, described as the gateway to Turkcell's digital world and the digital economy, is used in numerous Turkcell applications, including the popular newspaper and magazine application "Dergilik" and customer services application "My Account." In addition, it is used in Turkcell's customer services portal, in the Fulltrip travel site, and on crowd funding platform Beehive.

Many applications such as Hadi Live Quiz (the online game application), Piri (the travel application), Smart Beyoğlu (the lifestyle application of Beyoğlu Municipality that introduces Beyoğlu, one of the most popular districts of Istanbul), Kimboo (the social game platform) and Nil.com (one of Turkey's leading e-commerce brands) are among the service providers to benefit from the smooth and secure login service provided by Turkcell.

In 2018, the Fast Login Turkcell carried out joint integration activities with Paycell as an integral part of Turkcell's secure e-Commerce platform, and close to 10 services were entitled to receive the Turkcell Secure e-Commerce stamp.

OUR DIGITAL SERVICES

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



Twin Science Set, one of the first 3 initiatives to raise funds in Beehive, opened to the world and represented Turkey at the World Science Fair.

TRY 5.5 million

More than 6 thousand project applications have been submitted to Beehive thus far. Out of 65 projects selected, 32 have successfully completed their campaigns and raised more than TRY 5.5 million in funds.

PLAYCELL

Launched for children under 12 years of age as a trusted game platform, Playcell reached 18.7 million visitors and 81 million page views in its first year. Playcell, compatible with desktop, mobile web and Android devices, enables users to access the service anytime, anywhere as they wish. Setting out with a content strategy that always puts children's development at the forefront, Playcell aims to make parents feel comfortable, while entertaining children with the games selected with care.

BEEHIVE – TURKEY'S CROWD FUNDING PLATFORM

Beehive is a crowd-funding platform initiated in 2016 to support Turkey's entrepreneurial ecosystem, and pioneers a first in this field for technology initiatives in Turkey. Founded as a venture itself, Turkcell mediates in the foundation of new Turkcells.

Beehive enables project owners to secure the financial resources they need to launch their products with the support of individuals in society, in large and small amounts, rather than a specific person or institution. More than 6 thousand project applications have been submitted to Beehive so far. Out of 65 projects selected, 32 have successfully completed their campaigns and raised more than TRY 5.5 million in funds. Those initiatives to have successfully attracted funds and started mass production, have already begun to make a difference in the world. They have also brought global awards to Turkey thanks to the value add they created. Local drone Ape X, set a record in Turkey, by obtaining TRY 783,955 in support in 2018. Ape X was selected as one of the world's 20 most innovative drone initiatives in the DISC2018 Drone Innovation Venture Contest organized in partnership with Wamda Capital and Krypton Labs. The Smart Stick WeWALK, successfully raising its target fund within twenty four hours, won a gold award in the health and well-being category at the Edison Awards.

Twin Science Set, one of the first 3 initiatives to raise funds in Beehive, opened to the world and represented Turkey at the World Science Fair.

Another opportunity was created for entrepreneurs at Beehive, which quickly became the market leader in terms of the fund size reached. And by launching Beehive Store, Turkey's first market place specific to ventures, we enable easy access to the products and services that have successfully completed the funding phase. A number of initiatives successfully funded at Beehive sell their products on turkcell.com.tr, Turkey's leading e-commerce platform.

Another important development for the entrepreneurial world of 2018 was Turkcell's TRY 100 thousand cloud computing support to entrepreneurs. It enables entrepreneurs in Turkey to launch their applications, mobile and websites to the world via Turkcell's secure cloud, and to benefit from Turkcell support while expanding their businesses. Moreover, Turkey's entrepreneurs can also safeguard identity security of their digital customers with Turkcell Fast Login, and can benefit from Paycell privileges in digital payment. Entrepreneurs started to make their application as of December 2018 in order to benefit from this support. And with this support extended to entrepreneurs in the scope of the fight against inflation, Turkcell protects entrepreneurs from informatics-related costs which have been impacted by foreign exchange fluctuations.

FULLTRIP

Fulltrip, the new address of end-to-end travel planning that we launched in October 2017, brought many innovations to the sector in 2018 as a new player in the tourism sector.

With Fulltrip's personalized travel experience, people can perform all travel planning on a single platform. All transactions related to travel from A to Z such as car rental, cruises, airport information and transfer, hotel reservation, travel guide, plane and visa services can be performed through



Fulltrip has brought a breath of fresh air to digital travel platforms with its end-to-end holiday planning service, and has also been a pioneer in the industry by offering online travel loan services for the first time.

220 thousand

The Fulltrip platform has more than 220 thousand hotels, over 120 airlines, 4 thousand car rental companies and over a thousand tour options.

Fulltrip. In addition to these services, Fulltrip offers a personalized travel experience based on the habits of its users. Ensuring ease of booking by displaying the latest search records, Fulltrip is also integrated with new generation communication platform BiP. Through the Fulltrip page in BiP's discover field, it offers digital customer service experience and provides 24/7 instant support. Fulltrip gives all passengers 25 GB of storage space from lifebox and offers a 1 GB internet gift through BiP, valid abroad. Our users access Fulltrip, equipped with end-to-end Turkcell assurance with Fast Login technology, and can sign up just by using their phone numbers, and make payments through Paycell infrastructure, the national payment platform.

Fulltrip has brought a new breath to digital travel platforms with its end-to-end holiday planning service, and has also been a pioneer in the industry by offering online travel loan services for the first time. In collaboration with Financell, Turkcell's financing company, Fulltrip offers up to 24 month installments on holiday plans.

The Fulltrip platform, which has more than 220 thousand hotels, over 120 airlines, 4 thousand car rental companies and over a thousand tour options, commenced service through also mobile phone application as of July. Various advantageous campaigns await users for transactions made through Fulltrip application.

GOALS ON MOBILE – CUSTOM SERVICE FOR THE FANS

Our Goals on Mobile applications, designed for fans of the big 4 teams, now offer its users a simpler and faster experience with its interface renewed in 2018. Through Goals on Mobile 1903, Goals on Mobile 1905, Goals on Mobile 1907 and Goals on Mobile 1967 applications, we provide our customers with live goals, newflashes, special videos and 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,

exclusive to İddaa fans, we offer live scores from all over the world and make a difference in our application with Turkey's Smart Analysis system enriched by artificial intelligence.

In addition to Spain's La Liga and England's Premier League, the Bundesliga and France's Ligue 1 were included in our content World in 2018, which enriched the content provided on Goals on Mobile.

TURKCELL KOPILOT – YOUR VEHICLE IS SAFE

Vehicle tracking services, which for years have been utilized by corporate fleets only, were launched for individual use only for the first time in July 2018 through Turkcell Kopilot, thanks to Turkcell's extensive sales and communication network. The Turkcell Kopilot device is connected to the Vehicle System Control Connector OBD2 (On-Board Diagnostics 2) of cars and has an embedded IoT Sim card. Once paired with the application downloaded to smartphones, Turkcell Kopilot provides instant information flow to the users. Turkcell Kopilot, with its superior features, brings a new dimension to the driving experience. Focusing on smart and safe driving with its features far beyond the services provided by a classic vehicle tracking system, Turkcell Kopilot maximizes the passenger, vehicle and travel experience with the flow of information it provides to the driver. As drivers' trustworthy companion Turkcell Kopilot works simultaneously with the application downloaded on smartphones and makes cars smarter.

Turkcell Kopilot, a first for Turkey, provides key information such as usage details and travel statistics, driver profile and score, and automobile profile, while contributing to the vehicle safety of the drivers.

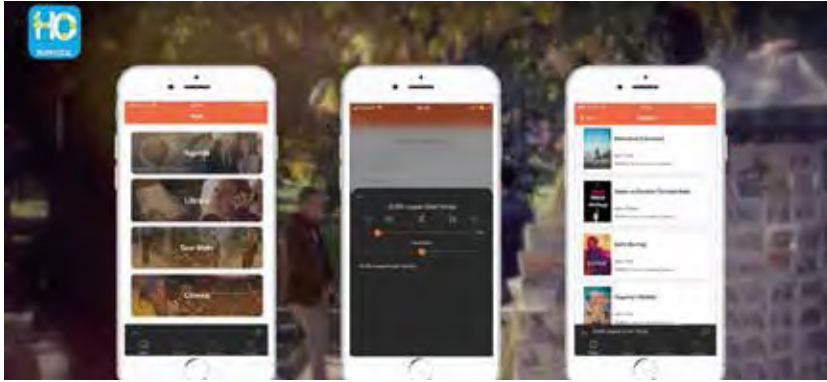
SUPERCAM

SUPERCAM was offered to our customers to ensure the safety of home and workplace with indoor and outdoor camera options as of June 2018. Within a short time, it was appreciated and purchased by hundreds of customers keen to protect their homes and workplaces from undesired incidents.

Within a few months, SUPERCAM had started to serve more than a thousand customers. SUPERCAM continues to offer a solid experience with its smart features that we improve with developing technologies each day and increase the number of its customers day by day.

OUR DIGITAL SERVICES

With the audio description technology of My Dream Companion we launched in December 2015, the visually impaired can follow all movies at all movie theaters in Turkey without missing any visual detail.



In the scope of My Dream Companion service, the visually impaired follow the current agenda across various categories such as science and technology, health, sports, politics and the economy, as well as enjoying up to date articles from over 500 columnists. In addition, they have access to intellectual content such as thousands of audio books, as well as educational materials and magazines.

MY DREAM COMPANION

My Dream Companion serves through the 8020 short number used by the visually impaired, iOS, and Android operating systems, which are compatible with the My Dream Companion mobile application and www.hayalortagim.com website. It is a free service open to all operators' subscribers. In the scope of the service, the visually impaired follow the current agenda across various categories such as science and technology, health, sports, politics and the economy, as well as enjoying up to date articles from over 500 columnists. In addition, they have access to intellectual content such as thousands of audio books, as well as educational materials and magazines.

Through My Dream Companion application, which makes use of beacon technology, visually impaired users obtain detailed information on stores as they pass them at a total of 28 shopping centers in the 12 cities including Istanbul, Ankara, Gaziantep, Konya, Kayseri, Nevşehir, Adana, Izmir, Bursa, Antalya, Mersin and Kocaeli, as well as Özyeğin University and Yapı Kredi Cultural Center. In addition, they benefit from navigation service for areas such as shops, lifts, help desks and restrooms.

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. My Dream Companion application automatically syncs with the movie anywhere during the film; and in scenes where there is no dialogue, by describing all visual details with external sound, it improves the viewing experience of the visually impaired. The audio description service, implemented for the first time in the world delivered 130 movies playing at movie theaters, and a 14-episode TV program, to the visually impaired. The service has been awarded in the category of Accessibility and Integration to Social Life at GSMA 2016, and also named the application with the highest social impact in the MEFFYS 2016.

In July 2016, we implemented a pilot project using beacon technology to improve the public transport experience of the visually impaired in cooperation with the Gaziantep Metropolitan Municipality. With this project, visually impaired people in Gaziantep can access information such as the arrival of the bus they are waiting for while at the bus stop; the stops they pass while on the bus, and arrival at their final destination via the My Dream Companion application. Additionally, while the visually impaired user waits at the bus stop, the driver of that bus is informed that a visually impaired individual will board their bus. In order to implement the transportation technology in different cities, demo studies with municipalities continue.

My Dream Companion's navigation technology was combined with audio description technology. The audio descriptions of the work of art exhibited in Yapı Kredi Cultural Center are delivered to visually impaired art lovers through the application. At the same time, users can also utilize navigation services within the museum.

Following movies, the audio description technology extended its use to TV programs. The weekly TV program "Bilin Deneyin" on CNN Turk was audio described simultaneously through the My Dream Companion application for the visually impaired.



With Turkcell Big Data Services, we continue to provide services to our corporate customers across diverse sectors enabling them to develop business processes, make data-based decisions and conduct customer-competitor analysis, among numerous other functions.

MY SIGN LANGUAGE

My Sign Language application, launched in August 2017, is facilitating the communication between hearing impaired individuals and the ones who don't know sign language, supporting the self-development of the hearing impaired individuals.

In the scope of this application, a simultaneous translator of written and spoken text into Sign Language a digital dictionary including sign equivalents of over 3.5 thousand words, current news, content on personal and child development and sign language trainings can be accessed. The application can be downloaded free of charge by the customers of all operators and the data used within the application is completely free for Turkcell customers.

In addition to the digital solutions implemented for the equal and full participation of the visually impaired and hearing-impaired in social life, a new mobile application project was initiated to support the education of individuals with autism.

HELLO HOPE

The "Hello Hope" mobile application, launched in September 2016 in support of Syrians in overcoming the language barrier, a major obstacle to their participation in social life in Turkey, reached 1 million users. Through the application, users can access instant audio translation in the Arabic and Turkish languages, learn the most frequently used Turkish words and sentences in written and audio format, and check their own pronunciation. The application also allows access to information useful in daily life in Turkey, as well as the Arabic Call Center, with a single click.

According to the results of the survey conducted at the end of 2017 on the application, in the Turkish learning section of the application, the number of words, also classified for children and adults, has been increased and exceeded 1 thousand.

In addition, the Arabic news section was launched, addressing at Syrians' need to access information on daily life. In this section, users can access the international and Turkish news.

The application can be used free of charge by the customers of all operators.

TURKCELL BIG DATA SERVICES

With Turkcell Big Data Services, we continue to provide services to our corporate customers across diverse sectors to develop business processes, make data-based decisions and conduct customer-competitor analysis, among numerous other functions. With Turkcell Smart Capabilities services, we ensure that customers from different sectors keep their customer databases in all sectors up-to-date, while creating mechanisms to prevent financial fraud. With location analytics services, we provide reports and analysis that helps to plan business processes, such as advertising, routing, branch positioning and the opening of new stores based upon the mobility data of their current and potential customers. Turkcell Analytical Services, provide supporting services for users to interpret their own data. In addition, we serve in the field of data-driven decision-support systems with analytical models. These analytical models, essentially prediction models concerning their own customers, consider various metrics such as new customer acquisition, customer churn tendency, demand forecast, price elasticity and discount-coupons, through software provided via Turkcell Database without any data sharing. We will continue to offer innovative services developed under the umbrella of Turkcell that digitize business processes in the upcoming period, without our corporate customers having to invest in either software or hardware.

TURKCELL ACADEMY

Turkcell Academy allows users to freely access the training they find useful for their needs anytime and anywhere. The Turkcell Academy service, launched in 2014 to reshape the learning experience, delivers users digital learning content across various categories such as technology, innovation, personal development, marketing, leadership and certification programs 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 over 1.5 thousand trainings prepared by experts, including world renowned educators, and one where they access all necessary information on their mobile, and track their developments.

With the launch of new training packages and certificate programs in 2018, the first step was taken to offer paid training packages and certification programs to the market, in different categories and for different needs. With these certificate programs, users develop themselves and receive certification in areas such as Human Resources, Leadership Skills and Basic Law Training.

OUR DIGITAL SERVICES

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



In 2018, more than 5 million trainings were assigned to more than 150 companies and 100 thousand users on the Turkcell Academy Corporate Learning Platform.

By integrating Fast Login and Paycell in September 2017, we allowed our customers to enter the application automatically, and to quickly purchase the packages they wanted by using the mobile payment.

The Turkcell Academy mobile application was downloaded by 2.8 million users in 2018, with approximately 2.3 million learning videos viewed.

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

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. End-to-end services are provided to our corporate customers through online training available on the platform, creating a more efficient employee development path.

With new generation learning methods, we develop over 100 thousand employees from companies of diverse dynamics operating in sectors such as retail, health, technology, finance, food, services and energy, throughout Turkey. On 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 the reporting of trainings. We provide mobile access to rich content trainings at any time. We support mobile transformation initiatives of institutions by contributing to the more efficient development of human resources and corporate ecosystems, and ways of doing business.

In 2018, more than 5 million trainings were assigned to over 150 companies and 100 thousand users on the Turkcell Academy Corporate Learning Platform, which continues to evolve with Turkcell Technology. In 2018, numerous innovations were added to the product through the information bank, automatic training planning and new interface studies.

E-COMPANY

Turkcell e-Company, launched in the second half of 2017, received the best cloud product award of the year in the IDC Cloud 2018 assessment. It supports the digital transformation of companies and enables them to manage their financial processes on a single platform by use of its accounting and e-transformation products. Turkcell e-Company provides its customers with the convenience of managing their business processes through devices such as phones, computers and tablets, among others, in all environments where the internet is available, thanks to cloud technology. On our platform, developed according to international security standards with Turkcell quality and assurance, all of the customers' data is stored safely at the Turkcell Data Center. As well as our corporate customers, our e-Company product is actively used at Turkcell, Group companies and Turkcell Communication Centers.

FILİZ

As the world's first digital operator, we have launched Turkcell Filiz in November 2018 in order to become a leader in digital agriculture. Turkcell Filiz IoT device and mobile application enables farmers to increase productivity. Farmers track their fields and get recommendation on irrigation and fungal disease management.

Because Turkey deserves the best.

According to the report of Global Mobile Suppliers Association, Turkcell has the world's fastest 4.5G (LTE) network. This pride belongs to us all. This pride is Turkey's!

Turkcell has the world's fastest internet!

4.5G

Global Mobile Suppliers Association (GSA) report titled 'Worldwide 4G/LTE Performance Report Q3 2018' dated 15 October 2018. GSA is a non-profit organization that provides information on the performance of mobile networks. The report is based on measurements taken by GSA's Mobile Measurement Platform (MMP) in Q3 2018. The report is available at <https://www.gsa-intel.com/insights/4g-lte-performance-report-q3-2018>. Turkcell's 4.5G network is ranked as the world's fastest in the report. This is a significant achievement for Turkey and its mobile network operators. Turkcell's 4.5G network is available in major cities and is expected to expand to more areas in the coming months.

TURKCELL SALES CHANNELS

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, corporate sales and online channels.



We provided services to our retail customers at approximately 1.5 thousand Turkcell stores and around 4.5 thousand digital sales points. The transformation was completed as of the start of 2018.



SALES CHANNEL STRUCTURE

We deliver all of the 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, corporate sales and online channels.

Within the framework of our integrated structure, we present our fixed and mobile converged Turkcell solutions throughout Turkey at our Turkcell and Turkcell Plus stores. We work towards ensuring uniform service quality at every sales point.

OUR RETAIL CHANNEL

In our retail channel, holistic digital transformation, the foundations of which were laid in 2017, continued at full steam. Turkcell stores, the transformation of which was completed as of the start of 2018, delivered the latest technologies and digital services to our customers with Turkcell quality in approximately 1.5 thousand locations

and around 4.5 thousand digital sales points. On the other hand, changing customer trends were closely monitored and advanced store concepts were implemented at selected special points.

The scope and penetration of the Certificate Program, launched in 2017 and prepared for our store employees, was increased. New employees were certified in just one month, while 94% of the total 8,350 employees were certified. An advanced certification program was launched for experienced employees. In this context, about 300 employees had one week face-to-face training through cooperation with Marmara University. Our employees entitled to receive advanced certification were rewarded with extended benefit packages.

The product portfolio of Turkcell stores was enriched with new products including Paycell products, TV+ and Superbox. Meanwhile, the invoices of more than 150 institutions serving across Turkey became payable at Turkcell stores.

As the most important step in digital transformation, strategic infrastructure investments were initiated at stores where physical transformation was completed.



We provide end-to-end integrated telecom services with Turkey's largest and most widespread sales force on our Corporate Sales Channel. We digitize companies through our system integration, IT services, corporate applications, data center and cloud solutions.

The first major change occurred in the supply chain model. As of 2018, the product catalog, presented to our customers at all Turkcell stores, was centrally standardized. With the centrally managed catalog structure, more advantageous purchasing options and products of high quality standards were placed in stores.

Turkcell retail business partners began to supply commercial products through a digital catalog. Performance indicators of products in the procurement processes began to be monitored transparently, with efficiency ensured.

With the experience gained through the transformation of exclusive Turkcell stores, the structure of the non-exclusive sales channel was also wholly renewed. Upon optimization of the distribution structure, Turkcell Sales Points started to operate under the name of Digital Sales Point. Digital Sales Points began to serve via tablets, in a paperless way, as in Turkcell stores. The personal data of our customers started to be transported safely through Turkcell's superior 4.5G network. In the focus of Digital Sales Points, Turkcell Stores were differentiated by the widespread availability of basic products and services.

As the last link of the digitalization process at our stores, the Turkcell GO Project, which digitizes the interaction of our employees and customers during sales was launched. Thanks to GO, sales screens adopted a simple, understandable and transparent structure. Store employees were enabled to look at the sales screens with our customers, better understand customer needs thanks to the data and product information, and offer products tailored to those needs. With its simple architecture, GO has shortened the time for new store employees to specialize in their job and learn about the new products.

OUR ALTERNATIVE SALES CHANNEL

On our Alternative Sales Channel, which reached a sales volume of 12 million units, we focused on bringing products and services to our customers whenever they need them.

We turned every channel through which we reach the customer into a sales channel, by earning sales competence and adding focus to written channels such as Telesales, Chain, Bank Channels, Flagship, Social Media, WEB Chat and proactive chat. Alternative Sales Channels played a leading role in delivering digital services, such as TV+, lifebox and fizy to our customers. Turkcell Energy, Paycell, Kopilot, SUPERCAM, BiP and Dergilik were positioned as priority products. The Active Use Project was launched to increase the active use

of fizy, TV+, lifebox, Dergilik, BiP, My Account and UpCall products by customers. The IVR (Interactive Voice Response) technology, used to reduce conversation times, the primary cost item of the channel, was utilized for the sale of all digital services, providing increased efficiency.

OUR CORPORATE SALES CHANNEL

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

We provide end-to-end integrated telecom services with Turkey's largest and most widespread sales force on our Corporate Sales Channel. We digitize companies through our system integration, IT services, corporate applications, data center and cloud solutions. In 2018, we increased our revenue share in our products on the fixed front and contributed to Company profitability with these products of strategic importance. And for corporate customers, we continue to lead digital transformation by creating expertise aimed at sectors and solutions in these areas.

With 2.3 thousand people working at our Corporate Solution Centers, we perform active sales to small and medium-sized companies. Additionally, we provide services from our Global Bilgi Call Center for all of those companies' requests. We also provide portfolio management services by conducting regular calls with a staff of close to 500 portfolio managers.

OUR ONLINE SALES CHANNEL

In 2018, Online Sales Channel dominated the e-commerce market in Turkey heavily compared to 2017. We had reached to 35% more e-commerce customers, by reflecting the stable growth on the basis of category and product range, also on the number of visitors. Combining the phygital communication model with the digitalization vision of 2017, we increased coordination with all our sales channels through 360 degree communication such as Yellow Days. In addition, as an indicator of digitalization and mobile transformation, 70% of our e-commerce volume was realized through our mobile website and the My Account application.

In line with the increasing traffic and orders, we will continue to invest in our digital channels in 2019, and improve user experience and design. We will launch omni-channel schemes modeled on the strengths of Turkcell sales channels, while creating new value propositions for our customers.



2018 has been a year in which our Online Sales Channel dominated the e-commerce sector in Turkey compared to 2017. It managed to reach 35% more e-commerce customers in 2018 compared to 2017, by reflecting its stable growth on the basis of category and product range, also on the number of visitors.

CARRIER RELATIONS AND WHOLESALE

We lead the change in Turkey's telecommunications sector. We have become the most important capacity and internet provider of many neighboring countries.



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

7 Tbps

In the scope of our wholesale data services, our international carrying capacity has exceeded 7 Tbps. We cooperated with the world's largest global traffic exchange platforms and played a major role in their decision to enter Turkish market.

We lead the change in Turkey's telecommunications sector through business partnerships 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 conducted since 2008 towards our vision of transforming the Silk Road into the Fiber Road, and our main strategy of positioning Turkey as the primary 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 uninterrupted access from east to west, at the speed of light.

ISTANBUL, THE TRAFFIC EXCHANGE HUB OF THE REGION

In the scope of our wholesale data services, our international carrying capacity has exceeded 7 Tbps. We cooperated with the world's largest global traffic exchange platforms and played a major role in their decision to enter Turkish market. 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 WHOLESALE INTERNATIONAL OPERATORS CUSTOMER EVENT.

We organized an event in Antalya on October 1-3, 2018 geared at continued contribution to the strategy of turning Turkey into a regional digital hub, positioning Istanbul as its technology center.

During the event, participated in by 300 senior executives from 40 countries, we discussed 2018 issues and evaluated new cooperation opportunities that will add value to the sector.

INFRASTRUCTURE SHARING AND JOINT INFRASTRUCTURE

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

We played a leading role in the initiation and progress of the installation of joint infrastructure solutions that will enable our country to reach information in the fastest and cheapest manner, facilitate information processing, ensure information storage and create a competitive environment for all service providers, with a focus on real productivity in increasing richness of services. We continue to contribute to this development.

TURKCELL USERS ALSO ROAM LIKE HOME WHILE ABROAD.

We began to act as a group regarding agreements reached with other operators in the scope of international roaming. And we have been able to position the efficiency gained through our increasing cooperation with many major international operators as a benefit for our consumer and corporate customers' international tariffs.

Roam Like Home package that started with 51 countries today covers 85 countries. We have ensured that our subscribers travelling abroad to enjoy the benefits of packages charged at their domestic tariffs, and are able to meet all their communication needs through advantageous offers.

CUSTOMER EXPERIENCE FOCUS

Our My Account application, developed for customer needs and digital habits, and which became the most preferred service and sales channel among our customers, reached 38.8 million downloads in 2018.



With our My Company application specific to our corporate customers, we enable company representatives to collectively execute transactions related to all their lines on a single platform.

FAST LOGIN

By integrating Fast Login to Turkcell's many digital channels and applications, we improved customers' login experience and solved the problem of forgetting password. Fast Login is a customer authentication service provided via mobile phone number, and is supported by numerous GSM operators across the world through World GSM Association (GSMA)'s global solution Mobile Connect infrastructure. Fast Login, facilitating login to digital channels and applications reached to 15.3 million registered users.

MY ACCOUNT

Our My Account application, developed to meet the customer needs and digital habits, and which became the most preferred service and sales channel among our customers, reached 38.8 million downloads in 2018. On the My Account application, which has 19.2 million three-month active users in the fourth quarter, our customers conducted 300 million transactions per month. In addition to monitoring their remaining balances with the My Account application, our customers are able to reach and instantly switch to the packages, services and campaigns most suitable for their use. With our notifications, we ensure that our customers make the right switches at the right time.

In addition, we provide our customers the appropriate device and accessory offers. With our cargo tracking module, we display the status of the products they purchase.

We continued the Shake and Win campaign in 2018 with surprise gifts that changed weekly. With Shake and Win, we award our customers internet packages and digital services each week.

Moreover, our customers not only have access to Turkcell transactions and products, but also to Superonline products, and perform transactions within the same application. Nearly 300 thousand Superonline customers used My Account, performing 1.8 million transactions per month.

In February 2019, My Account application was renamed as Digital Operator and enriched with new features.

MY COMPANY

With our My Company application specific to our corporate customers, we enable company representatives to collectively execute transactions related to all their lines on a single platform. With instant notifications, we inform representatives about company lines. And by enabling them to carry out transactions such as switching to appropriate offers and campaigns, as well as SIM card changes on a line basis without documentation, and online, we bring speed and convenience to their lives. In 2018, 200 million transactions were executed by 150 thousand companies in My Company and its web applications.

APPLICATION CONSULTANT

We provide services for our 14 different applications, and meet 35 thousand requests, sent over the application, per month with our application consultant team. The biggest motivation of our Application Consultant team, is to instantly solve the problems that our customers could potentially face while experiencing content.

In 2018, we transformed our application consultant process, which we served via e-mail, into the application chat method to deliver our customers instant service.

With the application consultant, we serve all our customers simultaneously in 5 languages, without distinguishing between Turkcell users and others.

CHAT&CHATBOT

Our applications such as BiP, fizy, lifebox, TV+, Dergilik enabled us to meet our customers' information, messaging, storage, reading, entertainment and other needs related to life through the infrastructures, developed by our own engineers, in a way the data is retained within the borders of our country. With

CUSTOMER EXPERIENCE FOCUS

We have reduced the transaction time by 60% using the Secure Digital Signature application. In this respect, we achieved savings of TRY 22 million as a result of completing 15 million transactions using the digital signature to date.



We started providing service to our customers with artificial intelligence based Turkcell Assistant.

our applications such as My Account, GNÇ and Platinum, we ensure that our customers perform their transactions on Turkcell lines while utilizing the unique benefits we provide them. For all these services and channels, we developed service platforms, on which our customers can reach us quickly and easily, whenever and wherever they want, without having to talk.

Our customers can contact us via instant messaging if they have an inquiry about their lines, or our applications. We offer an average of 1.3 million chat services each month in 5 different channels. We have digitized the instant written service we offer to our customers through artificial intelligence based Chatbot, Determinist Chatbot, and Selective Chatbot technologies. We are able to conclude approximately 40% of the contacts for the customers we serve using our Chatbot technologies. Following the launch of our newly built artificial intelligence-based Turkcell Assistant, we see these rates reaching nearly 80% levels and we are planning its rapid expansion.

We continue to work on our artificial intelligence-based Chatbot activities with a perspective to enrich scenarios and channels, enabling the growth of data analytics models by maintaining our past data analysis live. We also continuously monitor customer insights and make necessary updates accordingly.

SOCIAL MEDIA

We serve our users 24/7 with a total of 47 accounts on Facebook, Twitter, Instagram, YouTube and LinkedIn. We respond to the 150 thousand comments of 50 thousand social media users on average, per month. We establish dialogues with users according to the nature of the medium used and our brand positioning, supporting them across all our digital applications.

ENVIRONMENTALLY FRIENDLY INVOICE

We aim to ensure that invoices are always sent to our customers in a secure, timely and transparent way. In this respect, by using digital channels in delivery of invoice, we contribute to both rapid delivery to our customers and environmental conservation. In 2018, we were ranked 1st in the world among telecom companies by reaching an environmentally friendly invoice subscription and delivery rate of 97% for mobile consumers, 88% for mobile corporate, 96% for fixed consumer and 95% for fixed cumulative.

SECURE DIGITAL SIGNATURE AND SMART IDENTITY

Our Secure Digital Signature application enables signatures to be appended by special pressure pen on touch screens such as tablets, in the digital medium instead of on printed paper, while the concluded agreement is safely stored in the digital environment.

Elements that distinguish the signature appended on the tablet are measurable technical data such as pressure, acceleration and speed information.

With Secure Digital Signature, we ensure a paper free environment at all our stores, and provide our customers a more reliable, swift and easy digital experience. We have reduced the transaction time by 60% using the Secure Digital Signature application.



We accelerated our artificial intelligence projects in 2018 to increase customer satisfaction. 4 of the 30 projects that we determined as priorities went live in 2018.

In this respect, we achieved savings of TRY 22 million as a result of completing 15 million transactions using the digital signature to date. We foresee the digitalization of 150 million documents and achieving TRY 40 million in cost savings once the digital signature transformation is completed at all our service points. As a result, 20 thousand mature trees and 342 thousand tons of water will be conserved.

As Turkcell implements a first for Turkey, the expansion of Digital Signature is predicted to contribute around TRY 300 million to the Turkish economy.

In this context, we move more swiftly towards digitalization for customer benefit. And regarding Smart Identity technology, as Turkcell, we are conducting our activities with all relevant institutions and companies to remain as a pioneer.

TURKCELL EVREKA

We test the customer experience through Turkcell Evreka with our customers and channel employees, tackling any problems, and evaluating developmental areas and innovative concepts for our products and services.

We invite users to contests through SMS or BiP channels. In exchange for their ideas, feedback and problem determinations, participating users compete with each other for various prizes thanks to Turkcell Evreka's gamification infrastructure.

We listen to the Voice of the Customer through the Turkcell Evreka platform, which we designed based on the Crowdsourcing model, and save on traditional testing and research resources.

Thirteen different contests were completed in the first year of our gamification platform and more than 15 thousand posts were shared. Among these, we continue to monitor over 1,500 actions that will either improve customer experience, or provide a cost advantage.

WE LISTEN TO THE CUSTOMER'S VOICE THROUGH ALL CHANNELS...

As the customer experience team, we listen to and interpret the "voice of the customer" at every channel which we interact. Based on the feedback we receive, we strive to perfect our customer service.

In 2018, we had got in touch with our customers through Call Center, Social Media, Chat and Digital channels. We analyzed and interpreted the statements of 23.2 million customers to improve ourselves, and provide better service. Based on these studies, we identify our developmental areas and improvement initiatives.

We continuously collect our customers' feedback in every interaction to improve our products, services and processes. Around 200 thousand customers share their experiences and grade us each month. With this feedback, we aim to improve our efforts to still higher levels.

We continue to integrate new technologies into our processes to better hear the "Voice of the Customer." We integrated artificial intelligence into our survey system at the beginning of 2018 to instantly interpret customer surveys. By diversifying our survey methods, we began studies to conduct surveys within applications in order to reach out to more customers.

CUSTOMER EXPERIENCE STRENGTHENED BY ARTIFICIAL INTELLIGENCE

As the customer experience team, we accelerated our artificial intelligence projects in 2018 to minimize human effort in our processes and increase customer satisfaction. 4 of the 30 projects that we determined as priorities went live in 2018. With these four Artificial Intelligence projects, we saved TRY 12.1 million in total, TRY 2.6 million of which will be saved every year. Together with the financial benefits, we also provide significant improvements in customer experience.

CUSTOMER EXPERIENCE PERFORMANCE MANAGEMENT

We monitor the experience that our customers had on a daily basis through the Customer Experience Dashboard, with over 400 metrics that we have determined, and an automated data infrastructure. On this platform, we ensure that the experience metrics that all functions throughout Turkcell Group are responsible for are clearly demarcated, and that specific actions are taken based on them.

We aim to reduce the complaints and improve the level of our customers' satisfaction by defining the improvement needs in detail on a map of Turkey for each province and district separately.

SENDING A SIM CARD ABROAD

We ensure that our customers receive the best service, not only in Turkey, but wherever they may be in the world. In cases where our customers' SIM cards are lost, or broken down while abroad, we send a new SIM card free of charge to the address they give anywhere in the world. So far, we have performed delivery to our customers in 200 countries, from the Dominican Republic to Ethiopia and from Singapore to Mexico, ensuring the continuation of their communication abroad.

23.2 million

In 2018, we had got in touch with our customers through Call Center, Social Media, Chat and Digital channels. We analyzed and interpreted the statements of 23.2 million customers to improve ourselves, and provide better service. Based on these studies, we identify our developmental areas and improvement initiatives.

CUSTOMER EXPERIENCE FOCUS

We focus on critical moments in the experience of our corporate postpaid customers, concerning their voice, internet, SMS packages and campaigns.



We presented an uninterrupted service scheme for our customers waiting for installation on the fixed front, or for those experiencing a malfunction for over 24 hours. We provide 4 GB mobile data support to these customers.

TRANSMISSION OF NETWORK REQUESTS THROUGH MY ACCOUNT

We have digitized network complaints diagnostic set ups. Our clients can diagnose their problem by tapping My Account/Help/Search/Connection Control and reach the solution.

What Have We Done?

- » We are trying to understand the problems our customers are experiencing, with a total of 15 inquiries. We summarized our inquiries in the following main topics:
 - » Use in Abroad
 - » Calling Abroad
 - » SMS Blocking
 - » SMS Forwarding
 - » Secure Internet Profile Control
 - » Outgoing Communication
 - » Incoming/Outgoing Communication

After obtaining information on their network status, our customers may apply for complaint, and then track the process in detail from the related screens.

NEW GENERATION DIGITAL SERVICE: SERVICE SUSPENSION IS ON OUR DIGITAL CHANNELS

In order for our customers to obtain the same service on all channels, we have transferred our service suspension process to the web and My Account. We have enabled them to register the service suspension request on whichever date they wish, or withdraw the request as they prefer, without the need to contact the call center or visiting a dealer.

Approximately 4 thousand customers performed transactions through our digital channels without calling the Call Center.

PROMO CODE SCHEME

We presented an uninterrupted service scheme for our customers waiting for installation on the fixed front, or for those experiencing a malfunction

for over 24 hours. We provide 4 GB mobile data support to these customers. By sending 778 thousand promo codes, we ensured uninterrupted service for 589 thousand of our customers in 2018.

FACILITIES FOR OUR CORPORATE CUSTOMERS

We focus on critical moments in the experience of our corporate postpaid customers, concerning their voice, internet, SMS packages and campaigns they utilize. We aim to become indispensable in our customers' eyes. We do this by stretching the rules in campaign and package switches, and by informing them in a timely fashion of the appropriate offers on our digital channels, facilitating life for everyone in contact with the customer, gathering the information that our customers need, and solving problems at source by simplifying the proposals in our campaign systems. Thus, we continue to improve the experience offered to our customers by removing technical constraints and strengthening our channels.

When our customers with own businesses wish to switch their consumer lines to the corporate segment to benefit from our corporate services, we do not reflect the cancellation fees that normally arise from withdrawal from the consumer line campaigns to which our customers had committed. Thus, we ensure the satisfaction of our 17 thousand customers each month by positioning them with the right offer. For our corporate customers who log in to the "My Account" application and monitor their remaining balance, after having used more than 80% of their existing package, we proactively offer the most appropriate additional package and we perform 5 thousand sales accordingly per month. For our 26 thousand corporate customers who complain of exceeding their quota, or for usage without a package, we establish contracts by upselling them and eliminate those complaints at first contact, and without asking for additional fee.

SUCCESSFUL FINANCE MANAGEMENT

Taking timely and sound steps, we contributed to sustaining robust balance sheet structure and profitability of our Group in 2018 which was shaped by challenging macroeconomic conditions.



At the Bonds & Loans Awards Turkey, held annually in Istanbul by the London-based GFC Media Group to reward the best financing transactions of the year, we received awards in 4 different categories.

As the finance management of Turkcell, taking timely and sound steps, we contributed to sustaining robust balance sheet structure and profitability of our Group in 2018 which was shaped by challenging macroeconomic conditions on a local and global scale.

Strong operational performance combined with our Business Model Hedging strategy, main pillars of which are right pricing, FX & interest rate hedging and liquidity management, enabled us to achieve strong profitability and create shareholder value, despite macroeconomic headwinds.

With our 10-year, USD 500 million Eurobond issuance in April, we became the first Turkish company to issue a 10-year bond since 2015. This has strengthened our balance sheet under favorable financing conditions, while confirming market confidence in Turkcell. Going forward, we plan to keep the average tenure of our debt portfolio at 4-5 years. In addition to the bond issuance, we continued to strengthen our liquidity and diversify financing sources, while registering firsts for the market with vendor financing, lease certificates, asset-backed securities and other debt instruments.

On the back of hedging instruments, we maintained FX risk at a minimum level, generating solid profits, despite TL depreciation. Moreover, hedge accounting principles minimized volatility, allowing for predictable quarterly net profits throughout the year.

In 2017, we had made preparations for the local currency trade with respect to our capital expenditures and conducted trade in Chinese Yuan for the first time. In 2018, we continued our efforts to prioritize local currency trade in the payments made to our suppliers in order to protect the credibility and value of the Turkish lira.

With respect to IFRS 16 Leases standard, which started to be implemented in accounting periods after December 31, 2018, we have been among the small number of pioneering companies which initiated the adoption for accounting period starting on January 1, 2018. Moreover, in the accounting period starting on January 1, 2018, we started to successfully implement IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers standards with our exemplary process management.

In accordance with Turkcell's vision of digitalization, we allowed the key performance indicators that we report to be monitored in real time by transferring them to the digital platform, thereby increasing the efficiency of our operations.

Thanks to our successful operations as finance management, we have been granted numerous awards. At the Bonds & Loans Awards Turkey, held annually in Istanbul by the London-based GFC Media Group to reward the best financing transactions of the year, we received awards in 4 different categories. The awards that we were granted for USD 500 million bond issuance with a 10 year maturity, TRY 125 million sukuk issuance by a Turkish telecom company for the first time, and the scope expansion of the Chinese Development Bank loan agreement enabling its use in 3 currencies by our group companies, strengthened our presence and pioneering position in the financial markets.

SOCIAL RESPONSIBILITY

In recognition of its social responsibilities and with the promise of allocating 1% of its revenues to the social responsibility projects, Turkcell continued to pursue its social-benefit focused projects in 2018, at the same pace.



As Turkcell, the pillars of our corporate social responsibility projects are the United Nations Sustainable Development Goals and Turkey's Vision 2023.

Since our establishment, we have met our responsibility to society through projects implemented with our stakeholders in diverse fields such as education, culture, arts and sports.

As Turkcell, the pillars of our corporate social responsibility projects are the United Nations Sustainable Development Goals and Turkey's Vision 2023. We reflect the expectations of our stakeholders to all our business processes, and we build our social responsibility projects in light of our focus on "equality of opportunity."

TURKCELL FOUNDATION

Turkcell allocates one percent of its revenues for the benefit of the society by obtaining authorization from the General Assembly each year. In this respect, Turkcell took another step and established the Turkcell Foundation in October 2018. The resolution regarding the establishment of Turkcell Foundation has been submitted to shareholders' attention at the General Assembly meeting held on March 30, 2018. The Foundation has 14 Board of Trustees members, 5 Board of Directors members, and 3 Audit Committee members.

The foundation aims to enable the development of science and technology in our country and extend it internationally, to engage in activities to enable use

of technology based on the needs of society and to establish a healthy relationship between society and technology. In this respect, Turkcell Foundations aims to carry out research and development as well as scientific and educational activities, and to support scientists and the skilled workforce that the country and society need in every aspect.

HELLO HOPE PROJECT

The Syrian war that started in 2012 created a vast humanitarian drama, causing the broadest migration movement seen in the region since the Second World War. As over 6 million Syrians left their country, Turkey opened its doors to over 3.5 million of them, in doing so becoming the largest host nation.

As Turkey's Turkcell, with the awareness of our responsibility, we have planned all of our actions so as to support long-term solutions, primarily those meeting urgent needs. In the scope of the Hello Hope project, we initiated partnerships with experts in their fields from the Ministry of Interior, Directorate General of Migration Management, Disaster and Emergency Management Authority (AFAD) and the Turkish Red Crescent. With the Hello Hope Project, proceeding in two phases, we maintain our services through a mobile application and Hello Hope Technology Center.

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; a solution for learning Turkish and accessing communication and information over Turkcell T tablets, as well as providing an opportunity of listening to music over fizy and watching TV on Turkcell TV+,
- » Khan Academy's K12 training, content on news and health.

Forever...

81 million with a single heart.

Celebrating July 15th Democracy and National Union Day
in the hope that our union will last forever.



SOCIAL RESPONSIBILITY

With the “Whiz Kids Project” we aim to enable students with the potential to steer the future from all over Turkey to realize their potential, and access to future technologies.



In the new period, the Whiz Kids Project's distance learning system is also being updated. The updated Whiz Kids training portal will be switched to the Open edX infrastructure, which is also used by Stanford, MIT, and Cambridge and Sorbonne universities.

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.

The UN Global Compact platform has selected Turkcell CEO Kaan Terzioğlu as the pioneer of “Sustainable Development Goals” for his efforts with respect to Syrian refugees.

TURKCELL WHIZ KIDS PROJECT

Turkcell hit the road to assist Turkey's greatest resource, uniquely talented students, to overcome impossibilities and enable them access the educational opportunities required to develop them through new generation technology and learning. With the “Whiz Kids Project” initiated under the auspices of the Ministry of National Education and under the roof of Science and Art Centers (BİLSEM), we aim to enable students with the potential to steer the future from all over Turkey to realize their potential, and access cutting-edge technologies.

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

Technology laboratories in 33 BİLSEM were completed in the scope of the Project, which has been initiated in 2016 in eight provinces including, Istanbul (Bahçelievler), Adana, Ankara, Şanlıurfa, Ordu, Kütahya, Erzincan, and Kocaeli (Tevitöl). We reached out to 27 provinces in the scope of our Turkcell Whiz Kids Project.

In the scope of the project; we also provide technological support to certain successful schools beyond the scope of BİLSEM. In 2018, we set up a Whiz Kids class in Ordu Kökenli Middle School, in addition to those established in 2016 in Kocaeli Tevitöl School, in 2017 in Gökçeada Greek Middle School and High School, as well as in Mardin Midyat Sivrice Middle School, whereby those students also had the opportunity to benefit from the Project.

In the new period, the Whiz Kids Project's distance learning system is also being updated. The updated Whiz Kids training portal will be switched to the Open edX infrastructure, which is also used by Stanford, MIT, and Cambridge and Sorbonne universities. With the new system, the Whiz Kids portal is transforming into a rich educational resource, including trainings such as Arduino, Scratch, Space Sciences and Robotics, to the benefit of all students in Turkey.

In the scope of the Project so far;

- » 33 laboratories were established in 27 provinces and more than 30 thousand uniquely talented students were reached over three years.
- » Maker and coding kits were distributed to approximately 25 thousand students at 100 BİLSEM and 4.5 thousand students were provided face-to-face trainings.



As Turkcell, we set up a "Maker" lab in Midyat Sivrice School equipped with 3D printers, notebooks, electronic circuits and robotics equipment to support Whiz Kids in Mardin.



- » Students have been continued to be supported through the Whiz Kids training portal, through which over 150 thousand hours of online training were provided.
- » One-on-one support was provided to children who added value to Turkey by reaching out to success stories such as Ordu, Sivrice, Gökçeada and Tevitöl.

Sivrice Dream: Mardin

Students of Mardin Midyat Sivrice Middle School, who achieved great level of successes in robotics, attended to the First Lego League Tournament organized by "Bilim Kahramanları Derneği (Science Hero Club)." Against all those who said "you can not achieve it, stop dreaming," Sivrice Dream team made their dreams come true.

Sivrice Dream team first attended the regional championship. Lacking the means to pay for tickets, by obtaining support for transportation, they participated in Istanbul for the finals, then in the FLL European Open Championship in Spain where they won the Rising Star First Prize.

As Turkcell, we set up a "Maker" lab equipped with 3D printers, notebooks, electronic circuits and robotics equipment in support of Whiz Kids in Mardin. We provided training for children in the areas of robotics, coding and mobile application development with specialized trainers. As Turkcell, we became the official sponsor of Mardin Midyat Sivrice Middle School in the FLL (FIRST LEGO League) tournament.

The Technological Success Reaching Out to the World from Kökenli Village in Ordu...

A huge dream that emerged from a tiny village... The talented students of Kökenli Village in

Ordu won First Prize in the FIRST LEGO League Tournament organized under the theme of "the Science Heroes are Meeting" in Izmir in 2016, with their Project named "Turn Waste into Nutrition on Time." At the tournament, took place in Istanbul, they received the Innovative Solution Award, and were qualified to participate in the world tournament in the US. Our students represented our country successfully there as well, being worthy of the "Project Special Award." As Turkcell, we are committed not to be indifferent to such valuable efforts. With the laboratory and equipment that we provided to our students in the scope of the Whiz Kids Project, we support them in reaching higher up the ladder of success.

DQ DIGITAL INTELLIGENCE

Turkcell introduces our kids, the future of Turkey, with the digital intelligence Project, defined as the world standard for digital literacy and capabilities.

With the DQ online training platform, developed by Dr. Yuhyun Park for children aged 8-12 years, children learn to cope with the risks of the digital world and are able to adapt to its requirements, while playing games.

The training gives children the eight core technical, mental and social competencies of privacy, cyber security, critical thinking, coping with cyberbullying, digital empathy, screen time management, digital identity and digital footprint.

The training will enable our children to better benefit from the opportunities offered by technology and become effective citizens of the digital world.

SOCIAL RESPONSIBILITY

Within the framework of the “Women Developers of the Future” trainings, to which close to 1,400 women applied, we provide online mobile application development lectures across Turkey on weekdays, and classroom lectures in 18 cities at the weekends.



One of the outputs of our Women Developers of the Future Project's with most concrete data is Tester Women. We employed 100 women, who had received training as remote software testing experts, thereby creating a new business model in Turkey.

WOMEN DEVELOPERS OF THE FUTURE

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

With this project we are aiming to support Turkey's digital transformation, increase the share of software exports in line with 2023 targets, increase the use of domestic product in the IT industry, contribute to the economy by supporting women for entrepreneurship, provide more women the opportunity to enter the IT sector, spread the culture of producing, sharing, and implementing knowledge, and expand entrepreneurship culture.

The purpose of the project initiated together by Turkcell, TOBB (Union of Chambers and Commodity Exchanges of Turkey) and the TOBB Women Entrepreneurs Council is to support women in developing mobile applications by educating them on software,

and improve women's employment capacity and entrepreneurship in this area. We support them in catching the wave of the software era, and in being one step ahead in terms of entrepreneurship through familiarity with mobile technology.

Within the framework of the “Women Developers of the Future” trainings, to which close to 1,400 women applied, we provide online mobile application development lectures across Turkey on weekdays, and classroom lectures in 18 cities (Istanbul, Ankara, Izmir, Şanlıurfa, Gaziantep, Diyarbakır, Trabzon, Kayseri, Antalya, Denizli, Van, Adana, Karabük, Eskişehir, Sivas, Aydın, Samsun ve Elazığ) at the weekends.

One of the outputs of our “Women Developers of the Future Projects” with most concrete data is Tester Women. We employed 100 women, who had received training as remote software testing experts, thereby creating a new business model in Turkey. Among the women trained in the women Developers of the Future Project, 100 successful women at the end of a four-stage election process, began testing Turkcell's digital products and services having also completed the Mobile Application Test Training. Women who participated from twenty-one provinces continue to contribute to both Turkcell Family and our customers with more than 4 thousand findings, and 359 ideas, 55 of which were implemented, and a number which are currently at the planning phase. With Tester Women, Turkcell has implemented a new, inclusive and sustainable business model never attempted before.

The 2018 launch of the Project, notable for its contribution to Turkey's economy, was hosted by Mrs. Emine Erdoğan and held at the Beştepe People's Culture and Convention Center, with the participation of 2,000 people.



As the Turkcell family, we attach great importance to provision of equal opportunities for all segments of our society for the economic and social development of our country, and are taking firm steps in this regard.



PEOPLE WITHOUT BOUNDARIES

As the Turkcell family, we attach great importance to provision of equal opportunities for all segments of our society for the economic and social development of our country, and are taking firm 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 facilitate the lives of the disabled, and better integrate them into the 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 we 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.

In the scope of the program, since 2015 over 10 thousand disabled students with special education needs have been reached at 84 schools across 45 provinces.

Students with mild mental disabilities are being prepared for post-school business life at 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 their employment after graduation.

With the technology classes established at all 16 schools for the visually impaired students throughout Turkey, students are prepared for development towards employment, and opportunities for progress are provided through technology training.

At 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.

Specialized trainings are provided according to individual interests to contribute to their development and enable them to gain fundamental computer skills required for employment at state institutions and private companies.

Cultural tours within the scope of "Education without Boundaries Program" conducted by Turkcell, under the auspices of the Ministry of National Education for disabled children who need special education, continue for the second year.

This year, Van, Erzurum and Izmir were included to these tours, which were attended by 1,200 students and their families last year. A total of 135 students and their parents in Van, 220 in Erzurum, and 350 in Izmir, participated in the tours, which were initiated by Turkcell for disabled children, unable to experience the city they live in, due to financial difficulties or disability. Many historical sites from Van Castle to the Twin Minarets, and from Ephesus to the Edremit Maiden's Castle Viewing Terrace were explored, accompanied by tour guides. In the scope of the Project, thus far, over 3 thousand students across Turkey have experienced and explored their cities using their senses.

10 thousand students

In the scope of the Education without Boundaries program, since 2015 over 10 thousand disabled students with special education needs have been reached at 84 schools across 45 provinces.

SOCIAL RESPONSIBILITY

Turkcell has so far granted scholarships to over 100 thousand young people and contributed to tens of thousands of young people's chance of obtaining a profession.



We support our activities in different fields to enable disabled citizens to participate more in daily life with our sporting projects.

EDUCATION SCHOLARSHIPS AND SCHOOL RENOVATIONS

In the scope of education, approximately 8,000 high school and university students receive educational scholarships each year. Turkcell has so far granted scholarships to over 100 thousand young people and contributed to thousands of young people's chance of obtaining a profession.

In the context of school renovation projects, within the framework of the protocol signed with the Ministry of National Education and Istanbul Governorship; Sâmiha Ayverdi Anatolian High School, Fatih Vocational and Technical Anatolian High School, and Vatan Vocational and Technical Anatolian High School were renovated. A technology class was built for the historical Gökçeada Greek Middle School and High School, which reopened in 2015 after half a

century. Additionally, an outdoor sports area and recreational facilities were built. As a continuation of this project, we continued to strengthen friendship between the two countries by sponsoring an exhibition. Turkcell hosted the Communication in Art themed Art Exhibition showcasing the art work of 42 visual artists from Turkey and Greece, in cooperation with the İmroz Education and Culture Association and the Greek Community. In total 110 art works including sculpture, painting and photography were on show at the exhibition, where artists displayed personalized communication concepts and conveyed a communication message through the medium of visual art. The exhibition reached art lovers in Athens, Thessaloniki, Izmir and Istanbul.

School construction and restoration activities continues each year with the inclusion of new schools to the scope of the program.

DISABILITY FOOTBALL FEDERATION SPONSORSHIP

We support our activities in different fields to enable disabled citizens to participate more in daily life with our sporting projects. We continue our disability sports sponsorships initiated with the cooperation of the Blind Sports Federation in football branch with Hearing Impaired Sports Federations, the Physically Disabled Sports Federation and the Special Athletes Federation. Within the framework of the disability football sponsorships we initiated in cooperation with the Turkish Football Federation, we provide sponsorship support for both the national team and the leagues of 4 federations.

Our Amputee National Team became the European Champions in 2017, sustaining the European Championship success of our Visually Impaired National Team of 2015. The Amputee Football National Team competed and ranked second in the 2018 World Cup and brought happiness to the country. We are sincerely hoping to achieve similar successes in other disability branches over the coming years.



Turkcell Dialogue Museum won the Digital Impact Award in London with Tango without Boundaries.

ACADEMY WITHOUT BOUNDARIES

Turkcell Academy's online education platform www.turkcellakademi.com offers special trainings for visually and hearing impaired individuals 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 sign language 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. Additionally, educational programs that support child development are offered to parents with hearing and visually impaired children.

TURKCELL DIALOGUE MUSEUM

In addition to the products and services we have developed under the roof of "People without Boundaries" to enrich the lives of the disabled people, and 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 to provide solutions to social problems. Hence, with the inclusion of the "Dialogue in Silence" exhibition we transformed the "Dialogue in the Dark" exhibition, initiated in cooperation with the Istanbul Social Enterprise, İBB and Metro Istanbul, into a permanent museum under the name "Turkcell Dialogue Museum." 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, with the inclusion of the "Dialogue in the Silence" exhibition.

In the scope of the project, close to 50 visually and hearing-impaired people are employed in Istanbul with the support of Turkcell.

TANGO WITHOUT BOUNDARIES

This unique project, implemented by Istanbul Social Enterprise and supported by Turkcell, brought together couples consisting of one visually-impaired and one with hearing-impaired person, through tango. The team, which initially consisted of four visually impaired and four hearing impaired individuals, will now continue with a larger crowd. The journey that started with the guides of Turkcell Dialogue Museum, now opens its doors to all visually and hearing impaired people who wish to join. Moreover, not only disabled individuals, but also anyone who wishes to can share this unique experience.

ONLINE TANGO TRAINING

"My Dream Companion" and "My Sign Language" applications, implemented with Turkcell technology, were also integrated into the tango training. The applications also include a training package for visually impaired and hearing impaired individuals enabling them to learn tango on an online platform. Hearing impaired individuals who wish to dance can watch training videos in this package with sign language, and in detail with subtitles. In addition, all figures have an instant visual description, for the visually impaired.

Turkcell Dialogue Museum won the Digital Impact Award in London with Tango without Boundaries.



We believe in the importance of creating awareness to provide solutions to social problems. Hence, with the inclusion of the "Dialogue in Silence" exhibition we transformed the "Dialogue in the Dark" exhibition, initiated in cooperation with the Istanbul Social Enterprise, İBB and Metro Istanbul, into a permanent museum under the name "Turkcell Dialogue Museum."

SOCIAL RESPONSIBILITY

Considering humans, economy and environment as a whole, Turkcell takes every step with an awareness of sustainability. Turkcell both protects environment and reduces Turkey's energy bill.



We closely monitor our carbon footprint in combating climate change, and we annually increase the use of renewable energy sources in our business processes in targeting reduced carbon emissions.

SUSTAINABILITY INITIATIVES

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 with consideration for 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 we annually increase the use of renewable energy sources in our business processes in targeting reduced carbon emissions. 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 source.

In 2017, we ranked 1st in the world among telecom companies by reaching an environmentalist invoice subscription and delivery rate of 97% for mobile and 85% for the fixed segment customers.

Sustainability Report 2017

With our sustainability report published in August 2018, we shared our sustainability management approach and the sustainability practices and performance of the operating period between January 1, 2017 and December 31, 2017 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, and our progress regarding UNGC's principles in the area of human and employee rights, the environment and the fight against corruption.

Data for 2012, 2013, 2014, 2015, 2016 and 2017 has been included for the purpose of interpretation of our economic, social and environmental performance, and enabling comparisons between the periods. Stakeholders' feedback is important in helping us to enhance our sustainability performance and improve our reporting. For this reason, stakeholder opinions gathered from various channels, which are related to several of our applications and initiatives, are included in the report.

Energy Saving Initiatives

Considering humans, economy and environment as a whole, Turkcell takes every step with an awareness of sustainability. By employing energy-saving technologies and implementations at every stage of our business processes, Turkcell both protects environment and reduces Turkey's energy bill.

Turkcell, the very first mobile operator with ISO 50001 - ISO 14064, ISO 50001 and ISO 14064 Certification

We are moving forward with a systematic, transparent and proactive approach in our efforts to fight against climate change. We follow our performance in line with the targets that we set out. We are continuing to lead the market in the development of the solutions in the management of energy and the greenhouse gasses.

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



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.



95 million kWh

With the efficiency and savings solutions we implemented throughout 2017, we saved over 95 million kWh of energy and TRY 33 million.

In 2017, we continued our efforts and have again been entitled to ISO 14064 certification. With the efficiency and savings solutions implemented throughout 2017, we saved over 95 million kWh of energy and TRY 33 million.

The amount corresponds to the total electricity consumed by 36 thousand homes for a one year period. Turkcell's total capital invested in environmentally friendly systems reached TRY 185 million in 2017.

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 companies a performance evaluation means of making improvements to their future plans and establishing new objectives. The index also provides companies with the opportunity to develop their risk management skills regarding corporate transparency, accountability and sustainability issues. As Turkcell, we are proud of

maintaining our position on the 2018 list of the index in which we have been included since 2015 for our practices that meet the selection criteria for the BIST Sustainability Index.

Carbon Disclosure Project (CDP)

As a company that had internalized the awareness to climate change at a very early stage, we have been studying the risks and new opportunities created by climate change, having adopted these studies as a part of our strategic plans. In 2018, we participated in CDP Turkey (Carbon Disclosure Project), sharing the comprehensive report we prepared on our 2017 performance with the public.

We incorporate all of our stakeholders, including our suppliers, employees and customers, into the processes of our sustainability efforts, making sustainability an integral part of our processes on principle.

SPONSORSHIPS

Turkcell has maintained its pioneering efforts to develop sports in Turkey and help Turkish athletes and National Teams in their journey of gaining both national and international recognition for many years.



We extended our support for disabled sports to all branches!

OUR CONTRIBUTION TO THE DEVELOPMENT OF TURKISH SPORTS CONTINUES.

Turkcell has maintained its pioneering efforts to develop sports in Turkey and help Turkish athletes and National Teams in their journey of gaining both national and international recognition for many years. In 2018, we continued our support for our National Teams in the fields of football, athletics, and swimming, as well as sailing and physically disabled sports.

In 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.

Turkcell, supporting Turkish sports since its establishment, both through sponsorship and raising awareness, gathered all related efforts under the umbrella of its brand, TURKSPORU. Turkish athletes marked the year 2018 with these sponsorships. Thanks to Turkcell's support, they won world and European championships, raising our flag to the very top of the staff.

OUR AMPUTEE NATIONAL TEAM IS THE WORLD RUNNER UP!

In the Amputee Football World Cup in Mexico, our National Amputee team outpointed their rivals, winning the 2nd place. As Turkcell, with our vision of contributing to the development of TURKSPORU and with awareness of supporting the development of disabled sports in Turkey, we granted our athletes a TRY 1 million success bonus. In the coming years, we will continue our support, to experience this pride in other disability sports branches.

WE HAVE EXTENDED OUR COOPERATION WITH THE PHYSICALLY DISABLED SPORTS FEDERATION IN SUPPORT OF ALL BRANCHES!

In 2018, we continued to support our activities in diverse fields to enable our disabled people to more actively engage in daily life. This year, we continued our support for disability sports, which we began in cooperation with the Blind Sports Federation, in the discipline of football with Hearing - Impaired Sports Federation and the Special Athletes Federation sponsorships. We broadened the scope of our cooperation with the Physically Disabled Sports Federation to cover all branches. Within the framework of these sponsorships, we support both the National Team and the league of each federation. Our collaboration was crowned with the world's most respected public relations award, the IPRA Golden World Awards.



We organized the 4th Turkcell Gallipoli Marathon, Turkey's first thematic marathon, with the participation of more than 5 thousand athletes.



We enlarged the Turkcell Peace forest, which we created in previous years by planting of 20 thousand trees in the Güzelyalı and Çınarlı region, by planting additional 10 thousand new seedlings.

At the Physically Disabled Sailing branch in Turkey, Miray Ulaş, the winner of 5th place in the world, and Hüseyin Akbulut, the winner of the 1st place in the Silver Group made us proud at the Sheboygan 2018 Paralympic World Sailing Championship.

UNINTERRUPTED SUPPORT FOR FOOTBALL

Having committed to being the "Official Communication Sponsor" in 2002, we have maintained our sponsorship of the A National Football Team, as the "main sponsor" since 2005.

OUR SWIMMING AND ATHLETICS PROJECTS

We Provide the Greatest Private Sector Support to Amateur sports.

We plan to invest a total TRY 28 million in the swimming and athletics projects initiated in 2013, under the auspices of the Turkish Ministry of Youth and Sports until 2020. With this project, we have been providing the greatest and longest term support to amateur sports to date in Turkey.

We are actively involved at every step of the project, which aims to increase the number of active athletes in swimming and athletics, and targets success 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 athlete development, corporate and technological development.

We began to see achievements in the semi-finals and finals in accordance with the objectives of the Swimming and Athletics Performance Projects that

we initiated in 2013. At the 2018 European Swimming Championship in Glasgow, V. Zeynep Güneş made it to the finals in the 200 meter women's mixed category. In addition to this success, our national swimmers successfully swam for our country in four semi-finals in the same tournament.

We had supported the growth of the number of the licensed athletes which recently reached to 224,076. In athletics we have reached out to over 32 thousand young athletes in 78 races that had our name and support.

We crowned the successful performance of 2017 with achievements in the European Athletics Championships in Berlin in 2018. Ramil Guliyev ranked second fastest of all time in Europe in the 200 meter category, becoming European Champion. Meanwhile, Yasmani Capello brought a silver medal to our country in the 400 meter hurdles finals. We won bronze with Yasemin Can in the 5,000 meter women's category. At the 100 meter men finals, Jak Ali Harvey added another bronze to our medal collection. We successfully ended the tournament with the Silver Medal that our national team won in the 4x100 meters category.

Thousands of Sports Fans Ran for Peace in the Turkcell Gallipoli Marathon.

We organized the 4th Turkcell Gallipoli Marathon, Turkey's first thematic marathon, in the unique atmosphere of the historical Gallipoli Peninsula on October 14. Over 5 thousand athletes participated in the marathon.

Through a dedicated marathon channel aired within BiP, we enabled participants to register for the event, sharing related information through one-to-one communication with them. On the day of the marathon, we identified free fizy for our all runners with chips, enabling them to listen to the Turkish/foreign jogging lists custom made for the marathon. In addition, our participants were able to purchase advantageous travel packages through Fulltrip.

We enlarged the Turkcell Peace forest, which we created in previous years by planting of 20 thousand trees in the Güzelyalı and Çınarlı region, by planting additional 10 thousand new seedlings.

We will continue our support for the marathon, which provides athletes and sports fans a unique running experience, over the years to come.

SPONSORSHIPS

The Turkey Athletic Talent Screening and Orientation to Sports Project, officially sponsored by Turkcell, the lead supporter of TURKSPORU continues to train the champion athletes of the future.



The Turkcell Platinum Bosphorus Cup 2018 was attended by over 100 boats from around the world.

Athletic Talent Screening Project Shaping the Future of TURKSPORU

The Turkey Athletic Talent Screening and Orientation to Sports Project, officially sponsored by Turkcell, the lead supporter of TURKSPORU, and initiated together with the Ministry of Youth and Sports and the Ministry of National Education, continues to train the champion athletes of the future. 46,884 athletes, who are qualified from among 423,557 students during the first phase screening kicked off in May, started to the second training module of 4 months.

The second phase student screening of the largest infrastructure project in Turkish sports history is ongoing. The second phase screening began with the new academic term and as of November end, 611,802 primary school 3rd grade students had been reached. So far, the physical data of over 1 million children has been scanned for the project, which targets to reach 1.5 million students at the end of the 2 screening phases.

We Brought Golf Enthusiasts Together with the Turkcell Platinum Golf Challenge Tournament.

Over 100 golfers competed in the tournament held in Bodrum this year for the second time in the scope of the Turkcell Platinum Golf Challenge.

The two-day tournament was attended by the President of the Turkish Football Federation Yıldırım Demirören, Turkcell CEO Kaan Terzioğlu, and key figures from the business world including Fikret Öztürk and Cemal Kalyoncu.

Following on from Bodrum, Turkcell Platinum united golf lovers in Samsun on September 1-2, 2018. Nearly 100 golfers competed in the tournament held this year for the first time in Samsun in the scope of the Turkcell Platinum Golf Challenge. The two-day tournament was attended by the President of the Turkish Golf Federation Ahmet Ağaoğlu and Turkcell CEO Kaan Terzioğlu, as well as key figures from the business World. As part of the tournament, the golf course in Samsun was opened.

The Turkcell Platinum Golf Challenge was held at the Kemer Country Golf Club in Istanbul on October 19-20-21. Close to 300 golfers participated in the three day tournament, being held for the fourth time this year.

Set Sail for Freedom with the Turkcell Platinum Bosphorus Cup!

The Turkcell Platinum Bosphorus Cup 2018, one of Turkey's key sporting events in the international arena, saw its 16th outing on September 29-30, 2018 this year, attended by over 100 boats from around the world. After two days of uninterrupted excitement, the team to lift the grand cup this year was "Istanbul Cerrahi Cheese" led by Levent Peynirci.

Business World Goes Fishing with Turkcell Platinum in Seferihisar and Çeşme.

The Turkcell Platinum International Fishing Tournament was held in Seferihisar on September 20-23, and in Port Alaçatı on October 4-7. The tournament which outsets an international atmosphere due to the significant interest from the foreign participants, since its inception hosted numerous contestants from across the world once again this year.



CULTURE AND THE ARTS

We perceive culture and the arts as pertaining to Turkey's most important values. With the desire to both support and raise these values, we became the Communication and Technology sponsor of Sakip Sabancı Museum in 2014.

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

fizy Germany Launch

Our cooperation that started in Turkey last year with Tarkan, Turkey's megastar, has expanded overseas.

We continued our cooperation with 7 concerts in 6 German cities, organized as part of fizy's launch in that country.

We provided privileges to fizy users during concerts watched by 50 thousand people. We broadcast our commercials, shot with Tarkan, on TV channels the radio and digital media airing in Germany, while we decorated the most popular concert venues and streets of Germany with fizy advertisements in the scope of our communication programs. With our social media schemes, dozens of our followers had the chance to meet Tarkan.

Our cooperation with the megastar continued in Turkey at the same pace. We released 2 new video clips in March and October, and achieved record viewing figures by presenting them for the first and only time, for fizy users to view for a period of 2 weeks.

fizy High School Music Contest

The 21st anniversary of the high school music contest was held with the sponsorship of fizy. The contest featured intense participation from 557 high schools in 49 provinces.

The audition videos posted on the fizy High School Music Contest platform, visited by 2.8 million users, had received over 291 thousand votes within 3 weeks.

The Karabük Safranbolu İMKB Fine Arts High School won first prize in the event among 35 high schools competed on the final day.

Turkcell Starry Nights (Turkcell Yıldızlı Geceler)

With Turkcell Starry Nights, which took place between August 30 and September 10, 2018, music lovers enjoyed a wonderful series of summer concerts. While 55 thousand people enjoyed the concerts at the Harbiye Open Air Theater, they were broadcast live on fizy, and watched by approximately 400 thousand people.

With the social media schemes, Instagram stories were viewed 2.4 million times, while 65 thousand people participated in 11 contests custom made for the concerts, and 825 thousand people gained access. Turkcell Starry Nights, which became a classic event, this summer once again brought music lovers together in the open air.

fizy Istanbul Music Week

fizy Istanbul Music Week, staged for the first time in Turkey, and combining popular culture and Turkish pop music under one roof, hosted five signing days, 36 concerts and 300 musicians on five stages. 25 thousand people participated in the six-day event. The fizy Music Awards Night, where the "top" individuals of the digital platform in 2018 were awarded, has set the music agenda in Istanbul and Turkey with live broadcasts, 13 full-fledged panel discussions and 47 speakers.

50 hours of musical performance took place on the Turkcell Stage, Turkcell Platinum Stage, Studio and AMFI within the Zorlu Performance and Arts Center through 36 concerts given by over 300 musicians. In addition to 25 thousand participants, fizy Istanbul Music Week concerts were watched by 210 thousand fizy users through a live broadcast of nearly 12 hours in total.

400 thousand people

With Turkcell Starry Nights music lovers enjoyed a wonderful series of summer concerts. While 55 thousand people enjoyed the concerts at the Harbiye Open Air Theater, they were broadcast live on fizy, and watched by approximately 400 thousand people.

HUMAN RESOURCES

We conduct our Human Resources practices at Turkcell with an innovative approach on the basis of a platform. We meet all requirements of being a digital operator with an effective management approach through our unique and flexible human resources perspective.



We support talented people to develop diverse competencies that enable them to assume more effective roles. Accordingly, we both invest in our employees and employ our work force much more effectively through crowdsourcing.

THE "FLEX" HUMAN RESOURCES OF THE DIGITAL AGE

We are in an era of excitement for all, with the world moving from a capital to a platform economy, as companies rapidly undergo the process of digitalization.

As Turkcell Human Resources, we have adapted our practices to the digital era and the younger generation. Maintaining our leadership in the area of technology and innovation is only possible if we take a leading role in every field, including the management of our human resources and the setting of our vision. For this very reason, we approach our HR practices at Turkcell with a wholly innovative approach, viewing them as a flexible platform. We have named this "Flex," and we are implementing a more effective management approach with our one of a kind practices.

In today's world, we now know the importance of providing solutions customized to needs, and we respect the individual differences of our employees. Accordingly, our Flex HR practices offered to employees as human resources, enable each employee to shape and personalize almost every practice to their own needs.

In 2018, we have taken many important steps towards becoming the "Digital Human Resources Department of the Digital Operator" with efforts on both the technology and working culture fronts. We prioritized the digitization of our processes, while we further developed our Flex platform by creating value from data derived from our new digital tools.

MORE EFFECTIVE, AGILE HUMAN RESOURCES WITH FLEXSOURCING

As Turkcell Group Human Resources, we work with a flexible and agile organization. Aimed at taking full advantage of the talents and experience of our employees, in 2018, we increased our number of agile teams by 20% to 85, and employees in agile teams by 44% to 900. In addition, in 2018 for the first time, we established agile teams working cross functions, creating an agile coach role to support those teams.

The progress achieved in 2018 with these agile teams has encouraged us to further benefit effectively from them, and we have started to offer project-based internal crowdsourcing opportunities under FlexSourcing.

FlexSourcing has been launched as a practice enabling our employees to work on projects that are beyond their responsibilities, thereby expanding their impact, while allowing us to use our talent pool more effectively. While FlexSourcing increases inter-team interaction, the formation of agile teams serves better those projects set to carry our company a step forward, and has now become a routine part of our business.



FlexTalent, provides Turkcell employees with a unique opportunity to prove and express themselves, access to professional and social prospects, hence it is a highly competent tool for HR professionals.

FLEXTALENT: RIGHT TALENT, RIGHT TEAM, RIGHT PROJECT

In our era data is one of the most valuable assets. Because today we obtain, interpret and process data in detail as never seen before. For the effective functioning of our Human Resources platform, which we redesigned for flexibility, data on the skills, experience and interests of our employees had to be properly defined in our database. In other words, we required the most accurate possible data of our employees. For this purpose, we designed and implemented the FlexTalent platform in 2018.

FlexTalent is our professional and social platform, on which all Turkcell employees have a profile page. Our employees share all kinds of information about themselves on their FlexTalent profile page, from their position in the Company to their professional experience, from the project groups they are involved to the awards they receive, from the foreign languages they speak to the instruments they play, and from the team they support to the pet they keep.

In addition, with the FlexTalent, it is possible to reach out to Turkcell employees regarding their expertise on any topic through "T-Search" (Turkcell Search Engine) integrated with FlexTalent, and establish professional work teams or social activity groups.

FlexTalent, provides Turkcell employees with a unique opportunity to prove and express themselves, access to professional and social prospects, hence it is a highly competent tool for HR professionals. Within a short period of time, FlexTalent profiles created personally by Turkcell employees will be the primary source of reference for our HR employees in FlexSourcing and candidate evaluation processes.

FLEX PERFORMANCE: OUR PERFORMANCE SYSTEM IS EVEN MORE "FLEX"

As a Digital Operator, the range of operations carried out and the expertise required in Turkcell is so diverse that it is an expected outcome for a single system to fall short in measuring business results. The value of each activity performed under the umbrella of Turkcell, and labor expended on it is so great that our employees deserve the most fair and meticulous measurement of their work performance.

The Flex Performance System, which we set up to measure performance in the most accurate and fair manner, allows targeting and evaluation in accordance with the needs and dynamics of each job, rather than standardized performance management.

Thanks to the Flex Performance system, during the targeting period, our employees process their score cards with their goals that will both enable their work to be evaluated with the most accurate metrics and support the goals set by their managers. In case of a possible change of duty or position during the year, our employees have access to the system and update their goals according to the requirements of the day. In addition, employees can set short-term goals required by specific duties and, over the time, can replace these and set additional goals.

During the performance evaluation period, our employees are able to monitor the commonality of their goals with those of the Company, and track the realization ratio of their goals through the Target Tree and Initiative Tree schemes within the Flex Performance system.

Throughout this process, our employees are more closely supported by the "Performance Coaches" we have selected from their business units, together with their Human Resources Business Partners.

With its structure supporting continuous feedback, the Flex Performance System provides the opportunity for our employees to closely monitor the impact of their work on their performance.

OUR FLEX FEEDBACK SYSTEM: REFLEX

At Turkcell, we know that our collective success is possible thanks to strong communication among ourselves. Hence, we have renewed our digital feedback system and developed ReFlex, where we appreciate each other's achievements and make positive and substantial suggestions to each other on our areas of development.

It is of great importance for the personal and professional development of each one of us to give constructive feedback to each other after any joint project carried out with our team or project partners and create a "reflex" out of it. Our employees are able to give each other ReFlex in connection with the main objectives and sub-goals of their performance criteria through the application, which makes feedback a regular part of our lives, easily accessible on mobile devices. The ReFlex application also enables Turkcell users to observe their personal development processes retrospectively, and to monitor their progress.

TURKCELL BEHAVIOR MODEL: OUR FOCUS IS TO BRING OUT BENEFIT FROM EVERY JOB

It is our belief that to be a Digital Operator also requires a fresh notion of work and behavior model for our employees. We have redefined Turkcell's New Behavioral Model after a long and detailed evaluation conducted with our employees.

HUMAN RESOURCES

Behind our new Turkcell Behavior Model lies our vision of becoming a “Digital Operator” aiming to touch 1440 minutes of our customers’ lives every day.



One of our new tools which is to guide employees on their career journey, and ensure they discover their potential, is the Apprenticeship Program.

We have created our new behavior model that brings the “Let’s Bring out a Benefit in Every Activity We Carry Out” principle into focus with our employees.

Behind our new Turkcell Behavior Model lies our vision of becoming a “Digital Operator” aiming to touch 1440 minutes of our customers’ lives every day. We know that the only criterion to determine how many of those 1440 minutes we can be by their side, is, in their eyes, the value of the benefits we create for them. For this very reason, we expect each Turkcell Group employee to question themselves while doing their job in terms of its actual benefit. Our expectation from our employees is to create benefit not only for our customers, but as Turkcell employees, also for ourselves, our team, and our country.

Our behavior model, designed together with our employees, is intended to guide us on how to achieve the benefits we have created. For us, “Running in Pursuit of Their Dreams” when doing their job, enjoying the pleasure of “Achieving Success Together,” progressing with solid steps by “Creating Value from Data,” and “Winning Through Without Giving Up” are the must-have behavior of Turkcell employees, to bring out the ‘benefits’ that will lift them to their highest goals and dreams.

FOR THOSE WHO WANT TO MASTER THEIR JOB: APPRENTICESHIP PROGRAM

One of our new tools which is to guide employees on their career journey, and ensure they discover their potential, is the Apprenticeship Program.

Within the framework of this eye-catching program, identified by Turkcell employees as ‘inspiring’, it is possible for them at any level of seniority to participate as an “apprentice” of another team for a week. For example, a Marketing Manager can work as an apprentice for one week at the Legal team and obtain a basic knowledge and valuable experience in an area beyond their immediate expertise.

Another benefit of the apprenticeship program is that it allows employees who work together, but in different departments, to develop empathy through a clearer perspective on each other. Thanks to the Apprenticeship Program, Turkcell employees better comprehend each other and develop the ability to work as a single team even during the most challenging times, as a more harmonious larger team.

Through the Apprenticeship Program, 95 Turkcell employees had the opportunity to experience different departments in 2018, also bringing with them a different vision to the teams they joined as apprentices.

WITH GNCYTNK, THE FUTURE WILL COME WITH TURKCELL.

In 2018, tens of thousands of successful young people applied for GNCYTNK, Turkey’s first and most comprehensive young talent recruitment program. 62 thousand candidates applied to the program, with its enriched application, evaluation and recruitment processes through methods such as mobile platforms, as well as gamification and video interviewing. Among the applicants, 232 young people were placed to full time roles in Turkcell.

Our young employees who started working through GNCYTNK program underwent an efficient orientation process, including applications that bring Turkcell into the virtual reality environment, activities that combine games and learning, and social responsibility projects.

GNCYTNKs who started professional life at Turkcell in September 2018, were included in an intensive training program prepared by Turkcell Academy, in order to quickly adapt them to Turkcell.

EVEN HIGHER WITH YUPO

We believe that Turkcell employees who pursue success at Turkcell, and who proactively strive to create benefit for their customers, their country, their team, and themselves, eminently deserve a motivational privilege. For this reason, in 2018, we initiated YUPO (High Potential).



Our young employees, who started working through GNCYTNK program underwent an efficient orientation process, including applications that bring Turkcell into the virtual reality environment, activities that combine games and learning, and social responsibility projects.



260 Newborn Baby Welcome

Within the context of our Employee Journey Program, which we digitized in the beginning of 2018, we gave our employees presents, of which 79 were for military service send-offs, 260 were for newborn babies, 175 were for marriages and 45 were promotions.

YUPO is a system based on the volunteer principle. We designed YUPO to reach out to Turkcell employees with distinctive talents, and who can take those talents to high performance. These individuals will determine Turkcell's future by realizing this performance in harmony with the culture and values of the company.

The YUPO program is open to all employees, independent of seniority, who meet the candidate criteria and wish to be involved in the process. Candidates who participate in this program of their own will, are subject to a development and networking program if designated as YUPOs upon preselection.

YUPOs enjoy priority in attending the certificate programs of international universities, as well as domestic and international apprenticeship programs, conferences and seminars. In addition, they are able to increase their impact through various networking opportunities provided to them, and gain access to platforms in which to share their know-how.

EMPLOYEE JOURNEY: BETTER TOGETHER

Turkcell experience is not just about working at Turkcell. We're a big family. Each Turkcell employee experiences precious moments of their lives and key milestones under the Turkcell roof. As Human Resources, we work for them to recall these experiences in the most beautiful way possible, and ensure that all Turkcell employees feel like they belong to a giant family.

For this reason, in the beginning of 2018 we digitized the data of our Employee Journey Program. In this context, throughout the year, we gave our

employees presents, of which 79 were for military service send-offs, 260 were for newborn babies, 175 were for marriages and 45 were promotions.

This year we featured our Maternity Leave Guide prepared especially for mothers, our Working Models Guide and orientation guides, compiled for our expats.

In the scope of our application, which we developed for fresh starter Turkcell employees to maximize their experience, we transferred all preparation processes, from the moment they accepted our offer to the day they commenced work, to the digital environment via kariyer.turkcell.com.tr. Hence, we offer all our new employees a great first day experience that befits a Digital Operator.

As for Turkcell Turkey over all, we realized that we needed to unite all Turkcell employees everywhere. As human resources, we started to perform our site visits, which we named "Birlikteyiz" (Birlikteyiz means We Are Together, while the capital letters İK stand for HR in Turkish,) in a more structured manner. In the scope of the Birlikteyiz, we contacted with Turkcell employees in 30 different locations for a total of 621 times in 2018.

Finally, this year we launched a project in cooperation with Yeryüzü Doktorları (Earth Doctors). On behalf of our employees, we began to cover the eye surgery cost of a visually impaired person, opening their eyes to life, on our employees' birthdays. In this manner, 365 visually impaired people opened their eyes to the world over 365 days.

HUMAN RESOURCES

2018 was a year where we took firm steps towards becoming the Digital Human Resources of the World's First Digital Operator by digitizing our HR processes.



In 2018, we established and activated HR Data Warehouse, which substantially contributes to Human Resources Analytics and facilitates the collection of all employee data in a single source system, as well as the evaluation of relationships among the data through multidimensional analysis.



WE TURN ANALYTICAL DATA INTO VALUE FOR HUMAN RESOURCES.

Our Human Resources Analytics studies, conducted to determine our strategies and actions with data-based predictions, continued to accelerate with the digitalization breakthroughs we have carried out in 2018. Throughout the year, we worked to maximize the employee experience with the help of Human Resources Analytics, and to develop processes and organizational studies by interpreting them with analytical data models. One of them, HR Dashboard, which entered our lives in 2018, enables us to track HR metrics that include our employees' information instantly and via mobile.

In 2018, we established and activated HR Data Warehouse, which substantially contributes to Human Resources Analytics and facilitates the collection of all employee data in a single source system, as well as the evaluation of relationships among the data through multidimensional analysis.

In addition, 2018 was a year where we took important steps towards becoming the Digital Human Resources of the World's First Digital Operator by digitizing our HR processes using concepts such as artificial intelligence and machine learning. We can proudly say that our efforts in Human Resources Analytics pioneered data-based decision-making culture in Human Resources field, to become widespread, inspiring the sector in Turkey.

AN EMPLOYER BRAND BEFITTING A DIGITAL OPERATOR

Turkcell, as the world's first and only Digital Operator, is an ever-growing consumer brand, as well as an employer brand that speaks to our employees who created the brand, and the wider business community. We conduct communications both through traditional and digital media for the business community and potential employee candidates, and explain the experience of working at Turkcell, and our life within the company.



2018 brought much success for our athletes in all branches. We shared the achievements of our teams with all Turkcell employees throughout the year, supporting them at competitions, on-site.

ACTIVITIES THAT CONNECT US TO EACH OTHER EVEN MORE

As those who carry the brand that connects people to life a step forward, we are also connected to life in general, and as Turkcell employees, to one another. Therefore, in 2018, we undersigned many events and campaigns to boost the motivation of our employees, and embark upon new projects with full energy, by strengthening our intra and inter-team communication.

Specifically, we frequently brought our senior management team together with Turkcell employees in the scope of the 'servant leadership' concept, which sums up both the stance of our brand and our leadership style within Turkcell. It became quite normal for Turkcell employees to see our senior executives serving desserts on ashoura day, or to take a fun break, visited by our CEO and Assistant General Managers during long night shifts.

HEALTHY LIVING AND SPORTS ARE AN INDISPENSABLE PART OF A TURKCELL EMPLOYEE'S LIFE.

As Turkcell, we reflect our enthusiasm for Turkish sports to our in-house sports activities. The number of Turkcell Corporate Sports Teams, at 14 last year, rose to 16 in 2018 with the establishment of our Women's Football and Chess teams. With the establishment of our women's football team, we have implemented our men and women teams across all branches (football, basketball, volleyball, tennis, table tennis, swimming, sailing, running, cycling, paddle, chess).

2018 brought much success for our athletes in all branches. We shared the achievements of our teams with all Turkcell employees throughout the year, supporting them at competitions, on-site. In that way, we shared the enthusiasm, joy and, on occasion, the disappointment of our athletes.

WE CELEBRATE SUCCESS TOGETHER: REWARDING AT TURKCELL

At Turkcell, we take great care to celebrate our achievements together, and to motivate those employees who stand out for their personal achievements. In this context, in 2018, our CEO Kaan Terzioğlu awarded the CEO Special Prize to 60 Turkcell employees for their outstanding achievements, thanking them personally. Similarly, our Executive Vice Presidents gave CXO Awards to 656 employees who made a difference and created benefit through their work.

In 2018, thanks to our Instant Reward mobile platform, our executives have had the opportunity to say 'thank you', and to gift a small reward to their teams in order to recognize their success and continuous efforts.

DIGITAL FACE OF INTERNAL COMMUNICATION

As we offer our customers all the communication means of the digital future as a Digital Operator, so also accept the same standards and understanding in our internal communications, where Turkcell employees stay in touch through Turkcell's superior technology.

2018 was the year in which Turkcell also started to use digital communication tools effectively, and in a variety of ways, for internal communication. In addition to diversifying our digital channels, we made improvements to the integrity of our inter-medium communication language and design, under the brand roof.

Our digital magazine @Trkcell, which befits the employees of a "Digital Operator," features various news ranging from Turkcell employees' achievement in professional and social fields, to our latest products and services, and from activities within Turkcell to industry developments from our country and the wider world. Mobilim integration is another distinctive feature of our magazine, which can be accessed online.

WITH FLEX CONVERSATIONS, WE GET TO KNOW EACH OTHER BETTER.

Flex Conversations, one of the latest outputs of our flexible communication understanding in HR, is a sincere mini video series where we listen to Turkcell projects from Turkcell employees. With this series, initiated in 2018, we both talk about precious Turkcell projects to all Turkcell employees and potential candidates, through social media, and also introduce the hidden heroes behind the stage for these projects. Due to considerable interest, the mini talk series that started as a pilot scheme within Human Resources, continues with their guests working in different teams of Turkcell.

TURKEY'S BIGGEST HEARTS: TURKCELL VOLUNTEERS

As Turkcell Volunteers, made up of voluntarily assembled Turkcell Group employees, we once again initiated numerous pioneering aid projects in 2018 with the moral and material support of Turkcell employees.

As Turkcell Volunteers, we believe that the greatest benefit we will provide to our country is the investment we make to the future, namely children. For this reason, as in previous years, we focused this year also on children having financial difficulties. The Turkcell Volunteer Team worked with enthusiasm and love throughout 2018 to help our children grow as tech-savvy, curious, environmentalist and questioning individuals with strong communication skills.



Flex Conversations, one of the latest outputs of our flexible communication understanding in HR, is a sincere mini video series where we listen to Turkcell projects from Turkcell employees.

HUMAN RESOURCES

One of the most noteworthy projects of this year was the Toy Project, where we gave Emocan toys, which we bought with the donations received from Turkcell employees, to our little ones receiving treatment in hospital.



We enabled our employees to dispose of their organic waste separately from other wastes in the Zero Waste bins placed throughout the plaza, in order to collect our organic waste separately.



One of the most noteworthy projects of this year was the Toy Project, where we gave Emocan toys, which we bought with the donations received from Turkcell employees, to our little ones receiving treatment in hospital.

Some of the other projects that our volunteers executed this year are:

- » Izmir Maltepe Çiğli Primary School: Cleaning supplies, library, book and chess set support
- » Trabzon Çamlıyurt Primary School: Clothing, library and chess set support
- » Hatay Gazi Middle School: Award and toy support for the winners of the reading contest
- » Kayseri Closed Women's Prison: Clothing and toy support
- » Urfa Hanedan Primary School: Clothing, stationery and school supplies support
- » Erzurum Çatlı Primary School: Stationery and school supplies support
- » Konya Ahmet Haşhaş Primary School: Kite festival
- » Van Hasbey, İnköyü, Yemişlik and Abalı Schools: Stationery, clothing, educational game and toy support

- » Antalya Kumluca Sarıcasu Special Education School: Handicrafts, technology design and visual arts lecture support
- » Foster Parents Seminar

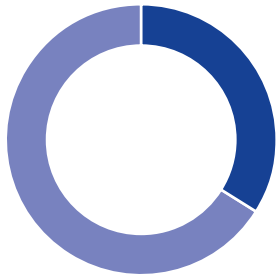
ORGANIC WASTE STATION

With the organic waste station we established at Turkcell Küçükaly Plaza, we became one of the first companies in Turkey to support the Zero Waste campaign.

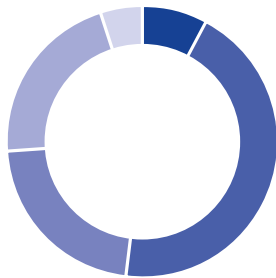
We enabled our employees to dispose of their organic waste separately from others in the Zero Waste bins placed throughout the plaza, in order to collect our organic waste separately. We started to collect the waste tea leaves of brewed tea in these bins, located in kitchens areas.

In addition, we separately collect the waste from restaurants, cafes and dining halls within the plaza and send it to our organic waste station on a daily basis.

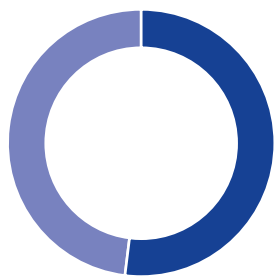
EMPLOYEE PROFILE



■ Female Manager 34%
■ Male Manager 66%



■ Post Graduate & PhD 8%
■ Undergraduate 44%
■ Two-year Degree 22%
■ High School 21%
■ Other 5%



■ Female 52%
■ Male 48%

The demographic information presented above indicates the data of Turkcell Turkey.



The number of Turkcell employees is 4,065 and the number of Turkcell Group employees is 20,120, as of December 31, 2018.



All waste collected in our organic waste station is transformed into fertilizer after a 30-day treatment by use of a compost machine. We started to use this high-quality fertilizer in landscaping areas and plants in our plaza. We also distribute this fertilizer, which is extremely useful and nutritious for the soil, in small packages, at regular intervals to our employees who requested it, and who have plants at home.

We produced 1,358 kg of fertilizer from around 5 tons of organic waste generated in the first 3 months after we commenced the project at Turkcell Küçükyalı Plaza.

WE ARE TURKCELL EMPLOYEES, WE ARE VALUABLE, WE TAKE PRECAUTIONS

This year, as Turkcell Group Occupational Health and Safety (OHS) Team, we signed a cooperation protocol with the General Directorate of Occupational Health and Safety of the Ministry of Family, Labor and Social Services and İSGAM for training and promotion activities for national and international organizations.

In addition, as Turkcell, we hosted the "9th International Occupational Health and Safety Congress" organized by our Ministry. In this context, the safe design in our offices, ergonomic living conditions, activities, social areas, our corporate occupational health and safety management system "Turkcell Radar" and our mobile applications won the admiration of the visiting delegation comprising Ministry officials, occupational safety professionals, academicians and human resources experts.

Together with the General Directorate of Occupational Health and Safety of the Ministry of Family, Labor and Social Services and İSGAM, we implemented the Occupational Health and Safety for University Students Project. In order to gauge young people's opinions on OHS, understand

their expectations, and share our experiences in working life. In doing so we met with the university representatives.

We evaluated the education design of the new generation with the "Health and Safety in Preschool Education" workshop. We also shared our story of digital transformation in the field of OHS, and our practices against psychosocial risk factors in our employee journey, with sector representatives at the symposiums. We took part in the working group at the 11th Development Plan to convey our knowledge, experience and suggestions.

AWARDS WE RECEIVED THIS YEAR AS TURKCELL HUMAN RESOURCES:

As Turkcell Human Resources, we have been honored by awards across numerous categories, related to our pioneering practices and projects throughout the year:

LinkedIn Talent Awards: Best Employer Brand

Employer Branding Summit: Best Employer Brand

Stevies: Most Effective Rewarding System, Best Low-Budget Big-Effect Event, Best Use of Technology in Human Resources, Best Internal Communication Practices, Best Recruitment Program, Best Human Resources Employee

Brandon Hall: Best Unique and Innovative Learning and Development Program, The Best Use of Blended Learning, Best New Hire Onboarding Program, Best Certification Program

Asian Leadership Awards: Best Leadership Development Program for the top management

Crystal Helmet OHS Awards: Best Employee Safety Practices, Best Employee Health Practices

TURKCELL ACADEMY

As Turkcell's corporate university, we aim to spread the culture of learning, among our employees in accordance with the mission of enabling renewal, change and transformation.



We carry Turkcell into the future with learning models that make a difference worldwide.

We believe that institutions and individuals need to review and renew their vision and mission along their journey of development. As Turkcell's corporate university, we aim to spread the culture of learning, among our employees in accordance with the mission of enabling renewal, change and transformation. We prepare Turkcell and Turkey for the future by enabling our employees to gain new competencies required by the business lines, professions and occupations that are created with the new technologies which guide our corporate business plans.

We are renewing our measurement and evaluation approach this year, with the introduction of long-term training programs which are available to all employees and which are participated in on a voluntary basis. As an indicator of our employees' learning efforts and achievements, we renewed our individual and corporate learning index.

We aim for our new "Learning Index" to further strengthen the integration of all our human resources processes such as performance, career and training/development.

As Turkcell Academy, we undersigned major initiatives in 2018, to prepare our thousands of employees and business partners within our ecosystem, and the wider society for the future.

With our "Master's Program," initiated nearly two years ago, we achieved firsts that make a big difference for in-house training. We have adopted an approach of "equal opportunities for everyone" in trainings. Regardless of their duties and responsibilities within the company, we provide all our willing employees with the opportunity to develop themselves.

WITH TURKCELL DIGITAL MASTERS PROGRAM, WE HAVE LAUNCHED THE LARGEST IN-HOUSE DIGITAL TRANSFORMATION INITIATIVE IN THE WORLD.

Having focused on developing pioneering products and services that will shape the future world with the new generation technologies, Turkcell maximized

the level of expertise of its employees in this area with the Digital Masters program. In the context of Digital Masters Program prepared in cooperation with Udacity and Turkcell, online trainings were provided in the fields of Data Foundation, Introduction to Programming, Business Analyst, Data Analyst, Machine Learning and Artificial Intelligence. During the 8 month program, 721 out of 1,093 participants were granted Udacity Nanodegree certification by completing the training and projects.

During the program, 25 participants selected by MIT (Massachusetts Institute of Technology) received training on IoT, the main source of future technologies, from leading professors at MIT. With the training received, our participants will continue to create global solutions by producing innovative products and services across many areas such as health, agriculture, logistics, education and the environment, not only for our customers but also for Turkey.

WE EDUCATE AND STRENGTHEN TURKEY WITH TURKCELL DEVELOPERS OF THE FUTURE, TURKEY'S LARGEST SOFTWARE COMMUNITY.

Developers of the Future has been providing free software, training, development and attainment opportunities since 2013. In order to develop lives through technology, and contribute to the realization of the dreams of all segments of society, we eliminate the digital divide, inequality of opportunity, financial impossibilities, insufficient supply and lack of role models. We strive for Turkey to become a leading country in software development. With the Turkcell Developers of the Future Platform, we strengthen Turkey by offering an integrated training and development solution in many areas that add value to the society, primarily Women Developers of the Future, Tester Women and Children.

WE ARE PREPARING TURKEY FOR THE FUTURE WITH NEW TECHNOLOGICAL TRAININGS.

We have signed agreements with Turkish content providers, all experts in their fields, in order to attract those people working across diverse technologies to our Developers of the Future community, and to



17 thousand people

On the Developers of the Future Platform, which has 137 thousand registered users, 17 thousand people successfully completed the online trainings and were entitled to 37 thousand certificates of achievement.

present the most up-to-date content. In this respect, the Developers of the Future Platform will possess important content pertinent to the current agenda, such as database training, web training, game programming training, data science, machine learning and deep learning.

WE HAVE TOUCHED THE LIVES OF 4 MILLION PEOPLE.

To date, 4 million users from 100 countries have benefited for 400 thousand hours from the Developers of Future portal, which includes content for adults and children related to new technologies, and primarily Turkish mobile and web programming. On the Developers of the Future Platform, which has 137 thousand registered users, 17 thousand people have successfully completed the online trainings and received 37 thousand certificates of achievement. We do not only offer an online training platform, but have also become Turkey's largest software community, providing face-to-face mobile application development training for 10 thousand students at 105 universities, in the TRNC and across the 81 provinces of our country.

WOMEN DEVELOPERS OF THE FUTURE

With the "Women Developers of the Future Project" initiated in cooperation with Turkcell and the TOBB Women Entrepreneurs Council, we provided women with 6 months of software training in 18 cities, and supported them to develop mobile applications. 319 out of 761 women who completed the in-class and remote Mobile Application Development trainings, developed mobile applications with 203 project ideas. Of the 660 women who successfully completed the training process in the Women Developers of the Future Project, 100 were employed by Turkcell to carry out end-user tests of Turkcell products and services. Every day, 100 expert test women, from 21 cities of Turkey, experienced Turkcell products and services end-to-end with the possibility of remote working, shared improvements that need to be made from the perspective of a real end-user, and contributed to the development of products and services. On November 27, at the Ankara Presidential Convention Center, we launched Women Developers of the Future

project with participation of Mrs. Emine Erdoğan. We aim to reach more women this year with more comprehensive content.

WE EQUIP CHILDREN WITH 21ST CENTURY SKILLS.

With Turkcell's Children Develop the Future Project, we taught coding to 660 children aged between 7-18 years in an entertaining fashion through the Scratch and App Inventor trainings developed by Code.org, MIT. We lead the translation of the MIT Scratch coding platform actively used by 33 million children around the world, to develop games, animations and stories into Turkish.

WE PREPARE THE LEADERS OF THE FUTURE.

Leadership Development Programs based on Turkcell's initiatives and strategies, together with Turkcell's vision of being a Digital Operator, prepare Turkcell Group leaders as pioneer leaders for the new World through collaboration with leading universities and institutions around the World and in Turkey.

These programs are implemented in six different leadership levels, ranging from aspiring managers to C-Level, focusing on the development of approximately 700+ Turkcell Group Leaders.

The "Digital Business Transformation" program, the focus of the IMD Global Leadership Program, and provided to directors by IMD Business School in 2017, was designed for all of our managers this year to support Turkcell's vision of becoming a digital operator. The program was delivered by 15 volunteer directors, who had completed the IMD Global Leadership Program, to a target group of nearly 500 managers.

The "Building Leaders" certification program was designed and implemented with the collaboration of Koç University for aspiring managers and new manager target groups. This eleven-day program is intended to develop the Strategic Thinking, Strategic Marketing, Networking, Finance and Digital Transformation focus of the target group.

We continue to implement internal mentoring programs with the "Leader as Teachers" approach, and the C-Lounge sessions where role model leaders in and beyond the Turkcell Group share their success stories and leadership journeys. The "GNCMNTR Program," a reverse mentoring program for our C-Level managers in which they receive mentoring from our young people, started in 2018. The GNCMNTR practice, is an innovative mentorship practice, where a Y generation employee conveys his/her insights about the new world, new jobs and new technologies, to a C-Level executive of senior generation.

TURKCELL ACADEMY

Turkcell Academy offers a custom prepared one year training program for young people who are employed within the scope of GNCYTNK Program, launched by Turkcell to hire talented young people.



Turkcell Academy initiated two major training programs in 2018 with the Massachusetts Institute of Technology, one of the world's leading universities.



THE FIRST STEP OF THE LONG-TERM EDUCATION, DEVELOPMENT JOURNEY- TURKCELL ACADEMY GNCYTNK PROGRAM

Turkcell Academy offers a custom prepared one year training program for young people who are employed within the scope of GNCYTNK Program, launched by Turkcell to hire talented young people. In the program formed by 6 modules; hundreds of trainings with themes Turkcell Employees Are Here, Customer is Here, Technology is Here, Our New Business World is Here, Culture is Here, Entrepreneur Leaders are Here - are offered through a variety of learning methods where digital, experiential and face-to-face learning are implemented together.

Turkcell Employees Are Here Module: GNCYTNKs came together with Turkcell leaders to hear from them about our company.

Customer is Here Module: After receiving training on Turkcell Customer values, our GNCYTNKs served our customers at all customer touch points across Turkey for 15 days, gaining on-site experience.

Technology is Here Module: In this module, they received trainings from Turkcell teams and from the corporate universities of technology companies such as Huawei, Oracle, Cisco, Ericsson, Nokia, DELLEMC in order to develop their technology vision. They had the opportunity to

benefit from Coding and Robotics Coding trainings. 105 of our successful young talents benefited from the opportunity of studying abroad at the headquarters of corporate universities.

Our New Business World is Here Module: GNCYTNKs developed their financial perspectives. They heard about Turkcell's activities in different business areas from their CEO.

Culture is Here Module: They attended seminars on civilizations, psychology and leadership approaches.

Entrepreneur Leaders are Here Module: MIT-Turkcell Innovation & Leadership Bootcamp specifically designed for GNCYTNKs will be implemented together with Massachusetts Institute of Technology (MIT), one of the leading universities across the globe.

ANOTHER GLOBAL FIRST FROM TURKCELL AND MIT: TURKCELL IOT BOOTCAMP PROGRAM & INNOVATION AND LEADERSHIP DEVELOPMENT PROGRAM EXCLUSIVE TO TURKCELL

Turkcell Academy initiated two major training programs in 2018 with the Massachusetts Institute of Technology, one of the world's leading universities. MIT IoT Bootcamp and MIT-Turkcell Innovation & Leadership Bootcamp are the first training programs specially designed for a



With the MIT IoT Bootcamp Program, Turkcell invests in the future and prepares its teams working on new technologies for digital transformation.

company by MIT. Under the MIT-Turkcell Innovation & Leadership Bootcamp program, through which Turkcell plans to train new and young leaders, the GNCYTNKs received special and intensive training blended together with MIT content and practices, for one week. The selected project teams will be involved in boot camps to be implemented around the world.

With the MIT IoT Bootcamp Program, Turkcell invests in the future and prepares its teams working on new technologies for digital transformation.

In 2018, we support continuous learning in Turkcell with development solutions that make a difference.

HAP+

Through HAP+ trainings that will benefit the personal development of Turkcell employees, we provided our employees with new perspectives and broadened their visions through methods such as experiential learning and distance learning in addition to face-to-face learning with seminars and in-class trainings.

CX LAB

With the "CX Lab Customer Experience Development Program," we enabled our customer experience teams to design Customer Experience journeys with a "Design Focused Perspective," providing them the opportunity to improve this perspective and the way of doing business, in Turkcell.



Within the Technology Development Program, we provided 123 thousand hours of training for 2.5 thousand employees through online training platforms and in-class trainings.

TECHNOLOGY DEVELOPMENT PROGRAM

In parallel with developing technologies and Turkcell's strategic priorities, we focused on the topics of Big Data, Hadoop, iOS & Android, Business Analysis, UX, IoT, Virtualization, LTE, 5G and Security in our "Technology Development Programs." We provided 123 thousand hours of training for our 2.5 thousand employees through online training platforms and in-class trainings.

The "NT Expert Program" aimed to ensure rapid adaptation to the changing Turkcell Network World, and to develop competencies in the main domains of the Network. In the scope of this program, organized with Huawei, 34 people selected among Network teams completed their developmental journey by receiving their in-class training in Turkey and implementation trainings in China.

WE ARE DEVELOPING TURKEY WITH THE COUNTRY'S MOST ADVANCED TECHNOLOGY RETAILING CERTIFICATION PROGRAMS.

As Turkcell Academy, we care a lot about meeting increasing customer expectations in technology retailing, and the development of our employees who will advise our customers in our stores within the scope of our digital transformation. Since 2016, we have been updating the content of our Technology Retailing Certification Program every year with innovations in order to train the advanced workforce, one of the biggest driver of the digital transformation in the World. The Technology Retailing Certification Program has been rewarded this year by the world's largest consulting firm, Brandon Hall, in the "Best Certification Program" category.

TURKCELL ACADEMY

We did not only increase the technical competence of our employees, but also targeted for them to better serve our customers and provide the best customer experience.



We made our staff ready for the field transformation, by combining different training technologies with numerous training courses, from orientation training for staff in the field to focus trainings compatible with business strategies.



We did not only increase the technical competence of our employees, but also targeted for them to better serve our customers and provide the best customer experience. In this respect, we provided trainings to develop competency and behavior in the scope of the Certificate Program. We measured our employees' competencies with Online Evaluation Center inventories prepared with real customer scenarios in order to understand the extent to which our messengers internalized their trainings, and the extent to which they use the outputs of these trainings in stores.

We are also glad to hear from the business teams we have been servicing that our customer satisfaction and employee loyalty ratios saw a positive increase once the Basic Certificate Program had been put into practice. We made our staff ready for the field transformation, by combining different training technologies with numerous training courses, from orientation training for staff in the field to focus trainings compatible with business strategies. 10 thousand of our field employees were better equipped and specialized thanks to the Turkcell Academy Certificate. In addition to Basic Certification, we continue to deepen the expertise of our employees with vertical expertise through the Advanced Certificate Program, IoT, Turkcell Financial Services, Digital Service and Solutions Certificate Programs.



While we support the studies of Local and National Research Groups, we support young people to become better equipped for new business areas during their development journey through the technology programs we prepared with the expertise of Turkcell.



WE SUPPORT YOUNG PEOPLE WITH A PROMISING FUTURE IN TECHNOLOGY.

While we support the studies of local and national research groups, we help young people to become better equipped for new business areas during their development journey through the technology programs we prepared with the expertise of Turkcell. While we support the research of PhD students working in the field of artificial intelligence with scholarships, we play an important role in generating a qualified workforce for the information sector through 18 certificate programs through which we have shared our know-how with thousands of university students. At 10 of Turkey's most prestigious universities, we have planned Mobile Communications Technologies and Software Testing courses together with our Turkcell Academy trainers. Through these courses, we both introduce youth in Turkey to the technology sector and support our employees' know-how and background development. In addition, we ensure the participation of our managers, who are experts in their fields, in the activities planned by university students, to conduct information sharing sessions, and support the development of our students with our short-term training programs. In 2018, we had the opportunity to reach out to almost 10 thousand students.

WE ARE ALSO DEVELOPING 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 KVK and GENPA requirements and performance targets with the leadership of Turkcell Academy. In the scope of certification programs we implemented digital and in-class training solutions for 900 employees in total, through the training programs on leadership, sales, product management, corporate culture and specific functional focus areas. We organized vision seminars on technology, economics and humanity topics with speakers who are experts in their fields to ensure that employees have a command of current developments. We digitized basic classroom trainings included in the leadership and sales programs of the certification program in the first 2 years. We thereby enabled new employees to benefit from the trainings. Through the development solutions implemented, Sales and Product Management teams were certified with 100% success.



In the scope of certification programs, custom designed by Turkcell Academy according to the needs and performance targets of KVK and GENPA, we implemented digital and in-class training solutions for 900 employees in total through the training programs on leadership, sales, product management, corporate culture and specific functional focus areas,

OUR SUBSIDIARIES

lifecell became the first operator to introduce Ukrainians to 4.5G on March 30 and strengthened its digital operator position in the market with a smartphone penetration of 75.9%.



lifecell became the first operator that launched the 4.5G network on 2600 MHz frequency in various city centers of Ukraine on March 30.

lifecell  lifecell

Having commenced operations in February 2005 in Ukraine, lifecell has a population coverage of 92.2% and a geographical coverage of 94.6%. The Company has 7.3 million three-month active, 9.9 million registered customers. lifecell is the market leader in Ukraine in terms of smartphone penetration which is 75.9%. In 2018, number of three-month active subscribers using 3G+ and 4.5G exceeded 4 million while mobile data usage per user grew by 128%. lifecell's revenue in TRY terms increased 39% and reached TRY 924 million.

2018 was an important year for lifecell after being named the leader of the new generation internet. At the 2,600 MHz and 1,800 MHz frequency auctions that were held on January 31 and March 12, respectively lifecell acquired the widest spectrum per subscriber, ensuring the highest quality mobile internet for the LTE subscribers nationwide.

lifecell became the first operator that launched the 4.5G network on 2600 MHz frequency in various city centers of Ukraine on March 30. Following the successful launch of 4.5G in the domestic market, lifecell started to provide LTE services to its travelling

subscribers in almost 30 countries on 4 continents with its roaming partnerships. Lifecell, which provides its subscribers with the highest quality internet experience, started to serve with 4.5G network on 1,800 MHz to more than 230 settlements on July 1.

lifecell enriched its digital services portfolio in line with Turkcell's digital services strategy and increased the penetration of these services on its customer base. In addition to the previously launched lifebox, fizy, lifecell, Dergilik, and LifeSport applications, a number of new applications and services such as TV+, All Recipes, Games Club, Kids Club and Fitness have been introduced to users.

Paycell, a subsidiary of lifecell, is ready to provide its services to its Ukrainian customers after receiving all necessary permits from the National Bank of Ukraine and obtaining the payment infrastructure operator status.

Ahmet Akça, Chairman of the Board of Turkcell, joined the National Investment Council of Ukraine as a member with the decision of the President of Ukraine Petro Poroshenko. As an advisory body under the authority of the Ukrainian President, the Council has brought together 20 top executives of world-leader companies in their fields and representatives of the Ukrainian state bodies to improve the country's investment ecosystem and organize the investment regulation.

lifecell was the first company to launch SMS donations, by providing short codes to the non-profit organizations in the country. The Company is the technologic sponsor of the National Football Team of Ukraine, the Premium Sponsor of FK Dynamo Kiev, and also the official technology partner of the Ukrainian National Paralympic Committee.

lifecell sponsored the 5th IT Arena, one of the leading IT and technology conference in Eastern Europe, during which lifecell CEO İsmet Yazıcı introduced the Turkcell's vision and development and impact of 5G. lifecell founded the 3rd "lifecell laboratory" in Kharkiv National University of Radio Electronics and enable students to reach modern telecommunication materials and join workshops.



lifecell became a partner in the 15th Yalta European Strategy (YES) Annual Meeting, which brought together over 600 participants from 28 countries, in Kiev.

lifecell became a partner in the 15th Yalta European Strategy (YES) Annual Meeting, which brought together over 600 participants from 28 countries, in Kiev. Participants of the meeting included the world's leading decision makers, futurists, politicians, investors, as well as security, technology and media experts.

Having enriched its operations, the Company moved to its headquarters next to the lifecell Technical Center; increasing the harmony, synergy and efficiency between all departments.



Having joined Turkcell Group in July 2008, BeST (Belarusian Telecommunications Network) was the first operator to offer 3G service in Belarus in November 2009. BeST has a population coverage of 99.9% and a geographical coverage of 97.7% as of year-end 2018.

Having 1.6 million subscribers, BeST started to offer 4G service in August 2016 through LTE infrastructure established by beCloud. BeST provides 4G LTE services, across all regions and major cities of Belarus.

BeST has a wide product portfolio consisting of various voice and data packages as well as terminal and digital offers. The Company enriched its products and service portfolio in line with Turkcell's strategy of providing digital services and solutions on a global scale. In this respect, BeST included BiP, fizy, lifebox, Magazines, TV+, Apps Club and Kids Game Club applications to its digital services portfolio.

As a result of the growing 4G LTE customer penetration and increasing data usage, BeST's revenues grew by 11.7% in local currency compared to the previous year, reaching BYN 124.9 million in 2018. On a TRY basis, the Company's revenues increased by 39.2% to TRY 292.9 million.

Lifetech, established as 99.9% owned subsidiary of BeST to serve in the area of telecommunication and infrastructure solutions, information and communication technologies, software development and security systems, successfully carries out Turkcell Group projects with 200 employees as of 2018.



Kuzey Kibris Turkcell was established in 1999 as a 100% owned subsidiary of Turkcell. Having operated until 2007 as part of a revenue-sharing agreement with the Turkish Republic of Northern Cyprus Telecommunication Department, the Company signed an 18 year GSM license contract in the same year.

In 2016, Turkcell Grup pioneered a first in TRNC and the world by launching its new digital brand Lifecell, which exclusively operated on the internet, and became the world's first digital operator.

With its infrastructure covering 100% of the population and a market share of 62% based on data of the Information and Communication Technologies Authority as of the 3rd quarter, the Company continued its operations as the leader operator of the TRNC.

Having established Lifecell Digital LTD in 2018 to offer fixed internet services in the TRNC, Kuzey Kibris Turkcell became the first integrated digital operator to provide converged offerings to its customers, including both GSM and fixed internet services.

The revenues of Kuzey Kibris Turkcell grew by 13.8% and reached to TRY 180.1 million in 2018.



Founded in Germany in 2010 as a Mobile Virtual Network Operator (MVNO), Turkcell Europe provides services to approximately 200 thousand customers through marketing cooperation conducted with Deutsche Telekom. Operating under Turkcell's global brand lifecell as of 2018, Turkcell Europe has set its course as Europe for the export of Turkcell's digital products and services. It is intended to spread innovative services such as BiP, fizy, Dergilik, lifebox, Yaani, TV+ and Fulltrip from Germany to Europe.

Turkey's most innovative communications and experience platform BiP, has added a new dimension to communication habits. BiP enabled users to identify their phone numbers both in Germany and Turkey on the same platform without the need of a different SIM card or second phone, and to communicate both mobile and fixed lines in Turkey with very advantageous packages with HD sound quality.

With its expanding music catalogs, fizy aims to become irreplaceable for the citizens living in Germany. Achieving great success with important contributions to the music industry in Turkey, fizy has also become the representative of the digital music infrastructure of Turkey in Germany, thanks to its rich archive.

Dergilik, the digital publishing platform that changed reading habits in Turkey is now available also in Europe with its unique content. Offering more than 700 newspapers and magazines to its readers in the digital platform, Dergilik provides the opportunity to read all of Turkey's popular magazines and newspapers also offline. In addition, it enables Turkish people in Germany to read and follow developments in Turkey through local sources.

TRY 292.9 million

On a TRY basis, the Company's revenues increased by 39.2% to TRY 292.9 million.

OUR SUBSIDIARIES

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.



Turkcell Global Bilgi ranked 1st place in the “Best in Customer Service” category at the World finals of the “2018 Top Ranking Performers” awards of “ContactCenterWorld,” the world’s largest call center sector event.

lifebox, personal data storage service developed by Turkcell by using entirely local sources, has become one of lifecell’s most important products with its features including German language support and automatic backup, freeing up device storage, faces and object recognition for photos easy sharing, fast, and secure access.

TURKCELL GLOBAL BILGI

Turkcell Global Bilgi offers new generation creative solutions in customer experience by closely monitoring technological innovations in addition to its 19 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 5 in Ukraine, Turkcell Global Bilgi operates in 19 locations in total as of the end of 2018, providing employment to approximately 12 thousand people with a 9 thousand desk capacity. With 7,300 female employees, the ratio of women employed in total at Turkcell Global Bilgi is 61%.

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. The Company ranks among the top 500 IT companies in Turkey. Turkcell Global Bilgi ranked 1st in the “Best in Customer Service” category at the World finals of the “2018 Top Ranking Performers” awards of “ContactCenterWorld,” the world’s largest call center sector event.

Turkcell Global Bilgi manages communication with the end-consumer through many channels such as face-to-face service, telephone, audio and video response systems (IVR and IVVR), e-mail, SMS, web chat, 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

Global Tower, the first and only telecommunications infrastructure and tower company in Turkey, now operates in 4 countries. Global Tower provides infrastructure services to telecom operators, radio and TV broadcasters, internet service providers, energy companies and public institutions. In addition, Global Tower commenced operating in the field of satellite services in 2018 within the framework of its end-to-end service concept. Global Tower currently offers over 2 thousand closed circuit satellite services from its own infrastructure with geographic redundancy, and aims to increase its product range and service diversity by following the trends in satellite sector. Global Tower has a market share of around 20% in the satellite broadband industry.

Global Tower increased its net revenues by 32% to TRY 338 million⁽¹⁾ in 2018. In the medium term, the Company anticipate increasing its revenues annually by 25%- 30%⁽³⁾ on average. In 2018, EBITDA⁽²⁾ rose 60% to TRY 223 million. The medium term EBITDA growth expectation is at 25%-30%⁽³⁾ on average. The consolidated tenancy ratio was 1.60x in 2018, and is targeted to reach 1.80x-1.90x⁽³⁾ range in the medium term.

Global Tower is currently Turkey’s first and Europe’s fifth largest telecommunications infrastructure company with a total site portfolio of 10,581, of which:

- » 8,501 are in Turkey
 - » Owned: 3,943
 - » Operated: 2,334
 - » Contract Management: 2,224
- » 1,132 are in Ukraine (Owned)
- » 833 are in Belarus (Right of Use)
- » 115 in TRNC (Right of Use)

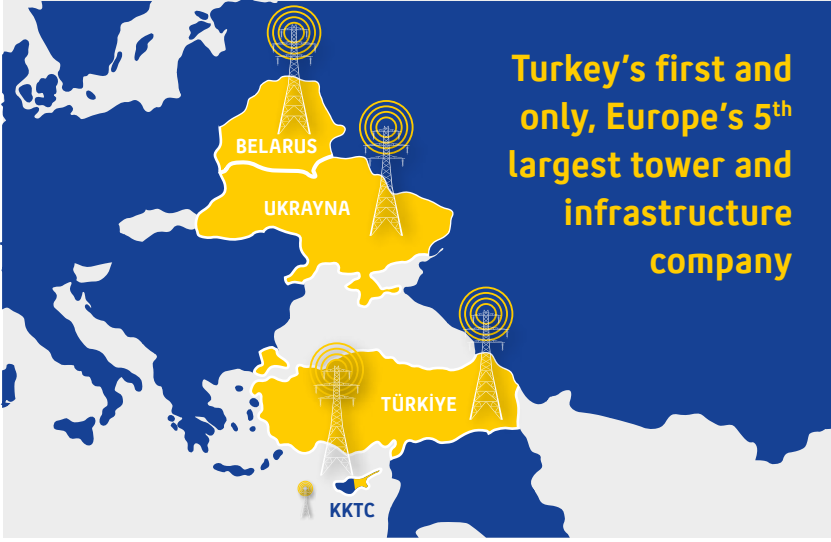
⁽¹⁾ Net revenues do not include reclassification revenues.

⁽²⁾ Including the impact of new IFRS standard.

⁽³⁾ 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 2017 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.



Global Tower, the first and only telecommunications infrastructure and tower company in Turkey, now operates in 4 countries.



Global Tower is Turkey's first and Europe's fifth largest telecommunications infrastructure company with a total site portfolio of 10,581.

Global Tower's main areas of activity are:

- » Leasing services,
- » Build and sell services,
- » Contract management services,
- » Maintenance services,
- » Satellite service and facilities.

Global Tower closely follows the transformation process of the global telecommunication infrastructure sector, from tower management to infrastructure management, and plans to include new emerging business lines in this sector within its operations. In this respect, it aims to both introduce our country to new technologies, and continue its growth momentum in the upcoming periods. It is observed that the mobile operators in our country have a positive attitude towards the infrastructure sharing and consolidation model led by Global Tower, in parallel with global developments. A critical step can be taken in terms of resource efficiency through related regulatory arrangements.

**TURKCELL FİNANSMAN
(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 thousand Turkcell stores throughout Turkey under the Financell brand, carrying Turkcell quality to the finance sector to provide flexible payment solutions for customers' device needs through financial loans.

Turkcell Finansman A.Ş., which has an asset size of more than TRY 5 billion by year-end of 2018 and has granted TRY 11.5 billion in loans to around 4.6 million customers to date, became one of the most important players in the Turkish financing sector. The Company will continue its growth through new business lines, such as Turkcell Sigorta A.Ş. (insurance company) founded in 2018.



Launched by Paycell in 2017, the Paycell application, the single platform on which Paycell has gathered all of its services, reached 2.6 million downloads in 2018.

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



Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş. (TÖHAŞ), the payment services company, extended the scope of its operational permit obtained from the BRSA in 2016 to operate as a Payment Institution, with an E-Money license in 2017. With the new products and collaborations developed in 2018, it has both expanded its customer and merchant network, and provided a simple and secure payment experience to its customers.

TÖHAŞ offers quick and easy payment services to over 3 thousand member merchants and over 5 million customers with the Paycell brand. Thanks to the Paycell Mobile Application's credit card and Paycell card registration feature, TÖHAŞ has enabled its customers to make secure purchases using just phone number information, to transfer money 24/7 to any phone numbers they wish, and to pay using QR technology.

Launched by Paycell in 2017, the Paycell application, the single platform on which Paycell has gathered all of its services, reached 2.6 million downloads in 2018. Additionally, the prepaid Paycell Card, launched at the end of 2017, has been offered for sale in D&R stores and PTT branches as well as in 5 thousand Turkcell stores. The number of card sales has exceeded 1 million with the contribution of extensive sales point network.

Following the addition of invoice payment product to its payment solutions in 2017, Paycell increased the number of institutions of which invoices are collected to 232. While 5 thousand invoices were collected per month from 700 invoice payment representatives, the number of collection reached 160 thousand per month with over 6 thousand representatives as of 2018. Having improved its existing payment channels and its share in the payment market in 2018, Paycell plans to diversify its member merchant network by providing new digital financial solutions to its customers from transportation to account management, and from personal finance to credit management through its mobile app, in the upcoming period.

Taking its initial steps towards becoming a strong brand in the first half of 2018, Paycell renewed its corporate identity and started to earn appreciation among its target audience with the "It's not a pro bank, it's a bro bank" slogan. Respective commercials enjoyed considerable appreciation, achieving wide outreach figures through organic dissemination. Turkcell's brand image was also supported with the appreciation of the audience.

*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.

OUR SUBSIDIARIES

Turkcell Technology has received many prestigious awards in consequence of the innovative and original technologies it has produced in 2018.



While more than 10 million unique users in total have played games through Playcell and BiP Gaming in 2018, the Tavla Go application, the first board game that we developed, has been downloaded by more than 240 thousand players.

İNTELTEK

İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş.

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

İnteltek has been positioned as one of the world's largest operators in the state-controlled betting games sector with its "iddaa" brand. Between 2004 and 2018, the contribution of public revenues originating from "iddaa" to the Turkish economy on the basis of tax and sports, reached almost USD 14 billion.

İnteltek entered the digital gaming sector with BiP Gaming, the game platform developed on Turkcell BiP application in 2017. İnteltek introduced secure game platform Playcell for kids, as well as the Tavla Go (Backgammon Go) application for Turkish game lovers in 2018, achieving significant success within a short time.

While more than 10 million unique users in total have played games through Playcell and BiP Gaming in 2018, the Tavla Go application, the first board game that we developed, has been downloaded by more than 240 thousand players.

TURKCELL TEKNOLOJİ (TURKCELL TECHNOLOGY)



As one of Turkey's largest R&D centers, Turkcell Technology conducts its R&D and innovation activities with over 700 R&D personnel at Küçükyalı Technology Plaza. This center, running end-to-end product and service development processes under the same structure, also offers different products, services and infrastructures to 15 countries, in addition to Turkcell Group companies.

The focus areas of Turkcell Technology include: Roaming Solutions, Smart SIM Card Solutions, Big Data Processing, Business Intelligence Applications, Smart Cloud Platform and Platform Based Solutions, Location Based Services and Platforms,

Customer Relationship Management and Solutions, Network Management Solutions, New Generation Value Added Services, Mobile Financial Systems, Music and Entertainment Services, IPTV Services, Mobile Marketing Solutions, Internet of Things (IoT), Geographic Information Systems, Voice Identification, AR/VR, 5G infrastructure projects, Mobile communication solutions, Campaign Management Systems and Over-the-Top (OTT) solutions.

Turkcell Teknoloji carries out its technology and software export activities in the Commonwealth of Independent States, the Middle East, Africa and Europe regions, and continues its sales and after-sales maintenance activities abroad with a total of 24 products. Among the products designed and developed by Turkcell Technology, RoamSelect is used in 10 countries, SimSelect in 7 countries, and Campaign Management System in 4 countries. In 2018, digital services produced by Turkcell Technology were sold to Moldova. We continue our search for new markets in order to increase our sales.

With national and international patent applications, Turkcell Technology aims to be a pioneering technology company on a global scale. The patent application process makes a significant contribution to differentiating the services and products of 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. With the 1,172 national and 108 international patent applications made since 2008, Turkcell Technology is the leader in Turkey's telecommunications sector.

Turkcell Technology ensures the development of innovative products and services through the use of advanced technologies by taking part in international fund-supported R&D projects, and interacts with ecosystems enabling it to enter new markets. At the same time, further development of expertise is ensured by conducting joint research and technology studies with leading organizations



With national and international patent applications, Turkcell Technology aims to be a pioneering technology company on a global scale.



lifecell Ventures aims to digitize the telecommunications industry. In this context, the first international digital solution partnership was realized in 2017 through the revenue sharing model with Eastern European operator Moldcell with the "BiP" and "lifebox" products.

in their fields. In this context, Turkcell Teknoloji is a member of the board of directors of ITEA and Celtic clusters under the umbrella of EUREKA, and carries out active tasks by developing innovative projects within those clusters. As part of the innovative and potentially commercial product and services projects conducted with ITEA that focus on information technology topics and with the Celtic clusters that focus on network, infrastructure, and all information technology verticals built on them, funding aid and TÜBİTAK support secured by involving in consortiums formed in Turkey. In this respect, contribution to the development of the Turkish ecosystem is sustained. Apart from the EUREKA cluster, Turkcell Technology responds to the IT-focused invitations made on the Horizon 2020 platform, directly funded by the European Commission, with new project ideas and engages in intensive studies on this front. In addition to these projects, where AR-VR, Machine Learning, Artificial Intelligence, Blockchain, IoT and 5G technologies are intensively used; Turkcell Technology develops ideas that further expands our existing technological know-how, and that have the potential to turn into marketable software and products.

Turkcell Technology has received many prestigious awards in consequence of the innovative and original technologies it has produced in 2018.

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 2018.

Turkcell Technology enriched its collaborations with universities in 2018. These include joint R&D projects determined in line with strategic focus areas and 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.

lifecell VENTURES



lifecell Ventures is a 100% Turkcell subsidiary established in the Netherlands. In line with Turkcell Group's strategic priority of enhancing its international activities, 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 digitize the telecommunications industry. In this context, the first international digital solution partnership was realized in 2017 through the revenue sharing model with Eastern European operator Moldcell with the "BiP" and "lifebox" products. In February 2018, following the Barcelona Mobile World Congress, lifecell Ventures organized workshops with dozens of operators, while providing consultancy services on digital transformation to operators from the Caribbean to Nepal, and from Africa to the countries of Asia Minor.

TURKCELL ENERJİ ÇÖZÜMLERİ VE ELEKTRİK SATIŞ TİCARET (TURKCELL ENERGY SOLUTIONS)



Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. commenced providing services to customers with the "Enerjicell" brand having registered the "Enerjicell" brand name and logo in 2018.

In order to provide the best customer experience in the sector, Enerjicell had initiated its sales activities aimed at retail customers. With retail customer sales covering the whole of Turkey, Enerjicell made an impressive entry into the market targeting to become one of the major players in the electricity sector. In addition, it provided service to the counters within Turkcell Group throughout the year, taking important steps to meet all needs of the corporate customer segment, and developing its competencies for on-site operations.

2018 draws attention as the year when the first seeds were sown within the framework of the vision of digital and smart energy solutions. Acting in accordance with the strategies of spreading uninterrupted energy, renewable energy production and energy efficiency projects, Enerjicell developed pilot projects on residential-type energy storage systems and roof-type solar power plants. In this respect, projects have been launched for roof-type solar power plants at different locations and residential-type energy storage systems of various sizes have been installed. Enerjicell actively monitors all projects and strives to deliver them to the end user conveniently by generating innovative and unique financing models.

AWARDS

Turkcell has been named the leader of the “Communication” category at The One Awards - Integrated Marketing Awards that Marketing Türkiye organized in cooperation with Akademetre, Turkey’s prominent market and consumer research company.



FEBRUARY

Turkey's Most Effective 50 CHRO Survey

Turkey's Most Effective 50 Chief Human Resources Officers (CHRO) were determined in cooperation with Fortune Türkiye and DataExpert in an attempt to draw attention to the proactive role and importance of the CHRO function in the current global economy and the variable nature of the workplace environment. Turkcell Human Resources Executive Vice President Seyfettin Sağlam was ranked on the list.

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).

MARCH

5G MENA Summit

5G MENA Summit, which brings together the mobile telecommunication industry of our region in Dubai, was held on April 9-10, 2018. Within the scope of the event, 5G MENA Awards were given. Ayşem Ertopuz, Digital Services and Solutions Executive Vice President, a nominee for the Assistant General Manager of the Year award, received it.

A.C.E Awards

At the Şikayetvar A.C.E. (Achievement in Customer Excellence) Awards 2018, where brands ensuring the highest customer satisfaction in Turkey are determined, Turkcell became the leader in the Communication category. Also; Turkcell Mobile was ranked in 3rd place in the Mobile Phone category, Turkcell TV+ 2nd in the Digital Platform category, and Turkcell Superonline 2nd in the Internet Service Providers category.



At the Şikayetvar A.C.E. (Achievement in Customer Excellence) Awards 2018, where brands ensuring the highest customer satisfaction in Turkey are determined, Turkcell became the leader in the Communication category.

JANUARY

R&D Center Awards

The best R&D centers have been rewarded at the 6th Private Sector R&D and Design Centers Summit organized by the General Directorate of Science and Technology of the Ministry of Science, Industry and Technology. The Turkcell Teknoloji R&D Center was ranked 1st place in the “Computer and Communication Sector” category.

The ONE Awards - Integrated Marketing Awards

As Turkcell, we have been named the leader of the “Communication” category at The One Awards - Integrated Marketing Awards that Marketing Türkiye organized in cooperation with Akademetre, Turkey’s prominent market and consumer research company. Turkcell was deemed worthy of this award for the first time.



In the Phoenix Awards where the Green Crescent rewarded people and institutions who had struggled against addictions and adopted a healthy lifestyle as a mission, Turkcell received the 'Social Responsibility Award'.



World HRD Congress

Turkcell returned from the World HRD Congress, held for the 27th time in India, with 2 awards. Turkcell Akademi was named "Training Company of the Year" for its innovative and different training solutions, while Turkcell Akademi General Manager Banu İşçi Sezen received the "World Women Leadership" award in the telecom and technology category.

IDC Türkiye Cloud Awards

We won awards in 2 categories at the IDC Türkiye Cloud Awards. Turkcell won the 1st prize in the "SaaS/ Cloud Software Service" category with E-Company, while we received the runner up prize in the "IaaS/ PaaS/Cloud Infrastructure/Platform Service" category for our Turkcell Virtual Server Business Continuity product.

APRIL

Employer Brand Summit

Our company has been deemed worthy of the "Most Admired Company" award of its sector at the Employer Brand Summit, the prestigious event of the field of Human Resources.

Phoenix Awards

Turkcell, the supporter of projects touching people and improving life, has received an award from the Green Crescent. In the Phoenix Awards where the Green Crescent rewarded people and institutions who had struggled against addictions and adopted a healthy lifestyle as a mission, Turkcell received the 'Social Responsibility Award'. The ceremony was held at the Istanbul Cemal Reşit Rey Concert Hall with the participation of President Recep Tayyip Erdoğan. Marketing Executive Vice President İsmail Bütün received the award on behalf of Turkcell.

Turkey Social Media Awards

Turkey Social Media Awards has been organized in cooperation with Marketing Türkiye and BoomSonar. Our company, the leader of the telecommunication category, received the Gold award in the Real-Time Campaign category with "BİP - What was not up and running?"; the Silver award in the Digital Exclusive - Search Engine Campaign category with Yaani - How to Design a Search Engine Campaign for a Product that Never Existed Before?; and the Bronze award in the Social Responsibility Communication category with "Life Fixer - Canlara Destek."

MAY

A.L.F.A. Awards

Those brands ranking among the top 3 at the "A.L.F.A. Awards," which have acknowledged brands creating the best customer experience since 2015, were identified. Turkcell ranked 1st in the Telephone Operator category, while Turkcell Superonline was the leader in the Internet Service Providers category.

Gold Compass

Celebrating its 46th anniversary in the communications sector, the Turkish Public Relations Association (TÜHİD), awarded winners of the Golden Compass Turkey Public Relations Awards in its 17th occasion this year. Turkcell was deemed worthy of multiple awards, with the Amputee Football National Team sponsorship, fizy 20th High School Music Contest sponsorship, and Turkcell Life Fixer/Canlara Destek.

12th World Procurement Awards 2018

We also received a worldwide award for projects implemented in the field of procurement. In this organization held in London, we were winners in the "external collaboration" category.



Our company has been deemed worthy of the "Most Admired Company" award of its sector at the Employer Brand Summit, the prestigious event of the field of Human Resources.

AWARDS

We have been awarded the grand prize in the IoT Solution Provider category at the “IoT World Europe Awards” for a project we initiated with Ericsson, within the scope of London Tech Week, one of the world’s most prestigious platforms, organized in London.



The Turkcell Supply Chain team returned with the Golden Award from the International CSR Excellence Awards held at the Royal Academy of Dramatic Art (RADA).

ETİKA 2017 Turkey Ethics Awards

The Turkcell Group Internal Audit team won the ETİKA 2017 Turkey Ethics Award, within the scope of Turkey Ethics Award, which evaluates institutions’ business ethics and related commitments. Our Company was the first company in the sector to be deemed worthy of the award for the Ethical Values Center Association (EDMER).

Mobile Europe Awards

Gediz Sezgin received the CTO of the Year award organized by UK-based Mobile Europe, one of the key reference points of the telecom industry.

ContactCenterWorld.com EMEA Region

Turkcell Global Bilgi won the world championship in the “Best in Customer Service” category at the “2018 Top Ranking Performers” Awards, which identifies the best of the sector. The event is organized by the “ContactCenterWorld.com,” one of the most prestigious organizations of the call center sector worldwide.

2018 Great Place to Work

Turkcell Global Bilgi, Turkey’s customer experience solutions center, has been identified as one of the best employers of 2018 in the +2,000 (institutions where 2,000 and more people work) category of the Turkey’s Best Employers Survey, for its successful and effective Human Resources practices.

Turkey’s Most Admired Call Centers

Call Center Life magazine, published to develop and promote the call center sector and strengthen sectoral communication, rewarded the “Most Admired Call Centers” in 2018. Turkcell received the “Most Admired Telecommunications Call Center for Customer Satisfaction” Award, while Turkcell Global Bilgi won the “Most Admired Outsource Call Center” Award.

The Most Effective 50 CFO Award

The third outing of the most effective 50 CFO research, launched by cooperation between Fortune Turkey and DataExpert in 2015, was held in 2018. Bülent Aksu from TURKCELL took place in the list.

JUNE

Loyalty Magazine Awards

The winners of the Loyalty Magazine Awards 2018, rewarding the most successful customer loyalty programs in Europe, Middle East and Africa region was manifested. At the award ceremony organized in London, Turkcell was deemed worthy of the Best Use of Analytics & Data award with the Next Best Action Platform.

IoT World Europe Awards

We also received an important award in the field of Internet of Things with the “Smart Parking Lot Project.” We have been awarded the grand prize in the IoT Solution Provider category at the “IoT World Europe Awards” for a project we initiated with Ericsson, within the scope of London Tech Week, one of the world’s most prestigious platforms, organized in London.

Telecoms World Middle East

We were recognized in the Innovation Awards category for the “Water Irrigation” smart irrigation systems study.

CIPS MENA Awards

In this organization held in Dubai, we were awarded in the social responsibility field for our project, positioned under the title of “Green Procurement.”

JULY

International Corporate Social Responsibility Excellence Awards

The Turkcell Supply Chain team returned with the Golden Award from the International CSR Excellence Awards held at the Royal Academy of Dramatic Art (RADA).

WARC Awards

The “news is on-air” project initiated together with TV channels for BiP to become a habit in daily life, received the Bronze award at WARC, in the Effective Native - Special Award, as well as Partnerships and Sponsorship categories.



Turkcell marked the Crystal Apple Awards, Turkey's most important marketing and creativity event. At the awards ceremony, Turkcell won a total of 15 awards, of which 3 were Crystal awards.



IT 500 Awards

As in previous years, Turkcell Global Bilgi ranked 1st in the 'Call Center Service' category this year in Turkey's single comprehensive survey in the field of informatics. The survey was prepared based on the 2017 net sales revenues of companies operating in the information sector in Turkey.

The International CSR Excellence Awards

In this organization held in London, we were awarded in the Equal Opportunities category for our projects aimed at providing youth employment, as well as for women, and refugees living in rural areas of Turkey.

SEPTEMBER

Stevie Awards

In the 2018 Stevie Awards held in London, Turkcell received 12 awards consisting of one gold, one silver and 10 bronze awards across seven categories.

The Owl Awards

We were acknowledged for our survey that evaluated market dynamics, customer expectations, loyalty and brand perceptions altogether, transforming insights into action as Marketing, Sales and CEM teams.



Turkey's digital operator Turkcell has been named the "Coolest Brand of the Year" in the Cool Brands Survey conducted in cooperation with Marketing Türkiye and Roamlar Türkiye.

OCTOBER

Crystal Apple Awards

Turkcell marked the Crystal Apple Awards, Turkey's most important marketing and creativity event. At the awards ceremony, Turkcell won a total of 15 awards, of which 3 were Crystal awards. In addition, Crystal Apple named Turkcell as the Advertiser Encouraging Creativity over the past 30 years.

Digital Impact Awards

Turkcell's Tango project returned from the Digital Impact Awards, one of the most prestigious awards in the digital world, and organized in London, with 3 awards; namely, Best Use of Digital to Aid a CSR Campaign, Best Corporate Viral Campaign, and Best Use of Digital and Media.

Marketing Türkiye Cool Brand Awards

Turkey's digital operator Turkcell has been named the "Coolest Brand of the Year" in the Cool Brands Survey conducted in cooperation with Marketing Türkiye and Roamlar Türkiye.

In the survey, conducted for the 4th time this year, we, as Turkcell, were awarded on the 4th occasion in the GSM operator category.

Supply Management Awards 2018 Europe

Our Turkcell Supply Chain Management team has received awards in 2 branches at the Supply Management Awards 2018 Europe event organized by CIPS and ProcureCon, in Prague.

AWARDS

Our customer satisfaction program won 1st place in the world in the “Best Customer Experience” category at the Contact Center World “2018 Top Ranking Performers awards” organized in Prague on November 9.



Turkcell Academy was awarded 1st prize in the Best Leadership Development Program for Top Management category.

IPRA Golden World Awards

Turkcell won 2 awards at the IPRA Golden World Awards, the world's most prestigious public relations award. At the award ceremony held in Barcelona, Turkcell, the supporter of Turkey in sports for the disabled, received the gold award in the 'Sponsorship Category' for its Amputee National Team main sponsorship. Meanwhile, fizy won first place in the 'Arts and Entertainment' category, thanks to the cooperation realized with Tarkan for his album "10."

Asian Leadership Awards

Turkcell Academy was awarded 1st prize in the Best Leadership Development Program for Top Management category.

NOVEMBER

MMA, The Smarties

We returned with 8 awards, including 3 international and 5 in Turkey from the MMA, The Smarties Awards. During the award ceremony held at Swissotel The Bosphorus in Istanbul, we received: a gold award internationally and a silver award in Turkey with "Hello Hope" in the Social Impact/Not For Profit category; a gold award in Turkey with "Seeing Through Disabilities" in the Innovation category; a bronze award in Turkey with "Seeing Through Disabilities" in the Brand Awareness category; a silver award internationally and a gold award in Turkey with "Seeing Through Disabilities" in the Mobile Video category; a gold award internationally and a gold award in Turkey with "BiP - WhatsApp Down" in the Mobile Search category.

IDC Retail Awards

Our Artificial Intelligence and Digital Analytics team received a runner-up prize in the Best Innovation with Disruptive Technologies branch for our Smart Refrigerator Monitoring System technology at the Technology Awards organized within the framework of the IDC Turkey Retail Executive Summit 2018.

LinkedIn Talent Awards

Our company was named "Best Recruiter Brand of the Year" within the scope of the Turkey Talent

Awards organized for the 2nd time this year by LinkedIn, the world's largest professional network.

Turkey's Most Effective 50 CMOs

The most effective 50 CMOs of Turkey have been announced. According to the results of the survey conducted in cooperation with Fortune Türkiye and DataExpert, Ismail Bütün was one of the names to make the list.

Contact Center World

Our customer satisfaction program won 1st place in the world in the "Best Customer Experience" category at the Contact Center World "2018 Top Ranking Performers awards" organized in Prague on November 9.

Felis Awards

Our company has made its mark in the MediaCat Felis Awards ceremony held for the 13th time this year. On the night of the ceremony, where the most effective and creative communication works of the sector were rewarded, Turkcell received 23 awards, 8 of which were Felis and 15 Achievement Awards.

Brandon Hall Group Excellence in Talent Acquisition Awards

Our Turkcell Marketing Masters Program received a Golden Award in the Best Unique and Innovative Learning and Development Program, and The Best Blended Training Program. Turkcell received a gold award in the Brandon Hall Best New Hire Onboarding program category within the scope of young talent recruitment program, and a Silver award in the Brandon Hall Best Certification Program within the scope of field certification program.

DECEMBER

IDC IoT, Analytics, Big Data & AI Conference

Our Artificial Intelligence and Digital Analytics team collected awards in the five categories at the IDC IoT, Analytics, Big Data & AI Conference.

Bosphorus IT Awards

Turkcell was the winner in the best telecommunication company category, at the 18th Bosphorus IT Awards.



Our Turkcell Marketing Masters Program received a Golden Award in the Best Unique and Innovative Learning and Development Program, and The Best Blended Training Program.

INVESTOR RELATIONS

Having a market capitalization of TRY 26.8 billion (USD 5.1 billion) as of December 31, 2018; Turkcell, the only Turkish company listed on both BIST and the NYSE, has become the 6th largest among the companies trading on BIST.



The size of Turkcell's American Depository Receipts as of year-end 2018 is 75.1 million.

CAPITAL MARKET INSTRUMENTS 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 symbol at the BIST, and as American Depository Shares (ADS) under the TKC ticker symbol at the NYSE. 2 ADSs represent 5 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 26.8 billion (USD 5.1 billion) as of December 31, 2018; Turkcell, the only Turkish company listed on both BIST and the NYSE, has become the 6th largest among the companies trading on BIST.

The size of Turkcell's American Depository Receipts as of year-end 2018 is 75.1 million.

On 16 October 2015, Turkcell issued a bond with a nominal value of USD 500 million and maturity of 10 years. On April 11, 2018, Turkcell undersigned the first and only Eurobond issuance of 10-year maturity by a Turkish company in international markets since its previous issuance in 2015. Having a nominal value of USD 500 million and a coupon rate of 5.80%, the bond is listed on the Irish Stock Exchange (Euronext Dublin).

Turkcell's institutional investors constitute 81.00% of the shareholder base. Additionally, 36.9% of its institutional investors are located in North America, 34.2% in the UK and Ireland, and 18.5% in Europe (including Turkey). While 53.0% of institutional investors are "Value" focused investors, more than 90% of institutional investors have been investing in Turkcell for more than a one year period. (Source: IPREO, January 2019). The share of foreign investors in Turkcell's free float increased to 89.05% in 2018. The share of foreign investors in the free float of Borsa Istanbul reached 65.12% in the same period.

SHARE AND BOND BUYBACK

Our Company's Board of Directors decided to execute share buyback transactions, and to buy 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/or 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 to authorize the Company management to execute share buyback transactions, and to buy our Company's bonds, with a maximum fund amount of TRY 150 million. The maximum fund amount has been raised to TRY 300 million in 2017. Within this context, 16,077,517 shares have been bought back in exchange for TRY 170.2 million, and bonds with a nominal value of USD 15.5 million have been repurchased, since 2016.

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 informing of stakeholders transparently, consistently and in a timely fashion. Accordingly, we disclose information to all investors through modern and accessible technology instruments such as our user-friendly, up-to-date website, Investor Relations Application (IR App) and Twitter on a timely basis.

Investor Relations team members have deep and active understanding of the Company and sector dynamics, and are proactive in communicating the Company's story in a comprehensive manner. While Turkcell Investor Relations team has an accurate understanding of the Company in analyzing the business model and opportunities, it makes a difference with the grasp of its Company's strategies and by effectively communicating these strategies to investors. The team aims to establish long lasting relationships with investors. The inquiries and requests of investors and analysts are met in

INVESTOR RELATIONS

We shared our strategy and medium-term guidance with approximately 340 participants during Capital Markets Day that we held on March 14, in Istanbul.



- » Data usage and growth
- » Regulation and tax regulations
- » Share performance and dividend
- » Shareholder structure

In return for these efforts, in 2018, Turkcell won the 2nd place in the "Best Analyst Day" award in the EMEA Region technology category, while the Treasury and Capital Markets Management Director Zeynel Korhan Bilek won 3rd place in the "Best IR Professional" awards in the EMEA region based on the "Institutional Investor" evaluation, participated in by over 500 international portfolio managers and analysts.

We Strive to Provide Maximum Benefit and Create Value for 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. At this point, the implementation of any practice that carries a publicly-traded company one step ahead of others, creates a difference that add strategic value to the companies and contributes to the Turkish Capital Markets.

On March 14, 2018, Turkcell Investor Relations organized Capital Markets Day, to explain first-hand to its stakeholders the strategic transformation it has been undergoing, along with digital services as well as its 3 year guidance. The Capital Markets Day, an all-day event held in Istanbul, has been participated in by 340 people, reaching a broad audience through live broadcast. At this meeting, where the digital transformation story and medium-term expectations were appreciated by stakeholders, investors, analysts and credit rating experts had the opportunity to directly ask questions to Turkcell's management team, and to better understand its perspectives.



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.

the fastest and most accurate manner within the framework of related legislation and regulations. As the Investor Relations Department, throughout 2018:

- » We held 568 meetings with institutional investment funds,
- » We participated in 15 investor conferences and 3 roadshows,
- » We shared our financial results in 4 teleconferences during the year,
- » We shared our strategy and medium-term guidance with approximately 340 participants during Capital Markets Day that we held on March 14, in Istanbul,
- » Over a thousand 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 2018:

- » Digital services and our transformation strategy
- » Sources and sustainability of growth
- » Medium-term financial expectations
- » The impact of macroeconomic changes on business model and financials
- » Hedging instruments and their use

WE MAKE A DIFFERENCE WITH OUR COMMUNICATION.

Turkcell believes in simultaneous and open communication with its stakeholders. As Turkcell Investor Relations, we use technological instruments such as the Investor Relations application (IR App), 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 Turkcell's most recent announcements, financial and operational result announcements, press releases, presentations and annual reports in both Turkish and English on iOS and Android based smartphones and tablets, at any time and from any location. In addition, this year, the interface of the Turkcell Investor Relations web page was renewed, today presenting visitors a more-user friendly structure.

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 subsequently confirmed by Borsa Istanbul. Entitled to be ranked among the Sustainability Index for the period comprising November 2018–October 2019, Turkcell, one of the 44 companies of the index, has been included in it since its inception.

SHARE INFORMATION*

TCELL (TRY)	2013	2014	2015	2016	2017	2018
Lowest	7.41	7.83	8.28	7.43	7.84	9.76
Highest	9.26	10.71	11.33	10.41	14.37	15.65
Closing	8.24	10.38	8.28	8.15	14.37	12.17

TKC (USD)	2013	2014	2015	2016	2017	2018
Lowest	9.41	8.76	7.01	5.33	5.58	3.80
Highest	12.91	12.06	12.01	9.04	9.47	10.33
Closing	9.70	10.99	7.10	5.77	9.47	5.62

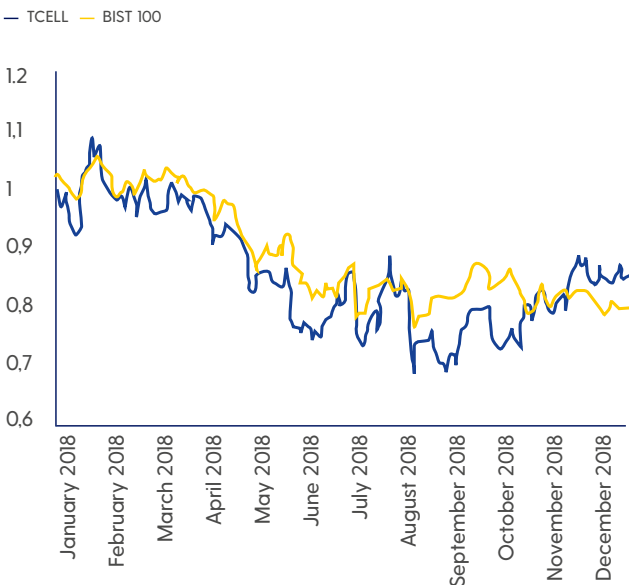
*Share prices are adjusted for dividend payments.

(Source: Bloomberg)

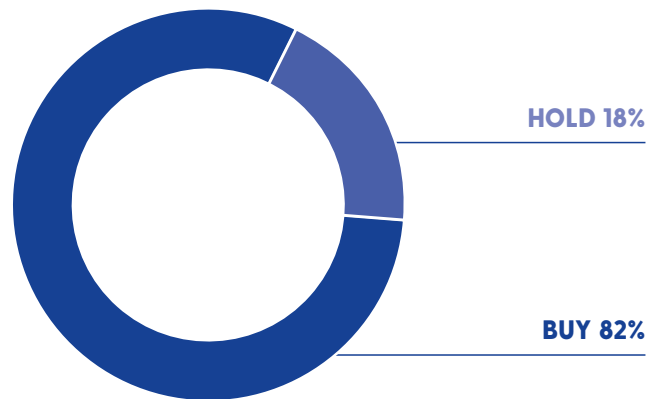
STOCK EXCHANGE SYMBOLS

Country	Stock Exchange	Ticker Symbol
Share	Borsa Istanbul	TCELL
ADR	NYSE	TKC
Bond	Irish Stock Exchange	ISIN: XSI298711729
Bond	Irish Stock Exchange	ISIN: XS1803215869

SHARE PERFORMANCE (RELATIVE) (2018)



ANALYST RECOMMENDATIONS



Turkcell is actively covered by 28 brokerage houses, approximately half of which are foreign organizations. As of the end of 2018, there were 23 analysts with a "buy," 5 analysts with a "hold," and no analysts with a "sell" recommendation.

CREDIT RATINGS

Turkcell receives ratings from two leading international credit rating agencies.

	Long Term Credit Rating	Outlook	Date
Fitch	BB+	Negative	July 2018
S&P	BB-	Stable	August 2018

INVESTOR RELATIONS CONTACT INFORMATION

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IMPORTANT DEVELOPMENTS AFTER THE REPORTING PERIOD

02.01.2019

Announcement Regarding the Share Buy-back Transactions

Within the scope of our Board of Directors' share buy-back decisions on July 27, 2016 and January 30, 2017, our company purchased a total of 827,750 shares at a price range of TRY 11.89 – 12.24 with an average of TRY 12.08 totaling TRY 9,997,061 on December 31, 2018. With this transaction, the ratio of our shares in company's capital has reached 0.731%.

The details of the transaction are listed below.

Transaction Date	Total Nominal Value of Shares Purchased (TRY)	Total Nominal Value of Shares Sold (TRY)	Net Nominal Value of Transactions (TRY)	Nominal Value of Shares Owned At The Beginning of Day (TRY)	Nominal Value of Shares Owned At The End of Day (TRY)	Ratio of Shares Owned At The Beginning of Day (%)	Ratio of Voting Rights Owned At The Beginning of Day (%)	Ratio of Shares Owned At The End of Day (%)	Ratio of Voting Rights Owned At The End of Day (%)
31.12.2018	827,750	-	827,750	15,249,767	16,077,517	0.693%	0.693%	0.731%	0.731%

11.01.2019

Announcement Regarding the Completion of the Sale of Azerinteltek QSC Shares

Board Decision Date for Sale	26.10.2018
Were Majority of Independent Board Members' Approved the Board Decision for Sale?	Yes
Title of Non-current Financial Asset Sold	Azerinteltek QSC ("Azerinteltek")
Field of Activity of Non-current Financial Asset sold	Information and entertainment services
Capital of Non-current Financial Asset sold	AZN 100,000
Date on which the Transaction was/will be Completed	11.01.2019
Sales Conditions	Cash
Nominal Value of Shares Sold	AZN 51,000 (Inteltek's stake)
Sales Price Per Share	EUR 383
Total Sales Value	EUR 19,530,177
Ratio of Shares Sold to Capital of Non-current Financial Asset (%)	28.07%
Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Sales Transaction (%)	0%
Total Voting Right Ratio Owned in Non-current Financial Asset After Sales Transaction (%)	0%
Ratio of Non-current Financial Asset Sold to Total Assets in Latest Disclosed Financial Statements of Company (%)	0.02%
Ratio of Transaction Value to Sales in Latest Annual Financial Statements of Company (%)	0.67%
Effects on Company Operations	The parent-subsidary relationship is ceased.
Profit/Loss Arised After Transaction	The profit generated with this transaction is calculated to be TRY 58.2 million based on financials as of November 30, 2018.
How will Sales Profit be Used if Exists?	-
Board Decision Date for Use of Sales Profit if Exists	-
Title/Name-Surname of Counter Party Bought	Baltech Investment LLC
Is Counter Party a Related Party According to CMB Regulations?	Yes
Relation with Counter Party if any	One of the other two shareholders of the financial asset sold
Agreement Signing Date if Exists	15.11.2018
Value Determination Method of Non-current Financial Asset	Peer Company and trading multiples
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

With reference to our announcement dated November 16, 2018, the transfer of shares held by our Company's 55% owned subsidiary İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("İnteltek") in its 51% owned subsidiary Azerinteltek QSC ("Azerinteltek") with a nominal value of AZN 51,000 to Baltech Investment LLC, shareholder of Azerinteltek with a 24.5% shareholding, has been completed on January 11, 2019 for a total consideration of EUR 19,530,177.

01.02.2019

Announcement Regarding the Decision on Inteltek's Participation in Spor Toto Tender

Our Company's Board of Directors has decided that our 55% owned subsidiary İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. is to participate in the "Tender on Fixed Odds and Pari-Mutuel Betting Games Based on Sports Competitions Shall Be Made by Spor Toto Directorate through Private Legal Entities," which is announced to be held on February 11, 2019, in accordance with the tender provisions and specifications which were published in the Official Gazette dated January 11, 2019 and No.30652.

01.02.2019

Announcement Regarding the Capital Increase in Lifecell Ventures

The capital of our 100% owned subsidiary Lifecell Ventures Coöperatif U.A. ("Lifecell Ventures") is increased by TRY 5,000,000 (EUR 825,982). Our Company's pre-emption rights with respect to the capital increase is fully paid.

05.02.2019

Announcement Regarding the Decision to Issue Lease Certificates

Our Company's Board of Directors approved issuance of management agreement based lease certificates in accordance with capital markets legislation by our wholly owned subsidiary Superonline İletişim Hizmetleri A.Ş. through an Asset Leasing Company in the domestic market, in Turkish Lira terms, at an amount of up to TRY 500 million, with maturities up to 12 months, at one or more tranches, without public offering, as private placement and/or to be sold to institutional investors.

13.02.2019

Announcement Regarding Spor Toto Tender in which Our Subsidiary Inteltek Participated

"Tender on Fixed Odds and Pari-Mutuel Betting Games Based on Sports Competitions Shall Be Made by Spor Toto Directorate through Private Legal Entities" was held and on February 13, 2019 the final offers were submitted. The official result of the tender will be announced following the decision of the Tender Committee. The revenues subject to the tender comprises 1% of our consolidated revenues.

25.02.2019

Announcement Regarding the Signing of a Long Term Loan Agreement

Our Company signed a loan agreement of US\$ 150 million with J.P.Morgan Chase Bank N.A., London Branch and AB Svensk Exportkredit within the framework of the insurance of the Swedish Export Credit Agency (EKN) in order to fund the procurement of products and services from Ericsson AB and Ericsson Telekomünikasyon A.Ş. The availability period of the loan is until April 2021, to be utilized in three equal tranches each with a maturity of 10 years. The total annual cost of the loan is LIBOR+2.10% for the first tranche and fixed 5.35% for the second and third tranches.

27.02.2019**Announcement Regarding Cooperation Agreements Signed by Lifecell Ventures**

Our subsidiary Lifecell Ventures Coöperatief U.A. ("Lifecell Digital") signed cooperation agreements with ALBtelecom SH.a. (ALBtelecom) of Albania, CG Corp Global of Nepal and Digicel Group of Carribean following the existing agreement with Moldcell of Moldova within the scope of our international digital business which will allow the use of our digital services in total 39 countries. ALB Telecom, which operates in Albania with a population of 3 million, will initially start to offer Lifecell's BiP and lifebox services to its customers, and then will expand its offerings to include fizy, Yaani, Dergilik (OKUDO) and copilot in accordance with the cooperation. Digicel Group operating in 31 countries in the Caribbean, Central America and the Pacific will integrate these services into the infrastructure of operators in its countries of operations. With the agreement signed, CG Corp Global, part of the CG Group, will launch Nepal's first digital operator that will offer our digital services BiP, lifebox, fizy, TV+, Dergilik (OKUDO) and Fast Login to around 30 million potential customers.

Lifecell Digital's business model is based on charging consultancy, brand and license fees in return for provision of digital service infrastructure and know-how to respective operators. Our digital services with proven success through our Group's subsidiaries, will initiate a robust start to our global expansion with the announced agreements.

28.02.2019**Announcement Regarding the Result of the Spor Toto Tender in which Our Subsidiary İnteltek Participated**

With reference to our announcement dated February 13, our 55% owned subsidiary İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("İnteltek") has been notified that the "Tender on Fixed Odds and Pari-Mutuel Betting Games Based on Sports Competitions Shall Be Made by Spor Toto Directorate through Private Legal Entities" is concluded. The tender was awarded to the other bidder. The respective revenues comprise 1% of our consolidated revenues while 2019 contribution is expected to be lower considering our ongoing contract and the transfer process.

İnteltek, which has been operating İddaa game since 2004, has been one of the greatest supporters of the sports since its establishment, and contributed significantly to the development of the sports industry. With respect to the tender process, our rights stemming from the law will be exercised by İnteltek within the respective time frame.

28.02.2019**Announcement Regarding Capital Markets Board Application for Debt Instrument Issuance**

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 February 28, 2019 for the approval of issuance certificate to issue debt instruments with an amount up to US\$ 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.

07.03.2019**Announcement Regarding the Board Member Appointment**

Our Company's Board of Directors has decided on March 7, 2019 to appoint Mr. Bülent Aksu as a Board Member to the seat, which had become vacant following Mr. Bekir Pakdemirli's resignation, pursuant to Article 363 of the Turkish Commercial Code.

08.03.2019**Announcement Regarding Capital Markets Board's Approval of Debt Instrument Issuance**

Our application with respect to issuing debt instruments with an amount up to US\$750,000,000 or its equivalent in another currency, to be sold in international markets, through private placement and/or sales to qualified investors abroad, without public offering has been approved by the Capital Markets Board on March 7, 2019. 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.

This announcement appears for information purposes only and does not constitute an offer with respect to the securities described herein, in the United States of America or elsewhere. Such securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities in the United States will only be made by means of a duly registered prospectus.

2018 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Turkcell İletişim Hizmetleri A.Ş. ("Turkcell" or the "Company") is aware of its responsibilities towards its stakeholders, with the belief that high standards of corporate governance are key to maintain successful business practices and to provide long-term economic value to the company's shareholders. Within this framework, having adopted the principles of "equality," "transparency," "accountability" and "responsibility" that constitute the basis of corporate governance in its activities, the Company exercises due diligence with regard to compliance with the Capital Markets Law ("CML") and the secondary regulations and resolutions of the Capital Markets Board ("CMB").

Corporate governance mechanisms established with the creation of the Investor Relations Department at the time of the IPO, and gained momentum in 2003, are being implemented thanks to the corporate governance efforts launched in line with the corporate governance principles.

Turkcell İletişim Hizmetleri A.Ş. places a great importance on the full compliance with Corporate Governance Principles.

In the activity period that ended as of 31 December 2018, our company has adopted and fully implemented the mandatory corporate governance principles set forth in the annex of the Corporate Governance Communiqué and the relevant legislation. Moreover, as a positive development, partial compliance has been achieved with respect to the principle no. 4.3.7 as a result of the fact that the 3 members sitting in the board of directors beside the independent members were elected by the General Assembly in the General Assembly Meeting for the 2017 accounting period. Full compliance is aimed at the following General Assembly Meetings.

Although full compliance with non-mandatory corporate governance principles provided for in the relevant legislation is aimed, it has yet to be achieved due to the challenges in the implementation of certain principles, the conflicts arising between some principles and the current structure of the Company and the market.

Currently, the principles yet to be fully complied with so far have not led to any conflicts of interest between the stakeholders.

In the activity period that ended as of 31 December 2018, necessary explanations are provided in the annual report, relevant sections of the Corporate Governance Compliance Report ("CGCR") and the Corporate Governance Information Form (CGIF) and this report as to the corporate governance principles in the annexes of the Communiqué on Corporate Governance with which the compliance is achieved as well as the ones that are not yet complied with.

Taking into account the amendments of the regulations and the practices, future efforts will continue to improve our corporate governance practices including the limited number of unimplemented principles and, to ensure, within the framework of these principles, the better operation of the mechanisms with respect to the corporate governance practices of the our company.

Should the CGCR or CGFS be amended within the activity period, a material event disclosure will be made, and this amendment will be included in the interim activity reports.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPANY COMPLIANCE STATUS					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	No information regarding this kind of activities were received from such person following the routine information requests made before the general assembly meetings.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.				X		Media is not invited to the general assembly meeting convened in 2018 but results of the meeting have been shared with the media afterwards.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.				X		Thresholds determined by the respective legislation are in effect.

2018 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

	COMPANY COMPLIANCE STATUS					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Turkcell distributed dividend in 2018.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				Without prejudice to 137/3, due to Article 7.2 of the AoA we ticked the "partial" box.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.					X	(Communique on Material Events Disclosure Article-16/2 Central Securities Depository is updating the respective information available in PDP under the General Information heading.
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Certain parts of corporate web site is available in English, Arabic and Russian language in addition to that Investor Relations page is provided in English as well.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	COMPANY COMPLIANCE STATUS					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Employees participation to the management is facilitated through internal regulations of the company and various company practices.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				We do not have a syndicate.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

2018 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	COMPANY COMPLIANCE STATUS					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.			X			Since duties and responsibilities of the Board of Directors are determined by the Commercial Code we do not have specific chapter in our annual report regarding this topic.
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					The roles of chairman and chief executive officer of our Company are separated.
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					The company has subscribed to a Directors and Officers liability insurance with a policy limit more than %25 of the capital.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			We do not have a policy which restrains female candidates from being appointed as a board member.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

	COMPANY COMPLIANCE STATUS					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no rule which restricts board member to serve outside the company.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the number of the board members, they are serving as a committee member in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No service has been received from an outside counsel in 2018.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Board of Directors' performance has not been evaluated.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Aggregate amount of the remuneration of board members and executives is disclosed in the annual report.

2018 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

In 2018, Investor Relations Department attended 15 investor conferences and 3 road shows, and organized Capital Markets Day and held 568 meetings in total with analysts and corporate mutual funds.

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

0

The number of special audit requests that were accepted at the General Shareholders' Meeting

0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.turkcell.com.tr/en/aboutus/investor-relations>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

Provided in English as well.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

No transaction has been executed in the context of Principle 1.3.9

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

No related party transaction has been executed above the thresholds.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

No related party transactions have been executed above the threshold.

The name of the section on the corporate website that demonstrates the donation policy of the company

<https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/donation-policy>

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/en/Bildirim/674316>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Not available.

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Not available.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.

There is no preferential share class.

The percentage of ownership of the largest shareholder

51%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association

No

If yes, specify the relevant provision of the articles of association.

Not available.

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

<https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/dividend-policy>

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

Dividends are distributed in 2018.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

Dividends are distributed in 2018.

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
29/03/2018	0	82.6%	0.01%	82.59%	https://s2.turkcell.com.tr/SiteAssets/Hakkimizda/yatirimci-iskileri/documents/pdf/meetingminutes_29032018.pdf	No question submitted	N/A	0	https://www.kap.org.tr/en/Bldirim/671368

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.11.	https://www.turkcell.com.tr/en/aboutus/investor-relations . https://www.kap.org.tr/en/sirket-bilgileri/ozet/1103-turkcell-iletisim-hizmetleri-a-s
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	https://www.kap.org.tr/en/sirket-bilgileri/genel/4028e4a1486ec80a0148c55510d71d31
List of languages for which the website is available	Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Information provided in Annual Report-Other Issues Regarding Corporate Governance section.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Information provided in our website under "Investor Relations>Corporate Governance>Board Committees" heading and in the Corporate Governance Information Filings under 4. section which is attached to our annual report.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Information provided in the Corporate Governance Information Filings, which is attached to our annual report, under Section 4.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Information provided in Annual Report-Telecommunications Sector in Turkey and Developments in Our Companies sections.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Information provided in 37 th disclosure of IFRS report which is attached to our Annual Report.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	We do not receive such services in 2018.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Information provided in 39 th disclosure of IFRS report which is attached to our Annual Report.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Information provided in Annual Report-Social Responsibility and Human Resources sections.

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	It is not disclosed in the website of the Company.
The number of definitive convictions the company was subject to in relation to breach of employee rights	20
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
The contact detail of the company alert mechanism	E-mail: ethicscommittee@turkcell.com.tr Address: Turkcell İletişim Hizmetleri A.Ş. Etik Kurulu Aydınlevler Mah. İnönü Cad. No.20, Küçükyalı / İstanbul

2018 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Not available.
Corporate bodies where employees are actually represented	Not available.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Board of Directors, when necessary, get involved to the process through Nomination Committee within the framework of the Committee's roles&responsibilities.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Hiring process is carried out by taking Equal Opportunities Policy into consideration under the responsibility of the HR Department. During the hiring process objective criteria such as; a. Being Turkish citizen or having work permit in Turkey b. Completion of military service c. Not to be deprived from civil rights d. Not to have a disease that will prevent him/her from working or pose a threat to the environment e. Not to be sentenced for an infamous crime f. Not under obligation of an involuntary servitude g. To have a graduate degree h. To have required skills determined specifically to the title and role (such as experience, field of graduation, certificate etc.) ı. "Close Relatives" (Spouses, brothers/sisters, children, father, mother, uncle, maternal aunt, paternal aunt) of people working in Turkcell Group companies may not be employed in Turkcell Group Companies, are taken into consideration. Employees with no past experience are assessed within the special hiring programs such as GNCYTNK.
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/code-of-ethics
The number of definitive convictions the company is subject to in relation to health and safety measures	Not available.

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/code-of-ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate Social Responsibility

Any measures combating any kind of corruption including embezzlement and bribery	<p>For our Company it is essential to carry out its activities in a fair, honest, legal and ethical manner. Turkcell Group Anti-Bribery and Corruption ("ABC") Policy demonstrates and reflects our Company's Board of Director's commitment to the highest prevailing national and international anti-corruption and bribery standards. Turkcell expects the same degree of commitment from group companies as well.</p> <p>Within the main framework of the ABC Policy; in April 2018 Corporate Governance & ABC Program Office has been established and an ABC program which provides necessary risk based trainings and establishes internal communication, and takes necessary preventive measures to ensure compliance with the rules has been initiated. With the establishment of the ABC Office, direct and efficient channels have been designed to access the Board of Directors, its committees and Senior Management with respect to ABC compliance related matters. ABC Office is the first contact point so that values and processes set by the ABC Program to be understood well and set these in motion along with Company's dynamics. (Please see https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/anti-bribery-and-corruption-policy to obtain more information on our ABC Policy.)</p>
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4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	No evaluation has been conducted.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no executive member within the Board of Directors and all board members have A group signature authorization.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	14
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Information provided in Annual Report-Risk Assessment section.
Name of the Chairman	Ahmet Akça
Name of the CEO	Muhterem Kaan Terzioğlu
If the CEO and Chair functions are combined; provide the link to the relevant PDP announcement providing the rationale for such combined roles	CEO and Chair functions are not combined.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	No disclosure has been made in PDP.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Not available.
The number and ratio of female directors within the Board of Directors	1

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Ahmet Akça	Non-executive	Independent director	11/03/2013	https://www.kap.org.tr/en/Bildirim/266009	Not considered	No	Yes
Atilla Koç	Non-executive	Independent director	11/03/2013	https://www.kap.org.tr/en/Bildirim/266009	Not considered	No	Yes
Mehmet Hilmi Güler	Non-executive	Independent director	11/03/2013	https://www.kap.org.tr/en/Bildirim/266009	Not considered	No	Yes
Mustafa Kırıl	Non-executive	Not independent director	29/03/2018	Not available.	Not considered	-	No
Ingrid Maria Stenmark	Non-executive	Not independent director	29/03/2018	Not available.	Not considered	-	No
Hasan Tuvan Yalın	Non-executive	Not independent director	29/03/2018	Not available.	Not considered	-	No

2018 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	13
Director average attendance rate at board meetings	99.9%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	5 days before the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	We do not disclose the charter in the company's website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	We do not have such policy.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Information provided in our website under "Investor Relations>Corporate Governance>Board Committees" heading and in the Corporate Governance Information Filings under 4. section which is attached to our annual report.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Audit Committee	Ahmet Akça	Yes	Board member
Audit Committee	Audit Committee	Mehmet Hilmi Güler	No	Board member
Audit Committee	Audit Committee	Atilla Koç	No	Board member
Corporate Governance Committee	Corporate Governance Committee	Mehmet Hilmi Güler	Yes	Board member
Corporate Governance Committee	Corporate Governance Committee	Ingrid Maria Stenmark	No	Board member
Corporate Governance Committee	Corporate Governance Committee	Zeynel Korhan Bilek	No	Not board member
Corporate Governance Committee	Corporate Governance Committee	Emre Alpman	No	Not board member
Nomination Committee	Nomination Committee	Ahmet Akça	Yes	Board member
Nomination Committee	Nomination Committee	Mehmet Hilmi Güler	No	Board member
Nomination Committee	Nomination Committee	Atilla Koç	No	Board member
Committee of Early Detection of Risk	Committee of Early Detection of Risk	Mehmet Hilmi Güler	Yes	Board member
Committee of Early Detection of Risk	Committee of Early Detection of Risk	Hasan Tuvan Yalim	No	Board member
Remuneration Committee	Remuneration Committee	Atilla Koç	Yes	Board member
Remuneration Committee	Remuneration Committee	Mehmet Hilmi Güler	No	Board member
Remuneration Committee	Remuneration Committee	Mustafa Kiral	No	Board member

4. BOARD OF DIRECTORS-III**4.5. Board Committees-II**

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Not available in the annual report. Please see: https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/board-committees

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Information provided in Annual Report-Turkcell Group: 2018 Financial & Operational Review section.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	https://www.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/compensation-policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Information provided in 38 th disclosure of IFRS report which is attached to our Annual Report.

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	Audit Committee	100%	100%	8	8
Corporate Governance Committee	Corporate Governance Committee	50%	25%	2	2
Nomination Committee	Nomination Committee	100%	100%	0	0
Committee of Early Detection of Risk	Committee of Early Detection of Risk	100%	50%	5	6
Remuneration Committee	Remuneration Committee	100%	66.6%	3	3

OTHER ISSUES REGARDING CORPORATE GOVERNANCE

Board Member Name-Surname	Duties Outside The Group: Company Name	Duties Outside The Group: Title/Position
Ahmet Akça	Akça Lojistik Hizmetleri ve Ticaret A.Ş.	Chairman of the Board of Directors
	BİM A.Ş.	Member of the Board of Directors (Independent)
Atilla Koç	Bezmialem Vakıf Üniversitesi	Chairman of the Board of Trustees
Mehmet Hilmi Güler	ICBC Turkey Bank A.Ş.	Member of the Board of Directors (Independent)
Hasan Tuvan Yalın	Kabine Danışmanlık Ticaret Ltd. Şti.	Manager
	Cukurova Telecom Holdings Limited	Chairman and Member of the Board of Directors
Mustafa Kiral	Neo Skola Eğitim Danışmanlık ve Ticaret A.Ş.	Member of the Board of Directors
	LetterOne Technology	Senior Partner
	FreedomPop and Hadi Live Holdings Limited	Member of the Board of Directors
Ingrid Maria Stenmark	Telia Company	Head of CEO Office Strategy & Combined Assurance
	TeliaSonera Asia Holding B.V.	Member of the Board of Directors
	TeliaSonera UTA Holding B.V.	Member of the Board of Directors
	Sonera Holding B.V.	Managing Director
	Telia Resurs AB	Member of the Board of Directors
	Telia Netherland Holding AB	Member of the Board of Directors
	Turkcell Holding A.Ş.	Member of the Board of Directors

CONCLUSION OF THE SUBSIDIARY REPORT

01.01.2018-31.12.2018 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 2018 are given in the above tables. There is neither any legal transaction made in favor of Turkcell Holding A.Ş. or one of its subsidiaries nor any action taken or avoided in favor of Turkcell Holding A.Ş. or one of its subsidiaries upon directive by Turkcell Holding A.Ş.

Details of services provided and/or fixed asset purchases/sales performed under operational activities carried out between our Company and Turkcell Holding A.Ş. and/or its subsidiaries that are fully in conformity with the market during the fiscal year 2018 are included in this Report.

TELECOMMUNICATIONS SECTOR IN TURKEY

According to the Information and Communication Technologies Authority ("ICTA") Market Data report, published by the regulatory authority of our sector, the number of players operating in the Turkish electronic communications sector was 448 as of the 3rd quarter of 2018, and the number of authorizations granted to these players was 794.

In the first 3 quarters of 2018, 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 33.5 billion, while the net sales revenues of other operators were realized at TRY 10.4 billion. The total amount of investments made by Turkcell, Türk Telekom, Avea and Vodafone in the same period was around TRY 4.1 billion.

MOBILE MARKET

There are 80.6 million mobile subscribers in total in our country, corresponding to a penetration rate of approximately 99.8% as of the 3rd quarter of 2018. (Mobile penetration rate excluding the population aged 0-9 years: 113%).

In the 3rd quarter of 2018, the number of 4.5G subscribers stood at 69.3 million, while the number of 3G subscribers decreased to 8.6 million. With 3G and 4.5G services, the number of mobile broadband subscribers who get Internet service from mobile computer and phone rose to 60.8 million.

As of the 3rd quarter of 2018, 55.7% of mobile subscribers were on postpaid tariffs, while 44.3% were on prepaid tariffs. The number of prepaid mobile broadband subscribers was 25.2 million and the number of postpaid mobile broadband subscribers was 35.6 million, while the number of M2M subscribers reached 5 million.

In the 3rd quarter of 2018, the number of mobile numbers ported decreased by 1.7% compared to the previous quarter to 2.7 million. As of November 14, 2018, 120 million mobile number portability transactions were realized in total.

In terms of market share distribution based on the number of subscribers, Turkcell has a 43.3%, Vodafone a 30.9% and Avea a 25.8% market share. Approximately 88.2% of mobile subscribers are consumer and 11.8% are corporate subscribers.

Average monthly data usage of mobile broadband was at 4.7 GB levels, while the data usage of subscribers whose devices and SIM cards were compatible with the 4.5G service, realized at 7.6 GB. Total mobile traffic volume for the third quarter of 2018 increased by 2.7% compared to the same period of last year, and registered at 70.6 billion minutes.

In terms of the revenues obtained from subscribers, Turkcell's market share stood at 45.2%, Vodafone's at 30.6% and Avea's at 24.3%

THE BROADBAND INTERNET MARKET

The number of broadband internet subscribers, at around 6 million in 2008, had reached 73.8 million (13 million fixed broadband, 60.8 million mobile broadband subscribers) as of the end of the 3rd quarter of 2018. Meanwhile, the annual rate of increase in the total number of internet subscribers was 8.5%. The number of xDSL subscribers exceeded 9.2 million and fiber subscribers exceeded 2.6 million. The total length of the fiber infrastructure of alternative operators had reached 71,563 km.

The total amount of revenue in relation to internet service providers in the 3rd quarter of 2018 exceeded TRY 5.8 billion. The average monthly usage of fixed broadband internet subscribers reached 93.9 GB. Approximately 68% of fixed broadband subscribers in Turkey prefer packages offering connection at a speed of 10-30 Mbps.

The share of service provided with xDSL technology by alternative operators in the broadband industry was at 18.4% as of the 3rd quarter of 2018.

TV MARKET

As of the 3rd quarter of 2018, there are 16 operators, which have the Cable Broadcast Service (CBS) authorization. While the number of Türksat's cable TV subscribers is 1.22 million; among the operators providing IPTV services, Superonline has 580 thousand and TTNET has 700 thousand subscribers.

Among those operators authorized to provide satellite platform services, Dijital Platform Teknoloji Hizmetleri A.Ş. (Digitürk), Demirören TV Dijital Platform İşletmeciliği A.Ş. (DSmart), Platformturk Dijital Platform Hizmetleri A.Ş. (Filbox) and TTNET A.Ş. (Tivibu) are actively providing services.

FIXED VOICE MARKET

As of the end of the 3rd quarter of 2018, there are 11.5 million fixed telephone subscribers in our country, while the penetration ratio of the population is 14.3%.

DEVELOPMENTS IN OUR COMPANIES

DEVELOPMENTS AT OUR COMPANIES

TURKCELL SİGORTA ARACILIK HİZMETLERİ A.Ş. (INSURANCE COMPANY)

Turkcell Sigorta Aracılık Hizmetleri Anonim Şirketi (the insurance company) was established on June 19, 2018 to act as an intermediary for all types of insurance activities in accordance with the provisions of the relevant legislation on insurance brokerage activities, with its capital fully funded by Turkcell Finansman Anonim Şirketi. Our Company has made the necessary applications for registry with the Insurance Agents Board.

TURKCELL ÖDEME ve ELEKTRONİK PARA HİZMETLERİ A.Ş. ("TÖHAŞ")

TÖHAŞ was authorized to operate as a payment institution in 2016. Accordingly, it gained the status of being Turkey's first "payment institution" to receive an operational permit in the mobile payment area. It has been authorized to act as an "electronic money institution" in 2017. Within the framework of the aforementioned authorization, TÖHAŞ can issue electronic money, while acting as an intermediary in the payment of institutional bills.

As per Paragraph 12.1 (b) of Law numbered 6493, TÖHAŞ was authorized to operate as a payment facilitator on December 27, 2018 by BRSA. This payment service consists of the execution of payment transactions, including transfer of funds on a payment account with the user's payment service provider, direct debits, including one-off direct debits, payment transactions through a payment card or a similar device, and credit transfers including standing orders.

Sofra Kurumsal ve Ödüllendirme Hizmetleri A.Ş. ("Sofra A.Ş.") was established on July 27, 2018 by registration at the Istanbul Trade Registry Office. TÖHAŞ, Posta ve Telgraf Teşkilatı A.Ş., and Belbim Ödeme Hizmetleri ve Elektronik Para A.Ş. has an equal shareholding in Sofra A.Ş. Within the framework of the trade agreements contracted with Sofra A.Ş.'s member companies, the Company plans to issue meal cards and transportation cards to be integrated into these meal cards.

REGULATORY DEVELOPMENTS – SECTORAL REGULATIONS

MOBILE ELECTRONIC COMMUNICATION SERVICES RETAIL PRICE CAP REGULATION

The retail price cap regulation, from which our Company has been exempted since 2016, has been reinstated as of October 1, 2018. On the other hand, with the official letter of the Ministry of Transport and Infrastructure, General Directorate of Communication dated 17.08.2018 and numbered 63000, it has been stated that, as the Ministry's policy, the retail price cap regulation that Turkcell and Vodafone are subject to, will also be applied to TT Mobil, in order to offer mobile communication services in a liberated, fair and sustainable competitive environment, and to protect the rights of consumers. In this regard, it is indicated it is deemed appropriate for ICTA to conduct the necessary duties, processes and inspections in order to ensure uniformity of the implementation, and to reduce bureaucratic procedures. In this context, the "Mobile Electronic Communication Services Retail Price Cap Regulation has been approved so as to be binding for all three mobile operators with the ICTA decision dated 20.09.2018 and numbered 2018/DK-ETD/279.

LAWSUIT FILED FOR THE CANCELLATION OF THE BOARD'S DECISION ISSUED IN 2013 REGARDING ACCESS TO MOBILE NETWORKS AND CALL ORIGINATION MARKET

In the lawsuit filed for the cancellation of the ICTA's decision dated 18.02.2013 and numbered 2013/DK-SRD/105 regarding the approval of the Final Document on the "Access to Mobile Networks and Call Origination Market"; the Market Analysis Final Document subject to this decision of the Authority, as well as the proceeding, through which the Authority defined our Company as an operator holding Significant Market Power (SMP) in the Access to Mobile Networks and Call Origination Market, deciding to impose certain obligations to our Company in this regard, the court has justified the claims of our Company and cancelled the actions and decisions subject to the lawsuit.

Upon this development, the ICTA added the 'Joint SMP Evaluation' section to the cancelled market analysis with the Board decision dated 22/03/2018 and numbered 2018/DK-SRD/93, and approved the 'Access to Mobile Networks and Call Origination Market Final Document.'

ICTA BOARD DECISION REGARDING POSTPONEMENT OF THE DEREGULATION OF THE ACCESS TO MOBILE NETWORKS AND CALL ORIGINATION MARKET

In the scope of the 'Mobile Access and Call Origination Market' document, approved by the ICTA Board Decision dated 12.04.2017 and numbered 2017/DK-SRD/124, it has been stated that, the market would be deregulated as of 12/04/2018 and the obligations imposed on our Company would be removed, at the end of a one-year transition period within the deregulation of the aforementioned market, unless the ICTA Board decides otherwise, taking into account market developments.

DEVELOPMENTS IN OUR COMPANIES

As a consequence of the evaluation of the applications made to the Authority by the operators with various competitive concerns regarding deregulation of the related market in the process, ICTA has decided, with the Board Decision dated 04/04/2018 and numbered 2018/DK-SRD/104, to continue monitoring developments in the mobile communication services market and to extend the defined transition period by one year until 12/04/2019 and for the obligations imposed on Turkcell as part of the market analysis approved by the Board Decision dated 22/03/2018 and numbered 2018/DK-SRD/93 to remain valid during this period.

ICTA BOARD DECISION REGARDING THE POSTPONEMENT OF THE DEREGULATION OF THE SMS/MMS TERMINATION SERVICE WITHIN THE SCOPE OF THE MOBILE CALL TERMINATION MARKET ANALYSIS

Within the framework of the market analyses conducted by the ICTA, before the end of the one-year transition period for the deregulation of the SMS/MMS termination service as part of the Mobile Call Termination Market Analysis published upon the approval of the Board with the decision dated 19.04.2017 and numbered 2017/DK-SRD/131, the Board has issued a further decision. As per the decision dated 12.04.2018 and numbered 2018/DK-SRD/111, it has been decided that the SMS/MMS termination service should remain regulated within the framework of the obligations set by the Authority within the scope of the said Mobile Call Termination Market Analysis.

NETGSM - REJECTION OF THE LAWSUIT REGARDING THE ANNULMENT OF THE ICTA DECISION ON THE EXCLUSION OF CALLS ORIGINATING FROM ABROAD FROM REFERENCE INTERCONNECTION OFFERS

Netgsm had filed a lawsuit requesting the annulment of the Information Technologies and Communication Board's decision dated 27.09.2011 and numbered 2011/DK-07/501 in regard to the exclusion of calls originating from abroad, from the operators' Reference Interconnection Offers. The court decided to reject the lawsuit in favor of our Company. Thus, the Board decision may continue to be implemented, and operators will be able to freely determine the fee to be applied for calls originating from abroad.

ANNULMENT OF THE BOARD DECISION ALLOWING TURK TELEKOM TO PROVIDE RETAIL INTERNET SERVICES

A lawsuit has been filed for the cancellation of the Board decision dated 04.08.2011 and numbered 2011/DK-10/411, which allowed Türk Telekomünikasyon A.Ş., a SMP in the wholesale broadband market, to offer retail broadband internet services. Initially, the Court has accepted the stay of execution request in favor of our Company, and then accepted the case. ICTA and Türk Telekom both appealed the decision. Consequently, The Council of State rejected the request of appeal and approved the decision of the First Instance Court in favor of our Company. In accordance with the decision of stay of execution and annulment, it has been ensured that Türk Telekom will not be allowed to provide retail internet services, and also administrative fine against Türk Telekom has been imposed.

FAIR USE POLICY (FUP) REGULATION

With the ICTA Board decision dated 27.12.2016 and numbered 2016/DK-THD/518 regarding Fair Usage Policy (FUP), tariffs with Fair Usage Policy in fixed broadband shall be terminated as of 31.12.2018. With the implementation of the relevant decision, offers with FUP in the fixed broadband market have been terminated, while unlimited and quota packages continue to be offered.

RULES AND PROCEDURES IN REGARD TO THE IMPLEMENTATION OF THE ADDITIONAL CLAUSE 37 OF TELEGRAM AND TELEPHONE LAW NO 406

With the regulation, approved by the ICTA's Board decision dated 27.09.2018 and numbered 2018/DK-YED/285, the obligations regarding the Treasury Share, which must be paid by the operators listed in Annex 37 of Telegram and Telephone Law No. 406; the principles and procedures to be applied for not paying the Treasury Share in full, or in due time; as well as the methods for follow-up and collection have been determined.

THE LAW ON THE AMENDMENT OF CERTAIN TAX LAWS AND OTHER LAWS NO 7061

The aforementioned Law provides an opportunity for restructuring the ongoing disputes related to the Treasury Share (HP), Contribution Share to the Authority's Expenses (KMKP), Administrative Fees, Universal Services Contribution Payment fee (EHKP) and radio fees, and the relevant penalty, late payment interest, default interest and legal expenses and restructuring the HP, KMKP, Administrative Fees and EHKP for the periods which investigations are ongoing, or has not been yet initiated. In this context, The Company restructured the ongoing disputes with respect to the HP, EHKP, KMKP, administrative fees, radio fees and the relevant penalty, late payment interest, default interest and legal expenses and 62 lawsuits. The lawsuits with respect to the HP, KMKP, EHKP and radio fees have been settled. In addition, the Company increased the tax base regarding the HP, EHKP, KMKP and administrative fees for the periods for which investigations are ongoing, or has not been yet initiated and these periods have been closed to examination.

ICTA BOARD DECISIONS REGARDING 'THE REFUND/USE OF REMAINING TRY BALANCES IN CANCELLED PREPAID SUBSCRIPTIONS AND 'THE TRANSFER OF NON-REFUNDED BALANCES IN PREPAID SUBSCRIPTIONS TO THE UNIVERSAL SERVICE FUND'

By the Board decision dated 12.04.2018 and numbered 2018/DK-THD/116 (Board decision numbered 116), the ICTA first introduced obligations for operators in regard to the remaining balances in cancelled prepaid subscriptions. The ICTA revised the operators' obligations and introduced new ones to grant rights to prepaid subscribers to get refund. Following the aforementioned regulation, operators were notified of the Board decision dated 16.04.2018 and numbered 2018/DK-THD/123 in June 2018 obligations on operators to transfer the non-refunded balances including i) those that could not be returned pursuant to ICTA Board

decision numbered 116 within two years, to subscribers who have terminated their subscriptions., ii) those that could not be refunded to the prepaid subscribers as of the notification date of the ICTA Board decision numbered 123; to the Universal Service Fund at the end of two years. Our Company has filed a lawsuit against the aforementioned regulation claiming that the section of the Board's decision regarding the ICTA Board Decision numbered 123 about the balances not previously refunded is in contradiction with the retrospectivity principle of the law.

END TO END DOMESTIC 5G PROJECT AND APPLICATION TO TÜBİTAK TEYDEB SYSTEM

An application was made to the TÜBİTAK TEYDEB system for funding the "End to End Domestic and National 5G Network Project," initiated by the 17 member companies of the Communication Technologies Cluster (HTK)'s, as well as three operators, 10 universities, six techno cities (technology parks) and the OSTİM Organized Industrial Zone. The project aims to ensure that 5G technologies are commissioned in 2020 in our country at the same time as the whole world. It is stated that the project will provide employment opportunities to over two thousand people.

Our company is positioned as a stakeholder to support the project by providing feedback in R&D activities and testing opportunities for prototypes to be produced within the scope of the projects at laboratories and within systems.

JOINT USE OF INFRASTRUCTURE WITHIN THE SCOPE OF IMT AUTHORIZATION

Pursuant to the verbal and written request made to the ICTA by our company, with the Board decision dated 07.02.2018, the ICTA has decided to authorize other operators to utilize transmission lines and equipment (radio line, router, etc.) owned by the mobile network operators and used as part of their IMT network. In this manner, some of Turkcell's equipment is now being used by Superonline.

RADIOLINK FREQUENCY PLANNING AND USE OF EQUIPMENT HAVING DOMESTIC GOODS CERTIFICATION

Following the ICTA Board decision dated 10.01.2018, operators shall present, within the framework of the relevant legislation the "Domestic Goods Certificate" granted for the radio link devices to be used when making radio link frequency allocation on the 7 GHz, 13 GHz and 80 GHz bands.

112 BASED IN-VEHICLE EMERGENCY CALL SYSTEM (E-CALL)

Developments in the information and communication sector bring about personal security, cyber security and national security risks. In addition, in the event of a need to call back the number that originated the e-Call from the Emergency Call Centers, problems that may occur in connection processes to be made through foreign operators potentially increases the possibility of loss of life and property. Taking such risks into consideration, an ICTA decision dated 22.01.2018 has been issued in order to eliminate these risks, and to ensure that the necessary information systems and services are provided from the local and national sources to the utmost degree.

LAUNCH OF EHABS

As a result of studies carried out by ICTA, the Electronic Communication Infrastructure Information System has started to be used as of November 2018. The system contains information on the fixed and mobile network infrastructure of the operators and updates on the infrastructure information are made via web services. Operators are obliged to use EHABS for making facility sharing and right of way transactions by 21.01.2019.

REGULATION ON THE PROVISION OF SITE SELECTION CERTIFICATE, AND DETERMINATION OF THE FEES FOR ELECTRONIC COMMUNICATION STATIONS

Regulation on the provision of site selection certificate, and determination of fees for the electronic communication stations was published on January 27, 2018 within the scope of sub-paragraph (r) added to the first clause of Article 15 of the Municipality Law dated 3/7/2005 and numbered 5393. With this regulation, principles and procedures related to the site selection certificate, as well as the fees to be charged in exchange for the certificates given to the electronic communication stations used in the fixed and mobile communication infrastructure, or networks, have been determined. In this context, the site selection certificate and fee will not be received for the electronic communication stations established within the boundaries of the adjacent area of the municipality before 6/12/2012, the date when law numbered 6360 and dated 12/11/2012 was published in the Official Gazette. The site selection certificate for these stations shall be deemed to have been received. For those electronic communication stations, established within the boundaries of the adjacent area of the municipality, between 6/12/2012 and the date when this regulation became effective, and which did not hold site selection certificates, the security certificate alone will be presented, and application will be made to the relevant administration by paying the related fee.

Electronic communication stations can be established without obtaining a building license and occupancy permit, in cases where compliance with the provisions of "Planned Areas Zoning Regulation" which became effective as of October 1, 2017, and "Regulation on the provision of the site selection certificate, and determination of fees for the electronic communication stations" is provided.

REGULATION ON THE AMENDMENT TO THE ELECTRICITY INTERNAL FACILITIES REGULATION

Amendments have been made in Article 69 of the "Electricity Internal Facilities Regulations" of the Ministry of Energy, which entered into force on 04.11.1984. The amendment obligates the indoor electronic communication facilities to be in compliance with the current Technical Specifications for Indoor Electronic Communication Facilities prepared and published by the Information and Communication Technologies Authority. With this amendment to the regulation which was based on PTT technical specifications (in practice, Türk Telekom specifications) in its previous version, a standardization has been introduced where no technical specifications of any company are imposed in vertical manufacturing. In this manner, it became a rule to make an examination, in compliance with PAİY during the issuance of the residential usage license, to ensure the establishment and existence of an infrastructure that can be benefitted by more than one user at the same time, in line with the specification prepared by the ICTA.

ANNEX SUPPLEMENTED TO THE ARTICLE 79 OF THE MUNICIPALITY REVENUES LAW NUMBERED 2464, WITH LAW NUMBERED 7099

With the law numbered 7099, an annex has been supplemented to Article 79 of the Municipality Revenues Law numbered 2464. Accordingly, uniformity was ensured in excavation fees, ground destruction costs, and fines applicable by municipalities for violations regarding these matters. This regulation stipulates that the unit prices and tariffs to be determined by the Ministry of Environment and Urbanization as well as by the Ministry of Transport and Infrastructure shall be taken into consideration when determining fees.

DEVELOPMENTS IN OUR COMPANIES

CONSUMER RIGHTS REGULATION REGARDING THE ELECTRONIC COMMUNICATION SECTOR

All provisions of the regulation, which allows subscription contracts to be made in the electronic environment, entered into force on April 28, 2018. In this context, precautions have been taken against circulation of photocopied ID cards in the physical environment. It has been regulated that copies of ID cards, which operators are obligated to take from of subscribers during the establishment of the contract, should be taken from their originals, and only transferred to the appropriate electronic environment. In addition to these developments, various regulations regarding consumer rights in the electronic communication sector have been introduced.

PROCEDURES AND PRINCIPLES REGARDING THE SETTLEMENT OF CONSUMER AND USER COMPLAINTS BY OPERATORS AND SERVICE PROVIDERS

The regulation approved by the Board decision dated May 22, 2018, differently from previous regulations, has in its scope all applications coming from different (all kinds) channels that are complaints in nature. New methods have been designated for receiving complaints and resolving them using the complaints system to be established by the operators through the integration of infrastructure with the ICTA.

PROCEDURES AND PRINCIPLES ON MEASURES FOR COMMUNITIES IN NEED OF SOCIAL SUPPORT

"Procedures and Principles on Measures for Communities in Need of Social Support" prepared by the ICTA for the determination of the measures to be taken for the socially vulnerable, have been published so as to be effective as of January 1, 2019. With this regulation, which repealed the Board's previous decisions regarding the disabled, it became mandatory for operators with more than 200 thousand subscribers, to provide special tariffs that include economic advantages for people with disabilities, widows and orphans of the martyrs of war and the line of duty, as well as veterans and to launch of special call centers for disabled subscribers and to provide services from other operation channels.

CHANGES IN CLI PROCEDURES AND PRINCIPLES

Changes to the Principles and Procedures for the Use of Caller Line Information (CLI) have been made with the ICTA Board decision dated July 23, 2018, where the rules for displaying alphanumeric CLI have been modified for the delivery of message services such as SMS and MMS. The use of internet domain names and website addresses as CLI has been prohibited. In the case that the CLI contains the first and last name of the sender, the Place of Residence Document shall be submitted in addition to the ID card of the sender.

WLR NUMBER PORTABILITY

A temporary alternative method for the porting of numbers within the Wholesale Line Rental (WLR) system has been identified, so that these numbers can start to be ported until changes to the number portability system are completed. Portability transactions have commenced as of September 28, 2018.

PROTECTION OF PERSONAL DATA:

REGULATION ON MEASURES TO BE TAKEN IN AREAS SUCH AS COUNTERS, PAY DESKS AND DESKS WHERE SERVICES ARE PROVIDED

The decision of the Personal Data Protection Board dated December 21, 2017 and numbered 2017/62 was published on the Official Gazette dated January 25, 2018. In this context, it was decided that necessary technical and administrative measures are to be taken by the public and private sector institutions and organizations, serving with more than one employee, and providing services with adjoining desks. These institutions and organizations include primarily banking and health services, mail and cargo services, tourism agencies, the customer service departments of chain stores, institutions carrying out various subscription operations, as well as municipalities, tax and civil registry offices. In addition, pursuant to Article 12 of the Law on the Protection of Personal Data numbered 6698, it was decided to take measures to prevent unauthorized people from crossing the counter, pay desk, and desk areas, and to prevent people who receive services close to each other, at the same time; from hearing, seeing, learning or acquiring each other's personal data.

REGULATION ON PROCESSING SPECIAL CATEGORIES OF PERSONAL DATA

The Personal Data Protection Board's decision regulating technical measures to be taken by the data controller for processing special categories of personal data, dated 31.01.2018 and numbered 2018/10 has been published in the Official Gazette on March 7, 2018.

COMMUNIQUE ON PROCEDURES AND PRINCIPLES REGARDING INFORMATION TO BE PROVIDED TO DATA SUBJECTS

The Personal Data Protection Board published "the Communiqué on the Procedures and Principles Regarding Information to be Provided to Data Subjects" in the Official Gazette dated March 10, 2018 and numbered 30356. The Communiqué regulates that the information to be provided to data subjects by data controllers should cover at least, identity of the data controller and of its representatives, the purpose for which personal data will be processed, the means of collection, with whom and for what purpose personal data could be shared, the legitimate ground of processing and other rights of the data subject.

COMMUNIQUE ON THE PROCEDURES AND PRINCIPLES REGARDING APPLICATION TO THE DATA CONTROLLER

The communiqué, which determines the means of application to the data controller, as well as the fees in cases where a transaction requires additional cost, has been published by the Personal Data Protection Board in the Official Gazette dated March 10, 2018, becoming effective on the same day.

REGULATIONS ON DATA CONTROLLER REGISTRY

The exemptions of registration and the deadlines for registering with the Data Controllers Registry are regulated by the Personal Data Protection Board with resolutions dated 19.07.2018, and numbered 2018/87 and 2018/88.

LIMITATION IN THE NUMBER OF INSTALLMENTS

Pursuant to "The Regulation in regards to the Amendment to the Bank Cards and Credit Cards Law" which has been published in the Official Gazettes dated August 15, 2018 and numbered 30510, and dated November 27, 2018 and numbered 30608; the installment period for cash withdrawals as well as purchases of goods and services, to be realized by credit cards, including the periods that the installment of the debt for a certain fee after the purchase of goods or services or in which the payment has postponed shall not exceed 12 months. In the purchase of electronic goods, this time of period will be applied as three months. In addition, in the telecommunication expenditures by credit cards, but which do not contain any concrete goods or services, such as a gift voucher, installment cannot be applied.

Pursuant to "The Regulation in regards to the Amendment on the Regulation in the Procedures and Principles to be Applied in Retail Trade" which has been published on the Official Gazettes numbered 30510 and dated August 15, 2018, numbered 30549 and dated September 28, 2018, and numbered 30609 and dated November 28, 2018, "goods and services" defined as "all kinds of goods and services, which are subject to retail trade, and which are sold to retailers and consumers."

According to these regulations, the installment period has been determined as three months in sales of television and audio and video systems, and as six months in the sales of computers, tablet PCs, and mobile phones with a price exceeding TRY 3,500. The 6-month installment period, for mobile phone sales exceeding TRY 3,500, is applied as 12 months until January 31, 2019.

Pursuant to "The Regulation in Regards to the Amendment on the Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies" which has been published on the Official Gazettes dated August 15, 2018 and numbered 30510, and dated November 27, 2018 and numbered 30608; the maturity of loans extended cannot exceed 6 months for the purchase of tablets and computers, 12 months for mobile phones with a price of up to TRY 3,500, and 6 months for mobile phones with a price higher than TRY 3,500. The 6-month maturity limit of loans extended for the purchase of mobile phones with a price exceeding TRY 3.5 thousand is applied as 12 months until January 31, 2019. It has stated that the same maturities shall be applied in the restructuring of these loans.

REGULATION ON CONCORDAT

As per "The Code of the Amendment Regarding the Code of Enforcement and Bankruptcy and Certain Codes" published in the Official Gazette dated March 15, 2018 and numbered 30361; the suspension of bankruptcy has been abolished, and the provisions of concordat have been amended.

REGULATIONS ON PROTECTION OF THE VALUE OF TURKISH CURRENCY

As per "The Communique in Regards to Amendment (Communique No: 2008-32/46) in the Communique (Communique No: 2008-32/34) on the Decree Numbered 32 regarding Protection of the Value of the Turkish

Currency" published in the Official Gazette dated January 25, 2018 and numbered 30312, a limitation has been imposed on foreign currency borrowing by people who reside in Turkey. According to the regulation, it is stated that foreign currency credits can be used domestically or abroad under certain conditions.

Pursuant to "The Decree (Decree No: 85) in Regards to Amendment in the Decree Numbered 32 Concerning Protection of the Value of Turkish Currency" has been published in the Official Gazette dated September 13, 2018 and Numbered 30534, except for cases specified by the Ministry, people who reside in Turkey shall not determine the contract prices and other payment obligations that arise from these contracts, denominated in, or indexed to foreign currency. These include securities and real estate purchase and sale contracts between each other, all kinds of movable and real estate rental contracts, including vehicle and financial leasing, as well as leasing contracts for business, service and artwork. The last exceptional cases have been published in the Official Gazette dated November 16, 2018 and numbered 30597.

REGULATIONS ON PRICE TAG

As per "The Regulation in Regards to the Amendment on the Price Tag Regulation," published in the Official Gazette dated September 18, 2018 and numbered 30539, it became mandatory to display the following details on tags and lists: "Sales price of goods and the start date of the unit price implementation, as well as the shape, logo or mark identified and announced by the Ministry for goods manufactured in Turkey." In addition, it has been regulated that the specifications of the form and scope of the tags will also be applied to the "tariff and price lists."

As per "The Communique on the Use of Domestic Production Logo on Price Tags" published in the Official Gazette dated October 5, 2018 and numbered 30556, the procedures and principles regarding the use of the domestic production logo, which have to be included on the tags, and the price lists of the goods offered to consumers, have been determined. Accordingly, it became mandatory to display "the production place of goods, the distinctive feature of goods, sales price including all taxes, unit price of goods, sales price of goods and the start date of the unit price implementation, as well as the shape, logo or mark identified and announced by the Ministry for goods manufactured in Turkey;" on the tags and price lists, with a domestic production logo to be placed in a manner so as to be easily visible and readable. In addition, the local production logo should be placed on tags and price lists, in the original colors and figures as specified in the logo attached to the Communique.

REGULATION IN REGARDS TO THE AMENDMENT TO THE REGULATION ON PAYMENT SERVICES AND ELECTRONIC MONEY ISSUANCE, AND PAYMENT INSTITUTIONS AND ELECTRONIC MONEY INSTITUTIONS ("REGULATION")

The regulation in regard to Law numbered 6493 on Payment Services and Electronic Money Transfer, and Payment Institutions and Electronic Money Institutions has been amended by the Banking Regulation and Supervision Agency (BRSA). Within the scope of this amendment, which has been published in the Official Gazette and become effective on October 12, 2018, the guidelines and restrictions on service provision were determined.

TURKCELL GROUP: 2018 FINANCIAL & OPERATIONAL REVIEW

Our audited annual consolidated financial statements including our consolidated statements of financial position as of December 31, 2018 and 2017 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, 2018 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 2018 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 2018 refer to the same item for the year end of 2017 unless otherwise stated.

In the tables totals may not foot due to rounding differences. The same applies to the calculations in the text.

TURKCELL GROUP: FINANCIAL SUMMARY

Profit & Loss Statement (million TRY)	FY17	FY18	Change%
Revenue	17,632.1	21,292.5	20.8%
Cost of revenue ⁽¹⁾	(8,753.2)	(9,858.0)	12.6%
Gross Margin⁽¹⁾	50.4%	53.7%	3.3 pp
Administrative expenses	(645.2)	(673.4)	4.4%
Selling and marketing expenses	(2,005.4)	(1,626.7)	(18.9%)
Net impairment losses on financial and contract assets	-	(346.4)	n.m
EBITDA⁽²⁾	6,228.3	8,788.0	41.1%
EBITDA Margin	35.3%	41.3%	6.0 pp
Depreciation and amortization	(2,597.0)	(4,288.0)	65.1%
EBIT⁽³⁾	3,631.3	4,500.0	23.9%
Net finance income / (costs)	(322.9)	(1,687.0)	422.5%
Finance income	818.3	1,932.1	136.1%
Finance costs ⁽⁴⁾	(1,141.2)	(3,619.1)	217.1%
Other income / (expense)	(698.9)	(140.1)	(80.0%)
Non-controlling interests	(58.6)	(156.3)	166.7%
Share of profit of equity accounted investees	-	(0.1)	n.m
Income tax expense	(571.8)	(495.5)	(13.3%)
Net Income	1,979.2	2,021.2	2.1%

⁽¹⁾ Excluding depreciation and amortization expenses.

⁽²⁾ EBITDA is a non-GAAP financial measure.

⁽³⁾ EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

⁽⁴⁾ Fair value loss and interest expense in relation to derivative instruments reported under finance cost were netted off from respective fair value gain and interest income in relation to derivative instruments reported under finance income. Historical periods were restated to reflect this change.

Consolidated Balance Sheet Data (Year End) (million TRY)	2017	2018	Change %
Cash and cash equivalents	4,712.3	7,419.2	57.4%
Total assets	33,982.5	42,765.3	25.8%
Long term debt	8,258.0	13,119.6	58.9%
Total debt	12,536.1	20,155.5	60.8%
Total liabilities	18,937.4	26,711.7	41.1%
Total equity	15,045.1	16,053.6	6.7%

Summary Consolidated Cash Flow Statement (in TRY millions)	2017	2018	Change %
Net cash inflow from operating activities	3,101.3	5,829.9	88.0%
Net cash outflow from investing activities	(3,304.6)	(4,535.6)	37.3%
Net cash (outflow)/inflow from financing activities	(1,566.7)	(534.4)	(65.9%)
Effects of exchange rate changes on cash and cash equivalents	430.1	1,947.0	352.7%
Cash and Cash Equivalents	4,712.3	7,419.2	57.4%

Profitability and Solvency Ratios (%)	2017	2018	Change %
Gross Profit Margin ⁽¹⁾	50.4%	53.7%	3.3 pp
EBITDA Margin	35.3%	41.3%	6.0 pp
Net Profit Margin	11.2%	9.5%	(1.7 pp)
Total Liability / Equity Ratio	125.9%	166.4%	40.5 pp
Net Debt / EBITDA Multiple	1.3x	1.4x	0.1x

⁽¹⁾ Excluding depreciation and amortization expenses.

EXPLANATIONS:

Revenue¹: Turkcell Group revenues rose by 20.8% to TRY 21,292 million (TRY 17,632 million).

- » Turkcell Turkey revenues, at 86% of Group revenues, grew by 18.2% to TRY 18,266 million (TRY 15,450 million).
- Data and digital services revenues grew by 16.4% to TRY 11,997 million (TRY 10,304 million).
- Wholesale revenues grew by 54.9% to TRY 910 million (TRY 587 million).
- » Turkcell International revenues rose by 36.5% to TRY 1,457 million (TRY 1,067 million).
- » Other subsidiaries' revenues grew by 40.8% to TRY 1,570 million (TRY 1,115 million).

Cost of revenue (excluding the depreciation and amortization):

Cost of revenue decreased to 46.3% (49.6%) as a percentage of revenues. This was mainly due to the decrease in radio costs (2.4 pp), interconnection costs (0.8 pp) and other cost items (1.4 pp), despite the increase in TRX costs (1.3 pp) as a percentage of revenues.

Administrative expenses: Administrative expenses was at 3.2% (3.7%) as a percentage of revenues. Administrative expenses included a positive impact of TRY 133 million in 2017 due to the change we made in our doubtful receivable provision assumptions based on improvement in collection performance.

Please note that starting from Q418 net impairment expense recognized on receivables reported under administrative expenses was classified under net impairment losses on financial and contract assets item. Prior years' financials have not been restated to reflect this change. Net impairment expense recognized on receivables amounted to TRY 205 million for the full year.

Selling and marketing expenses: Selling and marketing expenses as a percentage of revenues was at 7.6% (11.4%). Selling expenses and marketing expenses decreased 2.5 pp and 0.4 pp, respectively as a percentage of revenues.

Please note that starting from Q418 frequency usage fees related to prepaid subscribers reported under selling and marketing expenses were classified under net impairment losses on financial and contract assets item. Prior years' financials have not been restated to reflect this change. Frequency usage fees related to prepaid subscribers amounted to TRY 142 million for the full year.

Net impairment losses on financial and contract assets: Net impairment losses on financial and contract assets amounted to TRY 346 million in 2018

EBITDA⁽³⁾ rose by 41.1% resulting in an EBITDA margin of 41.3% (35.3%).

- » Turkcell Turkey's EBITDA rose by 34.7% to TRY 7,534 million (TRY 5,594 million), while its EBITDA margin rose 5.0 pp to 41.2% (36.2%).
- » Turkcell International EBITDA increased to TRY 613 million (TRY 264 million), while the EBITDA margin reached 42.1% (24.7%).
- » The EBITDA of other subsidiaries rose by 73.0% to TRY 641 million (TRY 370 million).

⁽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: 2018 FINANCIAL & OPERATIONAL REVIEW

Depreciation and amortization expenses: Depreciation and amortization expenses increased 65.1%.

Net finance expense: The net finance expense rose to TRY 1,687 million (TRY 323 million). This was mainly due to higher net foreign exchange losses and higher interest expenses resulting from a larger loan portfolio.

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.

Income tax expense: The income tax expense decreased by 13.3%.

Net income: We registered a net income of TRY 2,021 million (TRY 1,979 million). Solid operational performance and prudent financial risk management allowed us to register a strong net income for the full year, despite a challenging macro environment.

Total cash & debt: Consolidated cash as of December 31, 2018 decreased to TRY 7,419 million from TRY 8,749 million as of September 30, 2018. Excluding the FX swap transactions for TRY borrowing, 74% of our cash is in US\$ and 26% is in EUR.

Consolidated debt as of December 31, 2018 decreased to TRY 20,156 million from TRY 23,055 million as of September 30, 2018. Please note that TRY 1,414 million of our consolidated debt is comprised of lease obligations resulting from the implementation of IFRS 16.

» Consolidated debt breakdown excluding lease obligations resulting from the implementation of IFRS 16:

- Turkcell Turkey's debt was TRY 13,717 million, of which TRY 7,652 million (US\$ 1,455 million) was denominated in US\$, TRY 5,775 million (EUR 958 million) in EUR, TRY 193 million (CNY254 million) in CNY and the remaining TRY 96 million in TRY.
- The debt balance of lifecell was TRY 925 million, of which TRY 895 million (UAH 4,728 million) was denominated in UAH and the remaining TRY 30 million (EUR 5 million) in EUR.

- Our consumer finance company had a debt balance of TRY 4,096 million, of which TRY 2,073 million (US\$ 394 million) was denominated in US\$, and TRY 1,171 million (EUR 194 million) in EUR with the remaining TRY 853 million in TRY.

» TRY 719 million of IFRS 16 lease obligations is denominated in TRY, TRY 40 million (US\$ 8 million) in US\$, TRY 195 million (EUR 32 million) in EUR and the remaining balance in other local currencies (please note that the figures in parentheses refer to US\$ or EUR equivalents).

TRY 11,565 million of our consolidated debt is set at a floating rate. Excluding the consumer finance business borrowings, TRY 4,154 million of consolidated debt will mature within less than a year.

Net debt as of December 31, 2018 was at TRY 12,736 million with a net debt to EBITDA ratio of 1.4 times. Excluding consumer finance company consumer loans, our telco only net debt was at TRY 8,565 million with a leverage of 1.0 times.

Turkcell Group's short FX position was at US\$ 224 million as at the end of Q418. (Please note that this figure takes into account advance payments and hedging, but excludes FX swap transactions for TL borrowing).

Capital expenditures: Capital expenditures including non-operational items were at TRY 4,643.8 million (excluding the impact of new IFRS standards).

In FY18, operational capital expenditures (excluding license fees) at the Group level was at 18.5% of total revenues.

Capital expenditures (million TRY)	FY17	FY18
Turkcell Turkey	(3,821.5)	(3,793.0)
Turkcell International ⁽¹⁾	(246.6)	(831.0)
Other Subsidiaries ⁽¹⁾	(22.3)	(19.8)
Capex and License	(4,090.4)	(4,643.8)

⁽¹⁾ The impact from the movement of reporting currency (TRY) against local currencies of subsidiaries in other countries is included in these lines.

Donations: Turkcell Group donated TRY 176 million to various associations, foundations and charitable organizations in 2018.

OPERATIONAL REVIEW (TURKEY):

Summary of Operational Data	FY17	FY18	y/y %
Number of subscribers (million)	36.7	36.7	-
Mobile Postpaid (million)	18.5	18.8	1.6%
Mobile M2M (million)	2.3	2.4	4.3%
Mobile Prepaid (million)	15.6	14.9	(4.5%)
Fiber (thousand)	1,204.3	1,385.6	15.1%
ADSL (thousand)	921.4	905.6	(1.7%)
IPTV (thousand)	505.9	613.4	21.2%
Churn (%)⁽¹⁾			
Mobile Churn (%) ⁽²⁾	19%	2.1%	0.2 pp
Fixed Churn (%)	1.8%	1.8%	-
ARPU (Average Monthly Revenue per User) (TRY)			
Mobile ARPU, blended	29.8	33.9	13.8%
Mobile ARPU, blended (excluding M2M)	31.6	36.2	14.6%
Postpaid	43.0	48.2	12.1%
Postpaid (excluding M2M)	48.5	54.9	13.2%
Prepaid	14.9	16.9	13.4%
Fixed Residential ARPU, blended	53.6	55.7	3.9%
Average mobile data usage per user (GB/user)	3.9	5.2	33.3%
Mobile MoU (Avg. Monthly Minutes of usage per subs) blended	347.1	359.5	3.6%

⁽¹⁾ Presentation of churn figures has been changed to demonstrate average monthly churn figures for the respective quarters.

⁽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 stood at 33.8 million by the end of the year. We registered 347 thousand net postpaid subscriber additions annually, while the share of postpaid subscribers reached 55.7% (54.2%) of our mobile subscriber base. Meanwhile, our prepaid subscribers declined by 676 thousand annually. Please note that 555 thousand prepaid subscribers, who last topped up between January and March, were disconnected in accordance with our churn policy in Q418.

Our fixed subscriber base reached 2.3 million on 166 thousand annual net additions. We registered 181 thousand annual net additions to our fiber subscribers. IPTV subscribers exceeded 613 thousand on 108 thousand annual net additions. Total TV subscribers including OTT only users reached 3.4 million⁽³⁾ on 1.3 million annual additions.

The average monthly mobile churn rate was at 2.1% and the average monthly fixed churn rate at 1.8%.

Mobile ARPU (excluding M2M) rose 14.6% for the full year driven mainly by increased data and digital services usage and upsell performance.

Fixed Residential ARPU rose 3.9% for the full year, positively impacted by the rise in multiplay subscribers with TV⁽⁴⁾ to 48.6% of total residential fiber subscribers.

Average mobile data usage per user rose by 33.3% for the full year, driven by higher data consumption of 4.5G users and rich digital services offerings. Accordingly, the average mobile data usage of 4.5G users was at 8 GB in December.

4.5G compatible smartphones increased to 18 million on 2.3 million annual additions in 2018 comprising 80% of total smartphones on our network by the end of the year.

⁽³⁾ IPTV users and OTT only cumulative active users

⁽⁴⁾ Multiplay subscribers with TV: Fiber internet + TV users & fiber internet + TV + voice users

FORWARD LOOKING STATEMENTS

In 2019, we target Group revenue growth of 16% - 18%, an EBITDA margin of 37% - 40% and an operational capex to sales ratio⁽¹⁾ of 16% - 18%.

2019 GUIDANCE

16%-18%

**REVENUE
GROWTH**

37%-40%

**EBITDA
MARGIN**

16%-18%

**OP. CAPEX/
SALES⁽¹⁾**

⁽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 2017 filed with U.S. Securities and Exchange Commission, and in particular, the risk factor section therein.

REVIEW OF RISK ASSESSMENT

- » 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.
- » 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.
- » 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.
- » 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
- » If we fail to comply with laws and regulations regarding unethical business practices, including bribery and corruption, and international sanctions, or if one of our key suppliers becomes subject to international sanctions, this could adversely affect our business and financial condition
- » Our ADS price may be volatile, and purchasers of ADSs could incur substantial losses.
- » Natural disasters and/or cyber-attacks, sabotages and extraordinary outages may pose various threats for our network and information technology infrastructure.

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 March 29, 2018, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the Company auditor for auditing our Company's financial statements of 2018 as per the Turkish Commercial Code (TCC).¹⁰

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, provides assurance to Board of Directors and Audit Committee. Thereby, helps Turkcell to 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.

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.

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 detection 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.

It is the responsibility of the Enterprise Risk Management team to assess the risks and to report the risk prevention activities to the Early Detection of Risk Committee and to coordinate the risk prevention activities with the directors and group companies in Turkcell and Global Bilgi. Each director is responsible for the Enterprise Risk Management activities in her/his unit. Enterprise Risk Management team carries out the corporate risk management duties together with directors, managers who directly reports to vice presidents, and risk contacts. Turkcell Enterprise Risk Management team 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. Group-wide risks are categorized establishing a risk library and standard risk definitions are created for each category. The risks that may be encountered in the business processes with functions are determined by taking into account the worst case scenario of each risk identified and included in the risk library with the business owners. By making the internal audit of the business owners, the controls they made to reduce the risk, the findings that caused the weaknesses and the action plans to eliminate these weaknesses

were worked with the business owners. One-to-one meetings were held with each risk contact to create and develop the risk universe. The risk universe is created for each function / department with the inputs provided by the directors and the risk contacts. Turkcell Group has created awareness on the common risk culture in order to standardize its corporate risk management efforts. Regular synergy meetings were held with central and support functions such as Strategy, Law, Finance, Network Technologies, Customer Experience and Information Technologies, Global Bilgi etc.

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.

⁽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.).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2018 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, 2018 and 2017, and the related consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2018, 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, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 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, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers and the manner in which it accounts for leases in 2018.

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 2018 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.

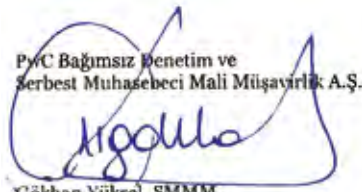
We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective 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.

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

İstanbul, 15 March 2019

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

(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 2018	31 December 2017
Assets			
Property, plant and equipment	11	11,116,316	9,665,408
Right-of-use assets	15	1,649,602	-
Intangible assets	12	10,050,172	8,340,410
Telecommunication licenses		5,774,763	5,720,398
Computer software		3,057,143	2,346,236
Other intangible assets		1,218,266	273,776
Investment properties	14	15,425	980
Trade receivables	19	115,001	155,634
Receivables from financial services	20	884,686	1,297,597
Contract assets	21	3,513	-
Deferred tax assets	18	152,732	96,060
Investments in equity accounted investees		19,413	-
Held to maturity investments		-	654
Other non-current assets	17	421,306	356,620
Total non-current assets		24,428,166	19,913,363
Inventories	22	180,434	104,102
Trade receivables	19	2,505,990	2,848,572
Due from related parties	38	13,533	5,299
Receivables from financial services	20	3,286,243	2,950,523
Contract assets	21	711,928	-
Derivative financial instruments	34	1,356,062	981,396
Held to maturity investments		-	11,338
Financial asset at fair value through profit or loss		9,409	-
Financial asset at fair value through other comprehensive income		42,454	-
Cash and cash equivalents	24	7,419,239	4,712,333
Other current assets	23	1,091,512	1,160,605
Subtotal		16,616,804	12,774,168
Assets classified as held for sale	16	1,720,305	1,294,938
Total current assets		18,337,109	14,069,106
Total assets		42,765,275	33,982,469
Equity			
Share capital	25	2,200,000	2,200,000
Share premium		269	269
Treasury shares	25	(141,534)	(56,313)
Additional paid-in capital		35,026	35,026
Reserves		2,503,537	1,542,679
Remeasurements of employee termination benefit		(34,871)	(44,776)
Retained earnings		11,359,317	11,312,276
Total equity attributable to equity holders of Turkcell İletisim Hizmetleri AS ("the Company")		15,921,744	14,989,161
Non-controlling interests		131,810	55,927
Total equity		16,053,554	15,045,088

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

(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 2018	31 December 2017
Liabilities			
Borrowings	28	13,119,636	8,257,995
Employee benefit obligations	29	224,747	197,666
Provisions	32	268,722	197,418
Deferred tax liabilities	18	862,360	651,122
Contract liabilities	31	131,598	-
Other non-current liabilities	27	364,610	409,337
Total non-current liabilities		14,971,673	9,713,538
Borrowings	28	7,035,909	4,278,154
Current tax liabilities		133,597	103,105
Trade and other payables	33	3,788,174	3,696,466
Due to related parties	38	45,331	6,980
Deferred revenue	30	8,948	193,831
Provisions	32	307,068	835,199
Contract liabilities	31	255,756	-
Derivative financial instruments	34	165,265	110,108
Total current liabilities		11,740,048	9,223,843
Total liabilities		26,711,721	18,937,381
Total equity and liabilities		42,765,275	33,982,469

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 2018

(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	2018	2017	2016
Revenue	5	20,350,557	17,026,401	14,100,863
Revenue from financial services	5	941,918	605,663	184,698
Total revenue		21,292,475	17,632,064	14,285,561
Cost of revenue	10	(13,785,448)	(11,073,465)	(9,166,384)
Cost of revenue from financial services	10	(360,545)	(276,709)	(70,223)
Total cost of revenue		(14,145,993)	(11,350,174)	(9,236,607)
Gross profit		6,565,109	5,952,936	4,934,479
Gross profit from financial services		581,373	328,954	114,475
Total gross profit		7,146,482	6,281,890	5,048,954
Other income	6	241,435	74,438	78,569
Selling and marketing expenses	10	(1,626,714)	(2,005,420)	(1,910,947)
Administrative expenses	10	(673,370)	(645,196)	(721,849)
Net impairment losses on financial and contract assets	10	(346,390)	-	-
Other expenses	6	(381,582)	(773,329)	(312,801)
Operating profit		4,359,861	2,932,383	2,181,926
Finance income	8	1,932,133	818,436	961,642
Finance costs	8	(3,619,091)	(1,141,302)	(1,134,441)
Net finance costs		(1,686,958)	(322,866)	(172,799)
Share of loss of equity accounted investees		(87)	-	-
Profit before income tax		2,672,816	2,609,517	2,009,127
Income tax expense	9	(495,481)	(571,758)	(423,160)
Profit from continuing operations		2,177,335	2,037,759	1,585,967
(Loss) from discontinued operations (attributable to owners of the Company)		-	-	(42,164)
Profit for the year		2,177,335	2,037,759	1,543,803
Profit for the year is attributable to:				
Owners of the Company		2,021,065	1,979,129	1,492,088
Non-controlling interests		156,270	58,630	51,715
Total		2,177,335	2,037,759	1,543,803
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	26	0.93	0.90	0.68
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	26	0.93	0.90	0.70
Basic and diluted earnings/(losses) per share for profit/(loss) from discontinued operations attributable to owners of the Company (in full TL)		-	-	(0.02)

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 2018

(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	2018	2017	2016
Profit for the year		2,177,335	2,037,759	1,543,803
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Remeasurements of employee termination benefits		12,699	(3,738)	(34,532)
Income tax relating to remeasurements of employee termination benefits		(2,794)	748	7,066
		9,905	(2,990)	(27,466)
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		424,817	27,959	63,920
Exchange differences arising from discontinued operations		425,371	72,190	154,552
Cash flow hedges – effective portion of changes in fair value		630,191	-	-
Cash flow hedges – reclassified to profit or loss	34	(611,035)	-	-
Cost of hedging reserve – changes in fair value		(390,267)	-	-
Cost of hedging reserve – reclassified to profit or loss		42,665	-	-
Income tax relating to these items		(154,409)	(107,299)	(87,381)
-Income tax relating to exchange differences		(226,667)	(107,299)	(87,381)
-Income tax relating to cash flow hedges	34	72,258	-	-
		367,333	(7,150)	131,091
Other comprehensive income/(loss) for the year, net of income tax		377,238	(10,140)	103,625
Total comprehensive income for the year		2,554,573	2,027,619	1,647,428
Total comprehensive income for the year is attributable to:				
Owners of the Company		2,398,930	1,968,102	1,594,465
Non-controlling interests		155,643	59,517	52,963
Total		2,554,573	2,027,619	1,647,428
Total comprehensive income for the year attributable to owners of the Company arises from:				
Continuing operations		1,957,396	1,903,109	1,496,209
Discontinued operations		441,534	64,993	98,256
Total		2,398,930	1,968,102	1,594,465

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 2018

(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⁾	Hedging reserve	Cost of hedging reserve	Reserve for non-controlling interest put option ⁽²⁾	Foreign currency translation reserve ⁽³⁾	Remeasurements of employee termination benefit	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	2,200,000	-	35,026	269	1,211,352	-	-	(489,065)	138,824	(14,320)	11,272,731	14,354,817	64,085	14,418,902
Total comprehensive income/(loss):														
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,492,088	1,492,088	51,715	1,543,803
Other comprehensive income/(loss):														
Foreign currency translation differences	-	-	-	-	-	-	-	(133,222)	263,065	-	-	129,843	1,248	131,091
Remeasurements of employee termination benefits	-	-	-	-	-	-	-	-	-	(27,466)	-	(27,466)	-	(27,466)
Other comprehensive income for the year, net of income tax														
Total comprehensive income for the year														
Transfers	-	-	-	-	(16,148)	-	-	-	-	(27,466)	1,492,088	1,594,465	52,963	1,647,428
Dividends paid	-	-	-	-	-	-	-	-	-	-	16,148	-	-	(16,148)
Change in fair value of non-controlling interests	-	-	-	-	-	-	-	128,090	-	-	-	-	(51,416)	(51,416)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	128,090	-	128,090
Acquisition of treasury shares ⁽⁴⁾ (Note 25)	-	(65,607)	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Balance at 31 December 2016	2,200,000	(65,607)	35,026	269	1,195,204	-	-	(494,197)	401,889	(41,786)	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)	401,889	(41,786)	12,780,967	16,011,765	56,632	16,068,397
Total comprehensive income/(loss):														
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,979,129	1,979,129	58,630	2,037,759
Other comprehensive income/(loss):														
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 income for the year, net of income tax														
Total comprehensive income for the year														
Transfers	-	-	-	-	447,820	-	-	-	-	(2,990)	(447,820)	-	-	(3,050,928)
Dividends paid	-	9,294	-	-	-	-	-	-	-	-	(3,000,000)	(2,990,704)	(60,222)	(3,050,928)
Balance at 31 December 2017	2,200,000	(56,313)	35,026	269	1,643,024	-	-	(540,045)	439,700	(44,776)	11,312,276	14,989,161	55,927	15,045,088
Balance at 1 January 2018	2,200,000	(56,313)	35,026	269	1,643,024	-	-	(540,045)	439,700	(44,776)	11,312,276	14,989,161	55,927	15,045,088
Changes in accounting policy (Note 2)	-	-	-	-	-	-	-	-	-	-	518,874	518,874	-	518,874
Restated total equity at 1 January 2018	2,200,000	(56,313)	35,026	269	1,643,024	-	-	(540,045)	439,700	(44,776)	11,831,150	15,508,035	55,927	15,563,962
Total comprehensive income/(loss):														
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,021,065	2,021,065	166,270	2,177,335
Other comprehensive income/(loss):														
Foreign currency translation differences	-	-	-	-	-	-	-	(270,147)	894,295	-	-	624,148	(627)	623,521
Remeasurements of employee termination benefits	-	-	-	-	-	-	-	-	-	9,905	-	9,905	-	9,905
Change in cash flow hedge reserve	-	-	-	-	-	(271,130)	14,942	-	-	-	-	(256,188)	-	(256,188)
Total other comprehensive income, net of income tax														
Total comprehensive income for the year														
Transfer to legal reserves	-	-	-	-	592,898	-	-	-	-	9,905	2,021,065	2,398,930	155,643	2,554,573
Acquisition of treasury shares ⁽⁴⁾ (Note 25)	-	(94,620)	-	-	-	-	-	-	-	-	(692,898)	-	-	(94,620)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (Note 25)	-	9,399	-	-	-	-	-	-	-	-	(9,000,000)	(1,890,601)	(58,778)	(1,949,379)
Balance at 31 December 2018	2,200,000	(141,534)	35,026	269	2,235,922	(271,130)	14,942	(810,192)	1,333,995	(34,871)	11,359,317	15,221,744	131,810	16,053,554

⁽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 2018

(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	2018	2017	2016
Cash flows from operating activities:				
Profit before income tax from				
Continuing operations		2,177,335	2,037,759	1,585,967
Discontinued operations		-	-	(42,164)
Profit before income tax including discontinued operations		2,177,335	2,037,759	1,543,803
Adjustments for:				
Depreciation and impairment of property, plant and equipment and investment properties	11-14	1,894,445	1,501,579	1,281,539
Amortization of intangible assets	12	2,393,529	1,095,401	921,812
Net finance (income)/expense		983,881	165,387	(117,598)
Fair value adjustments to derivatives		(1,719,610)	(562,562)	(383,452)
Income tax expense	9	495,481	571,758	423,160
Gain on sale of property, plant and equipment		(43,727)	(33,837)	(25,010)
Unrealized foreign exchange losses on operating assets		2,954,304	966,340	545,287
Provisions		796,520	980,040	197,543
Share of profits of discontinued operations		-	-	42,164
Share of equity accounted investees		87	-	-
(Gain) on sale of subsidiary		(110,308)	-	-
Deferred revenue	30	54,391	131,486	(20,350)
		9,876,328	6,853,351	4,408,898
Change in operating assets/liabilities				
Change in trade receivables	19	273,110	613,404	1,197,053
Change in due from related parties	38	(5,870)	1,107	7,514
Change in receivables from financial services	20	(69,991)	(1,931,538)	(2,396,372)
Change in inventories	22	(76,883)	27,871	(62,090)
Change in other current assets	23	53,957	(198,268)	643,444
Change in other non-current assets	17	142,133	15,012	78,770
Change in due to related parties	38	40,072	(4,099)	4,302
Change in trade and other payables	33	(501,980)	(507,043)	(2,733,901)
Change in other non-current liabilities	27	(242,384)	(82,018)	(14,477)
Change in employee benefit obligations	29	(32,764)	(18,627)	15,151
Change in short term contract asset	21	(711,928)	-	-
Change in long term contract asset	21	(3,513)	-	-
Change in short term contract liability	31	255,756	-	-
Change in long term contract liability	31	131,598	-	-
Changes in other working capital		(981,764)	(265,518)	29,286
Cash generated from operations		8,145,877	4,503,634	1,177,578
Interest paid		(1,658,308)	(909,881)	(434,521)
Income tax paid		(657,715)	(492,487)	(135,920)
Net cash inflow from operating activities		5,829,854	3,101,266	607,137
Cash flows from investing activities:				
Acquisition of property, plant and equipment	11	(2,960,648)	(2,937,195)	(2,572,401)
Acquisition of intangible assets	12	(2,264,912)	(1,172,847)	(855,097)
Proceeds from sale of property, plant and equipment		103,864	58,740	49,639
Proceeds from advances given for acquisition of property, plant and equipment		(204,817)	205,580	(209,686)
Contribution of increase of share capital in joint ventures/associates		(19,500)	-	-
Proceeds from sale of subsidiary		118,528	-	-
Payments for held to maturity investment		-	(11,992)	-
Payment for financial asset at fair value through profit or loss		2,577	-	-
Payment for financial asset at fair value through other comprehensive income		(42,454)	-	-
Interest received		731,793	553,066	610,837
Net cash outflow from investing activities		(4,535,569)	(3,304,648)	(2,976,708)
Cash flows from financing activities:				
Dividends received for treasury share		9,399	-	-
Capital decrease in subsidiaries		-	-	(9,000)
Proceeds from derivative instruments		1,054,345	-	-
Repayments of derivative instruments		(710,522)	-	-
Proceeds from issues of loans and borrowings		44,341,070	24,102,643	9,381,318
Proceeds from issues of bonds		2,188,313	209,808	167,500
Repayment of borrowings		(43,987,127)	(22,265,088)	(4,932,768)
Repayment of bonds		(191,312)	(379,660)	-
Dividends paid to shareholders		(1,900,000)	(2,990,706)	-
Dividends paid to non-controlling interest in subsidiaries		(58,778)	(60,222)	(51,416)
Acquisition of treasury shares		(94,620)	-	(65,607)
(Increase)/decrease in cash collateral related to loans		(20,272)	(183,518)	349,004
Payments of lease liabilities		(1,164,879)	-	-
Net cash (outflow)/inflow from financing activities		(534,383)	(1,566,743)	4,839,031
Net (decrease)/increase in cash and cash equivalents		759,902	(1,770,125)	2,469,460
Cash and cash equivalents at 1 January		4,712,333	6,052,352	2,918,796
Effects of exchange rate changes on cash and cash equivalents		1,947,004	430,106	664,096
Cash and cash equivalents at 31 December	24	7,419,239	4,712,333	6,052,352

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 2018

(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.)

Notes to the consolidated financial statements

	Page
1. Reporting entity	8
2. Basis of preparation and summary of significant accounting policies	9
3. Financial risk management	48
4. Segment information	50
5. Revenue	53
6. Other income and expenses	54
7. Employee benefit expenses	55
8. Finance income and costs	55
9. Income tax expense	56
10. Expenses by nature	59
11. Property, plant and equipment	61
12. Intangible assets	63
13. Impairment of assets	66
14. Investment property	67
15. Right of use assets	70
16. Asset held for sale discontinued operation	71
17. Other non-current assets	72
18. Deferred tax assets and liabilities	73
19. Trade receivables and accrued revenue	74
20. Receivables from financial services	75
21. Contract assets	75
22. Inventory	75
23. Other current assets	76
24. Cash and cash equivalents	76
25. Equity	77
26. Earnings per share	79
27. Other non-current liabilities	80
28. Loans and borrowings	80
29. Employee benefit	83
30. Deferred revenue	84
31. Contract liabilities	84
32. Provisions	85
33. Trade and other payables	86
34. Derivative financial instruments	87
35. Financial instruments	96
36. Guarantees and purchase obligations	106
37. Commitments and contingencies	106
38. Related parties	112
39. Subsidiaries	116
40. Cash flow information	119
41. Subsequent events	119

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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 Aydınlar 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 and Infrastructure 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.

The Company is obliged to pay the ICTA a monthly treasury share equal to 90% of 15% of gross revenue and 10% is paid for a universal service fund. In addition, the Company pays annual contributions in an amount equal to 0.35% of net revenue to the ICTA's expenses and 5% of net revenue to ICTA as a frequency fee (TRx).

The Company's parent is Turkcell Holding A.S., which holds 51% of the Company's shares as of 31 December 2018. 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. On 29 March 2018, in accordance with the shareholder proposal at the Ordinary General Assembly, 3 new members were elected to serve for 3 years instead of 3 members who are appointed by the CMB and meet the independence criteria. Since a member of board of directors resigned from his assignment as of 11 July 2018, Turkcell's Board of Directors consists of a total of 6 non-executive members including 3 independent members as of 31 December 2018.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a joint venture. Subsidiaries of the Company, their locations and their nature of operations are disclosed in Note 39. The Company's and each of its subsidiaries' and associate's financial statements are prepared as at and for the year ended 31 December 2018.

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 associates and a joint venture.

(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 accounting policies, presentation and methods of computation are consistent with those of the previous financial year and corresponding reporting period, unless otherwise stated.

The Group adopted IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers" for the first time for the year commencing 1 January 2018. The Group also elected to early adopt IFRS 16, "Leases" for the first time for the year commencing 1 January 2018.

The impacts of adoption of IFRS 9, IFRS 15 and IFRS 16 on the consolidated financial statements are explained in Note 2.a.e.i.

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 2017 were authorized for issue by the Board of Directors on 15 February 2018.

The consolidated financial statements as at and for the year ended 31 December 2018 were authorized for issue by the Board of Directors on 20 February 2019 and updated to reflect subsequent events after the original date of authorisation for inclusion in its annual report on Form 20-F.

(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

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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 on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised 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 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 2018

(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 receivables, receivables from financial services and other receivables; when there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset a loss event and that loss event had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. 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. 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.

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.

Multiple performance obligations and price allocation

In arrangements which include multiple elements where the Group acts as principal, the Group considers these bundled elements involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. A good or service is distinct if both of the following criteria are met:

- the good or service is capable of being distinct
- the promise to transfer the good or service is distinct within the context of the contract.

The arrangement consideration is allocated to each performance obligation identified in the contract on a relative stand-alone selling prices. If an element of a transaction is not a distinct, then it is accounted for as an integral part of the remaining elements of the transaction.

Income taxes

The calculation of income taxes involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through formal legal process.

As part of the process of preparing the consolidated financial statements, the Group is required to estimate the income taxes in each of the jurisdictions and countries in which they operate. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue and reserves for tax and accounting purposes. The Group management assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent the recovery is not considered probable the deferred asset is adjusted accordingly.

The recognition of deferred tax assets is based upon whether it is probable that future taxable profits will be available, against which the temporary differences can be utilized. Recognition, therefore, involves judgment regarding the future financial performance of the particular legal entity in which the deferred tax asset has been recognized.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

Provisions, contingent liabilities and contingent assets

As detailed and disclosed in Note 37, 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.

Annual impairment review

The Company 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 Company'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 Company has impaired its assets in Crimea region amounting to TL 19,897. As at 31 December 2018, there is no impairment on assets in Luhansk and Donetsk regions (31 December 2017: 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 Company 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 Company's expectations. As at 31 December 2018, 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 Company'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 Company uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Company can engage third party qualified experts to perform the valuation, if necessary. The management works closely with the qualified external experts 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 35.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(e) Changes in accounting policies

Other than the adoption of the new and revised standards as explained in Note 2(ae), the Group did not make any significant changes to its accounting policies during the current year.

As at 31 December 2018, interest expense/income and fair value of derivative financial instruments are shown netted off on consolidated statement of profit or loss (Note 8). The Company has presented financials of 31 December 2017 and 2016 accordingly. This classification has no impact on operating profit, profit for the year and cash flow statement.

Interest expense and income for derivative financial instruments and option premium charges are shown net of under finance income (Note 8).

(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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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

(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 acquire 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 2018

(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 similarly 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, third financial loans amounting to TL 90,272 on 16 February 2018 and fourth financial loans amounting to TL 56,716 on 20 December 2018. 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(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.

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.

(v) 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(vi) Investments in associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

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 16). 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

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(i) Financial instruments (continued)

(ii) 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.

(iii) 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(i) Financial instruments (continued)

(iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances are measured on either the following bases.

- 12 month expected credit losses (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.

The Group applies lifetime ECL measurement for all group companies except Turkcell Finansman A.S. which applies both 12 month and lifetime ECL (general approach).

(v) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

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.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(i) Financial instruments (continued)

(v) Derivatives and hedging activities (continued)

Cash flow hedges that qualify for hedge accounting (continued)

- Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(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.

Financial instruments - Accounting policies applied until 31 December 2017

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information for prior periods. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Accounting policies that changed on adoption of IFRS 9 are as follows. The Group's new accounting policies are explained above.

i) Classification

Until 31 December 2017, the Group classified 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 depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(i) Financial instruments (continued)

Financial instruments – Accounting policies applied until 31 December 2017 (continued)

(ii) Reclassification

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could 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 had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

(iii) Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9.

Subsequent to initial recognition, loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. Gains or losses arising from changes in the fair value were 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 were recognized in profit or loss and other changes in the carrying amount were recognized in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income

Details on how the fair value of financial instruments is determined are disclosed in Note 35.

(iv) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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 had an impact on the estimated future cash flows of the financial asset or group of financial assets that could 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 was considered an indicator that the assets were impaired.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(i) Financial instruments (continued)

Financial instruments - Accounting policies applied until 31 December 2017 (continued)

(iv) Impairment (continued)

For loans and receivables, the amount of the loss was 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 was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could 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 decreased and the decrease could 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 was recognized in profit or loss.

Impairment testing of trade receivables is described in Note 35.

If there was 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 – was removed from equity and recognized in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

(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 35 for a description of the Group's impairment policies.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(I) 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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TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(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 – 10years
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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(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 2018 and 2017, 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 and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 5,434 as at 31 December 2018 (31 December 2017: TL 4,732), 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. Discount rate used for calculating employee termination benefit as of 31 December 2018 is 4.41% (31 December 2017: 3.33%). 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(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.

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(t) Revenue

Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognized when control is transferred to the customer.

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. An entity transfers control of a service over time and, therefore, satisfies a performance obligation and recognizes revenue from telecommunication services over time.

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.

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. A good or service is distinct if both of the following criteria are met:

- the good or service is capable of being distinct
- the promise to transfer the good or service is distinct within the context of the contract.

The arrangement consideration is allocated to each performance obligation identified in the contract on a relative stand-alone selling prices. If an element of a transaction is not a distinct, then it is accounted for as an integral part of the remaining elements of the transaction.

Revenue from device sales is recognized when control of the device has transferred, being when delivered to the end customer. For device sales made to intermediaries, revenue is recognized when control of the device has transferred, being when the products are delivered to the intermediary and the intermediary has no general right to return the device to receive a refund. If control is 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.

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 instalments 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(t) Revenue (continued)

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.

Call center revenues are recognized at the time services are rendered during the contractual period.

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 described below such judgements impact the amount of reported revenue and operating costs but do not impact reported assets, liabilities or cash flows:

Indicators that an entity is a principal:

- the entity is primarily responsible for fulfilling the promise to provide the specified good or service.
- the entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer
- the entity has discretion in establishing the price for the specified good or service.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(t) Revenue (continued)

The Company and the Ministry of Transport and Infrastructure of Turkey, Directorate General of Communications signed a contract to continue the contract to establish and operate mobile communication infrastructure and operation in uncovered areas, until 31 December 2019 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. As of 31 December 2018, the Company has recognized TL 376,765 (31 December 2017: 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.

Contract costs eligible for capitalization as incremental costs of obtaining a contract comprise commission on sale relating to postpaid contracts with acquired or retained subscribers. Contract costs are capitalized in the month of service activation if the Group expects to recover those costs. Contract costs comprise sales commissions to dealers and to own salesforce which can be directly attributed to an acquired or retained contract. Contract costs are classified as intangible assets in the consolidated financial statements. The asset is amortised on a straight line basis over the customer life time it relates to consistent with the pattern of recognition of the associated revenue.

Revenue - Accounting policies applied until 31 December 2017

The Group adopted 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 1 January, 2018, to retained earnings and not restate prior years. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Accounting policies that changed on adoption of IFRS 15 are as follows. The Group's new accounting policies are explained above.

Contract cost

Contract costs were capitalized under prepaid expenses and amortised on a straight line basis over the contact term.

(u) 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.

(v) 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(w) 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.

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.

(x) 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(y) 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.

(z) 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.

(aa) 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ab) 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.

(ac) 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.

(ad) Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly
- the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- the Group has the right to direct use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing the how and for what purpose the asset is used is predetermined, the Group has the right the use of asset if either:
 - the Group has the right to operate the asset or;
 - the Group designed the asset in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The Group recognizes a right-of use asset and a lease liability at the lease commencement date.

The right of use asset is initially recognized at cost comprising of:

- amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end date of the useful life of the right-of-use asset or the end date of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability (Note 28).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ad) Leases

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group' incremental borrowing rate. Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured (a) increasing the carrying amount to reflect interest on lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Group remeasures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the its incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments, including change to reflect changes in market rental rates following a market rent review, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Group use revised discount rate that reflects changes in the interest rate.

The Group recognises the amount of the remeasurement of lease liability as an adjustment to the right of use asset. Where the carrying amount of the right of use asset is reduced zero and there is further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ad) Leases (continued)

The Group as a Lessor

When the Group acts an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use-asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Leases - Accounting policies applied until 31 December 2017

The Group adopted IFRS 16 using modified retrospective approach - option 2 application under which the cumulative effect of initially applying the Standard recognised at the date of initial application at 1 January 2018. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Accounting policies that changed on adoption of IFRS 16 are as follows. The Group's new accounting policies are explained above.

Leases of property, plant and equipment where the group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised 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, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was 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 and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there was 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 were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

(ae) New standards and interpretations

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

This note explains the impact of the adoption of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases on the Group's consolidated financial statements.

The impacts of adoption of IFRS 9, IFRS 15 and IFRS 16 on the consolidated financial statements as at 31 December 2018 are stated as below. The adoptions of these standards do not have a significant impact on the consolidated other comprehensive income (OCI) and consolidated statement of cash flows.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

	31 December 2018 As reported	Effect Of Change Due to IFRS 9	Effect Of Change Due to IFRS 15	Effect Of Change Due to IFRS 16	31 December 2018 without Adoptions
Assets					
Property, plant and equipment	11,116,316	-	-	-	11,116,316
Right-of-use assets	1,649,602	-	-	1,649,602	-
Intangible assets	10,050,172	-	1,059,866	-	8,990,306
Investment properties	15,425	-	-	-	15,425
Trade receivables	115,001	(608)	(3,513)	-	119,122
Contract assets	3,513	-	3,513	-	-
Receivables from financial services	884,686	-	-	-	884,686
Deferred tax assets	152,732	-	-	14,696	138,036
Investments in equity accounted investees	19,413	-	-	-	19,413
Other non-current assets	421,306	(228)	(10,849)	(161,426)	593,809
Total non-current assets	24,428,166	(836)	1,049,017	1,502,872	21,877,113
Inventories	180,434	-	-	-	180,434
Trade receivables	2,505,990	49,567	(703,742)	6,926	3,153,239
Due from related parties	13,533	67	-	-	13,466
Receivables from financial services	3,286,243	(40,463)	-	-	3,326,706
Derivative financial instruments	1,356,062	-	-	-	1,356,062
Held to maturity investments	-	(51,863)	-	-	51,863
Financial asset at fair value through profit or loss	9,409	9,409	-	-	-
Financial asset at fair value through other comprehensive income	42,454	42,454	-	-	-
Contract assets	711,928	-	711,928	-	-
Cash and cash equivalents	7,419,239	(2,364)	-	-	7,421,603
Other current assets	1,091,512	87	(137,997)	(312,872)	1,542,294
Subtotal	16,616,804	6,894	(129,811)	(305,946)	17,045,667
Assets classified as held for sale	1,720,305	-	-	-	1,720,305
Total current assets	18,337,109	6,894	(129,811)	(305,946)	18,765,972
Total assets	42,765,275	6,058	919,206	1,196,926	40,643,085
Equity					
Share capital	2,200,000	-	-	-	2,200,000
Share premium	269	-	-	-	269
Treasury shares (-)	(141,534)	-	-	-	(141,534)
Additional paid in capital	35,026	-	-	-	35,026
Reserves	2,503,537	(154)	8,958	(740)	2,495,473
Remeasurements of employee termination benefit	(34,871)	-	-	-	(34,871)
Retained earnings	11,359,317	4,989	667,946	(71,464)	10,757,846
Total equity attributable to equity holders of Turkcell İletişim Hizmetleri AS ("the Company")	15,921,744	4,835	676,904	(72,204)	15,312,209
Non-controlling interests	131,810	-	-	-	131,810
Total equity	16,053,554	4,835	676,904	(72,204)	15,444,019

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

	31 December 2018 As reported	Effect Of Change Due to IFRS 9	Effect Of Change Due to IFRS 15	Effect Of Change Due to IFRS 16	31 December 2018 without Adoptions
Liabilities					
Borrowings	13,119,636	-	-	902,285	12,217,351
Employee benefit obligations	224,747	-	-	-	224,747
Provisions	268,722	-	-	-	268,722
Deferred tax liabilities	862,360	1,223	193,854	-	667,283
Contract liabilities	131,598	-	131,598	-	-
Other non-current liabilities	364,610	-	(102,887)	-	467,497
Total non-current liabilities	14,971,673	1,223	222,565	902,285	13,845,600
Borrowings	7,035,909	-	-	366,845	6,669,064
Current tax liabilities	133,597	-	-	-	133,597
Trade and other payables	3,788,174	-	1,786	-	3,786,388
Due to related parties	45,331	-	17,951	-	27,380
Contract liabilities	255,756	-	255,756	-	-
Deferred revenue	8,948	-	(255,756)	-	264,704
Provisions	307,068	-	-	-	307,068
Derivative financial instruments	165,265	-	-	-	165,265
Total current liabilities	11,740,048	-	19,737	366,845	11,353,466
Total liabilities	26,711,721	1,223	242,302	1,269,130	25,199,066
Total equity and liabilities	42,765,275	6,058	919,206	1,196,926	40,643,085

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

	31 December 2018 As reported	Effect Of Change Due to IFRS 9	Effect Of Change Due to IFRS 15	Effect Of Change Due to IFRS 16	31 December 2018 without Adoptions
Revenue	20,350,557	-	(18,132)	-	20,368,689
Revenue from financial services	941,918	-	308	-	941,610
Total revenue	21,292,475	-	(17,824)	-	21,310,299
Cost of revenue	(13,785,448)	-	(329,447)	51,098	(13,507,099)
Cost of revenue from financial services	(360,545)	-	-	-	(360,545)
Total cost of revenue	(14,145,993)	-	(329,447)	51,098	(13,867,644)
Gross profit	6,565,109	-	(347,579)	51,098	6,861,590
Gross profit from financial services	581,373	-	308	-	581,065
Total gross profit	7,146,482	-	(347,271)	51,098	7,442,655
Other income	241,435	-	-	35,012	206,423
Selling and marketing expenses	(1,626,714)	141,527	523,210	51,208	(2,342,659)
Administrative expenses	(673,370)	225,778	-	50,724	(949,872)
Net impairment losses on financial and contract assets	(346,390)	(346,390)	-	-	-
Other expenses	(381,582)	-	-	(44,431)	(337,151)
Operating profit	4,359,861	20,915	175,939	143,611	4,019,396
Finance income	1,932,133	-	-	892	1,931,241
Finance costs	(3,619,091)	(14)	-	(230,663)	(3,388,414)
Net finance costs	(1,686,958)	(14)	-	(229,771)	(1,457,173)
Share of profit of equity accounted investees	(87)	-	-	-	(87)
Profit before income tax	2,672,816	20,901	175,939	(86,160)	2,562,136
Income tax expense	(495,481)	(4,764)	(38,015)	14,696	(467,398)
Profit for the period	2,177,335	16,137	137,924	(71,464)	2,094,738
Profit for the year is attributable to:					
Owners of the Company	2,021,065	16,137	137,924	(71,464)	1,938,468
Non-controlling interests ⁽¹⁾	156,270	-	-	-	156,270
Total	2,177,335	16,137	137,924	(71,464)	2,094,738
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	0.93	0.01	0.06	(0.03)	0.89

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (continued)

IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has taken 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 are recognized in retained earnings and reserves as at 1 January 2018.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements as stated below:

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	1 January 2018
Retained Earnings Opening – 31 December 2017	11,312,276
Increase in provision for receivables from financial services	(52,951)
Decrease in provision for other financial assets	38,384
Deferred tax effect	3,419
Total impact of adoption in accordance with IFRS 9	(11,148)
Retained Earnings Opening – 1 January 2018 (Including IFRS 9- excluding IFRS 15)	11,301,128

On the date of initial application, 1 January 2018, the financial instruments of the Company were as follows, with any reclassifications noted;

Non-current financial assets	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
Trade receivables	Amortized cost	Amortized cost	155,634	154,392	(1,242)
Receivables from financial services	Amortized cost	Amortized cost	1,297,597	1,297,597	-
Held to maturity investments	Held to maturity	Amortized cost	654	654	-
Current financial assets					
Trade receivables	Amortized cost	Amortized cost	2,848,572	2,888,862	40,290
Due from related parties	Amortized cost	Amortized cost	5,299	5,522	223
Receivables from financial services	Amortized cost	Amortized cost	2,950,523	2,897,572	(52,951)
Derivatives	FVPL	FVPL	981,396	981,396	-
Cash and cash equivalents	Amortized cost	Amortized cost	4,712,333	4,711,452	(881)
Held to maturity investments	Held to maturity	Amortized cost	11,338	11,332	(6)
Current financial liabilities					
Derivatives	FVPL	FVPL	110,108	110,108	-

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (continued)

IFRS 9 Financial Instruments – Impact of adoption (continued)

Impairment of financial assets

The group recognizes impairment charges for financial assets that are subject to the expected credit loss model in accordance with IFRS 9 as below:

- Trade receivables resulting from operations
- Financial services receivables
- Cash and cash equivalents
- Financial investments
- Other receivables
- Other assets

Financial services receivables

On 1 January 2018, credit risks were assessed for these loans in accordance with the impairment methodology and TL (52,951) has been recognized under retained earnings.

The reconciliation of impairment provision and opening balances for financial services receivables as of 1 January 2018 is stated as below:

	1 January 2018
At 1 January 2018 (calculated under IAS 39)	72,992
Amounts restated through opening retained earnings	52,951
At 1 January 2018 (calculated under IFRS 9)	125,943
Current year provision at profit or loss statement – IFRS 9	190,509
Current year provision at profit or loss statement if IAS 39 was applied	202,998

Other financial assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for its financial assets comprising of trade receivables and contract assets.

The reconciliation of impairment provision and opening balances for other financial assets as of 1 January 2018 is stated as below:

	1 January 2018
At 1 January 2018 (calculated under IAS 39)	705,440
Amounts restated through opening retained earnings	(38,384)
At 1 January 2018 (calculated under IFRS 9)	667,056
Current year provision at profit or loss statement-IFRS 9	418,799
Current year provision at profit or loss statement if IAS 39 was applied	427,211

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (continued)

IFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group adopted 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 1 January 2018 to retained earnings and not restate prior years.

The impact of adoption of IFRS 15, “Revenue from contracts with customers” on retained earnings as of 1 January 2018 is stated as below:

	1 January 2018
Retained earnings 1 January 2018 - (including IFRS 9 effects-excluding IFRS 15 effects)	11,301,128
Recognition of asset for subscriber acquisition cost	830,011
Decrease in current assets and non-current assets	(132,920)
Deferred tax effect	(144,632)
Other	(22,437)
Adjustment to retained earnings from adoption of IFRS 15	530,022
Opening retained earnings 1 January 2018 - (including IFRS 9 and IFRS 15 effects)	11,831,150

Contract costs capitalized prior to IFRS 15 have been classified under prepaid expenses. As of 1 January 2018, contract costs excluding the new incremental costs amounting to 156,879 TL has been classified from prepaid expenses to intangible assets.

Details of contract costs and related accumulated depreciation for the period 1 January - 31 December 2018 has been disclosed under Note 12.

IFRS 16 Leases – Impact of adoption

Details of adoption on IFRS16 for the period 1 January - 31 December 2018 has been disclosed under Note 15.

The Group early adopted IFRS 16 with a date of initial application of 1 January 2018.

The Group adopted IFRS 16 using modified retrospective approach - option 2 application under which the cumulative effect of initially applying the Standard recognised at the date of initial application at 1 January 2018.

The amount of TL 542,179 of the right to use of the asset is attributable to the classification of the prepaid lease expenses accounted for under prepaid expenses before the application of IFRS 16.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (continued)

IFRS 16 Leases – Impact of adoption (continued)

On transition to IFRS 16, the Group elected to apply practical expedient to grandfather the assessment of which transitions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2018.

On transition the Group did not elect to apply recognition exemption for short-term leases by class of underlying assets and leases for low-value items which shall be applied lease-by-lease basis on both transition and subsequently.

As a lessee, the Group previously classified leases as operating and finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. At transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at 1 January 2018. The Group measured right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments under IFRS 16 modified retrospective approach option 2 application and used the following practical expedients;

- Group applied a single discount rate to a portfolio of leases with similar characteristics
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application

Used hindsight when determining the lease term when the contract contains options to renew or terminate the lease.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

ii) Standards, amendments and interpretations applicable as at 31 December 2018

- **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 amended standard will:
 - give all companies that issue insurance contracts the option to recognise 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.
- **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.
- **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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

iii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2018

- **Amendment to IFRS 9, 'Financial instruments'**; effective from annual periods beginning on or after 1 January 2019. This amendment confirms 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.
- **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.
- **IFRS 17, 'Insurance contracts'**; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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)

(ae) New standards and interpretations (continued)

iii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2018 (continued)

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
 - ii) clarify the explanation of the definition of material; and
 - iii) incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

The Company does not expected material impact of new standards and interpretations on Company's accounting policies.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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, financial asset at fair value through profit or loss, derivative financial instruments, trade receivables, receivables from financial services, due from related parties and other assets (Note 35).

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 a loss event. 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.

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 2018, guarantees of TL 4,988,580 were outstanding (31 December 2017: TL 3,720,954).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

3. Financial risk management (continued)

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 587,007 (2017: TL 603,553) 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 35) and cash and cash equivalents (Note 24) 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 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, EUR and RMB. 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 and as of 1 July 2018 the Company applies hedge accounting.

Foreign exchange risk arising from the net assets of the subsidiary Fintur is not managed by the Group.

Details of Company's foreign exchange risk is disclosed in Note 35.

(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 35) and to that extent are also exposed to the risk of future changes in market interest rates.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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.S. ("Turkcell Superonline"), Turkcell Satış ve Dijital İş Servisleri Hizmetleri A.S. ("Turkcell Satış"), group call center operations of Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.S. ("Turkcell Global Bilgi"), Turkcell Bilişim Servisleri A.S. ("Turkcell"), Turkcell Teknoloji Araştırma ve Geliştirme A.S. ("Turkcell Teknoloji"), Kule Hizmet ve İşletmecilik A.S. ("Global Tower"), Rehberlik Hizmetleri Servisi A.S. ("Rehberlik"), Turkcell Odeme Hizmetleri A.S. ("Turkcell Odeme") and Turkcell Gayrimenkul Hizmetleri A.S. ("Turkcell Gayrimenkul"). Turkcell International reportable segment includes the operations of Kıbrıs Mobile Telekomünikasyon Limited Şirketi ("Kıbrıs Telekom"), East Asian Consortium B.V. ("Eastasia"), Lifecell LLC ("lifecell"), Lifecell Ventures Coöperatif U.A ("Lifecell Ventures"), Beltel Telekomünikasyon Hizmetleri A.S. ("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") and Lifecell Digital Limited ("Lifecell Digital"). 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 A.Ş. ("Turkcell Finansman"), Turkcell Özel Finansman A.Ş. ("TÖFAŞ"), Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. ("Turkcell Enerji") Paycell LLC ("Paycell"), Turkcell Sigorta Aracılık Hizmetleri A.Ş. ("Turkcell Sigorta"), Türkiye'nin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş. ("Türkiye'nin Otomobili") and Sofra Kurumsal ve Ödüllendirme Hizmetleri A.Ş. ("Sofra").

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

4. Segment information (continued)

	Turkcell Turkey		Turkcell International		All other segments		Intersegment eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total segment revenue	18,265,777	15,450,136	1,456,980	1,067,078	1,933,831	1,187,454	(364,113)	(72,604)	21,292,475	17,632,064
Inter-segment revenue	(42,344)	(31,690)	(69,657)	(40,897)	(252,112)	(17)	364,113	72,604	-	-
Revenues from external customers	18,223,433	15,418,446	1,387,323	1,026,181	1,681,719	1,187,437	-	-	21,292,475	17,632,064
Adjusted EBITDA	7,534,291	5,593,837	612,697	263,962	665,470	374,314	(24,476)	(3,859)	8,787,982	6,228,254
Bad debt expense	(248,171)	49,468	(4,088)	(6,070)	(94,131)	(79,676)	-	-	(346,390)	(36,278)

	Turkcell Turkey		Turkcell International		All other segments		Intersegment eliminations		Consolidated	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
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 İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

4. Segment information (continued)

	2018	2017	2016
Profit for the period	2,177,335	2,037,759	1,543,803
<i>Add(Less):</i>			
Profit/(loss) from discontinued operations	-	-	42,164
Profit from continuing operations	2,177,335	2,037,759	1,585,967
Income tax expense	495,481	571,758	423,160
Finance income	(1,932,133)	(818,436)	(961,642)
Finance costs	3,619,091	1,141,302	1,134,441
Other income	(241,435)	(74,438)	(78,569)
Other expenses	381,582	773,329	312,801
Depreciation and amortization	4,287,974	2,596,980	2,203,351
Share of loss of equity accounted investees	87	-	-
Consolidated adjusted EBITDA	8,787,982	6,228,254	4,619,509

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.

	2018	2017	2016
Revenues			
Turkey	19,636,682	16,431,863	13,321,503
Ukraine	923,181	664,643	573,951
Belarus	293,181	209,884	149,005
Azerbaijan	268,471	174,021	108,329
Turkish Republic of Northern Cyprus	169,014	148,637	129,785
Germany	1,580	3,016	2,988
Netherlands	366	-	-
	21,292,475	17,632,064	14,285,561
Non-current assets		31 December 2018	31 December 2017
Turkey		21,037,351	18,098,228
Ukraine		2,751,277	1,408,783
Belarus		293,622	141,802
Turkish Republic of Northern Cyprus		177,380	138,371
Azerbaijan		-	13,663
Unallocated non-current assets		168,536	112,516
		24,428,166	19,913,363

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

5. Revenue

	Turkcell Turkey			Turkcell International			Other			Intersegment eliminations			Consolidated	
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017
Telecommunication services	16,752,587	14,236,174	12,126,395	1,281,595	952,246	796,225	-	-	-	56,485	72,604	72,604	17,977,697	15,115,816
Equipment revenues	1,337,495	1,089,699	579,820	101,350	69,801	44,532	-	-	-	-	-	-	1,438,845	1,159,500
Revenue from financial services	-	-	-	-	-	-	941,918	605,663	184,698	-	-	-	941,918	605,663
Call center revenues	-	-	-	9,763	7,706	7,084	211,195	224,973	191,480	17,786	-	-	203,172	232,679
Commission fees on betting business	-	-	-	-	-	-	200,315	181,886	176,167	-	-	-	200,315	181,886
Revenue from betting business	-	-	-	-	-	-	268,470	174,021	108,329	-	-	-	268,470	174,021
Other	175,695	124,263	81,377	64,272	37,325	26,851	311,933	911	1,249	289,842	-	-	262,058	162,499
Total	18,265,777	15,450,136	12,787,592	1,456,980	1,067,078	874,692	1,933,831	1,187,454	661,923	364,113	72,604	72,604	21,292,475	17,632,064

	Turkcell Turkey			Turkcell International			Other			Intersegment eliminations			Consolidated	
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016
Telecommunication services	14,236,174	12,126,395	10,883,974	952,246	796,225	726,044	-	-	-	72,604	38,646	38,646	15,115,816	12,883,974
Equipment revenues	1,089,699	579,820	524,352	69,801	44,532	44,532	-	-	-	-	-	-	1,159,500	624,352
Revenue from financial services	-	-	-	-	-	-	605,663	184,698	184,698	-	-	-	605,663	184,698
Call center revenues	-	-	-	7,706	7,084	7,084	224,973	191,480	191,480	17,786	-	-	232,679	198,564
Commission fees on betting business	-	-	-	-	-	-	181,886	176,167	176,167	-	-	-	181,886	176,167
Revenue from betting business	-	-	-	-	-	-	174,021	108,329	108,329	-	-	-	174,021	108,329
Other	124,263	81,377	61,377	37,325	26,851	26,851	911	1,249	1,249	289,842	-	-	162,499	109,477
Total	15,450,136	12,787,592	11,999,727	1,067,078	874,692	874,692	1,187,454	661,923	661,923	72,604	38,646	38,646	17,632,064	14,285,561

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

5. Revenue (continued)

	2018				
	Turkcell Turkey	Turkcell International	Other	Intersegment eliminations	Consolidated
Telecommunication Services	16,752,587	1,281,595	-	56,485	17,977,697
At a point in time	267,329	-	-	7,493	259,836
Over time	16,485,258	1,281,595	-	48,992	17,717,861
Equipment Related	1,337,495	101,350	-	-	1,438,845
At a point in time	1,330,808	101,350	-	-	1,432,158
Over time	6,687	-	-	-	6,687
Call Center	-	9,763	211,195	17,786	203,172
At a point in time	-	-	-	-	-
Over time	-	9,763	211,195	17,786	203,172
Commision fees on betting business	-	-	200,315	-	200,315
At a point in time	-	-	-	-	-
Over time	-	-	200,315	-	200,315
Revenue from betting business	-	-	268,470	-	268,470
At a point in time	-	-	-	-	-
Over time	-	-	268,470	-	268,470
Revenue from financial operations	-	-	941,918	-	941,918
At a point in time	-	-	38,955	-	38,955
Over time	-	-	902,963	-	902,963
All other segments	175,695	64,272	311,933	289,842	262,058
At a point in time	12,211	8,556	7,576	-	28,343
Over time	163,484	55,716	304,357	289,842	233,715
Total	18,265,777	1,456,980	1,933,831	364,113	21,292,475
At a point in time	1,610,348	109,906	46,531	7,493	1,759,292
Over time	16,655,429	1,347,074	1,887,300	356,620	19,533,183

6. Other income and expense

Other income amounted to TL 241,435, TL 74,438 and TL 78,569 for the years ended 31 December 2018, 2017 and 2016, respectively.

Other expenses amounted to TL 381,582, TL 773,329 and TL 312,801 for years ended 31 December 2018, 2017 and 2016, respectively.

Other income for the years ended 31 December 2018 mainly consist of reversal of legal provisions, gain on sale of investments and fixed assets and gain on modification of lease contract .

Other income for the years ended 31 December 2017 and 2016 mainly consist of gain on sale of fixed assets and reversal of legal provisions (Note 37).

Other expenses for the year ended 31 December 2018 mainly consist of donations and litigation expenses, loss on modification of lease contract.

Other income for the year ended 31 December 2017 and 2016 mainly consist of donations and litigation expenses (Note 37).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

7. Employee benefit expenses

	2018	2017	2016
Wages and salaries ^(*)	2,030,641	1,746,147	1,450,262
Employee termination benefits ^(**)	29,140	32,862	32,977
Defined contribution plans	9,361	8,107	7,722
	2,069,142	1,787,116	1,490,961

^(*) Wages and salaries include compulsory social security contributions, bonuses and share based payments.

^(**) Remeasurements of employee termination benefits for the years ended 31 December 2018, 2017 and 2016 amounting to TL (12,699), TL 3,738 and TL 34,532 respectively are reflected in other comprehensive income.

Employee benefit expenses are recognized in cost of revenue, selling and marketing expenses and administrative expenses.

8. Finance income and costs

Recognized in the statement of profit or loss:

	2018	2017	2016
Fair value gains on derivative financial instruments and interest	654,933	317,542	282,408
Cash flow hedges – reclassified to profit or loss	568,370	-	-
Interest income on bank deposits	395,045	278,599	158,206
Interest income on financial assets measured at amortized cost	204,191	185,004	445,943
Credit finance income	50,828	36,186	74,522
Other	58,766	1,105	563
Finance income	1,932,133	818,436	961,642
Net foreign exchange losses	(2,695,045)	(718,501)	(782,463)
Interest expenses for financial liabilities measured at amortized cost	(807,120)	(385,386)	(343,290)
Late payment interest expense	-	(29,115)	-
Other	(116,926)	(8,300)	(8,688)
Finance costs	(3,619,091)	(1,141,302)	(1,134,441)
Net finance costs	(1,686,958)	(322,866)	(172,799)

Finance incomes for the years ended 31 December 2018, 2017 and 2016 are mainly attributable to interest income on contracted handset sales, changes in fair value of derivative financial instruments, interest income on bank deposits and cash flow hedge.

Foreign exchange losses mainly include foreign exchange losses on borrowings and bonds issued amounting to TL 2,378,910 and TL 1,335,308 as of 31 December 2018.

Finance costs for year ended 31 December 2018 and 2017 mainly attributable to the financing costs of borrowings, foreign exchange losses from operating and financing activities.

Finance costs for year ended 2016 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

9. Income tax expense

	2018	2017	2016
Current income tax expense	(654,953)	(437,967)	(200,663)
Deferred income tax (expense)/credit	159,472	(133,791)	(222,497)
Total income tax expense	(495,481)	(571,758)	(423,160)

Income tax expense is attributable to profit from continuing operations.

Income tax relating to each component of other comprehensive income

2018	Before tax	Tax (expense)/ credit	Net of tax
Foreign currency translation differences	850,188	(226,667)	623,521
Change in cash flow hedge reserve	19,156	(4,214)	14,942
Change in cost of hedging reserve	(347,602)	76,472	(271,130)
Remeasurements of employee termination benefits	12,699	(2,794)	9,905
	534,441	(157,203)	377,238
2017			
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

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

9. Income tax expense (continued)

Reconciliation of income tax expense

	2018	2017	2016
Profit from continuing operations before income tax expense	2,672,816	2,609,517	2,009,127
(Loss) from discontinued operations before income tax expense	-	-	(42,164)
Profit before income tax expense	2,672,816	2,609,517	1,966,963
Tax at the Turkey's tax rate	(588,020)	(521,903)	(393,393)
Difference in overseas tax rates	7,617	4,133	(15,935)
Effect of exemptions ⁽¹⁾	198,160	73,916	104,244
Effect of amounts which are not deductible	(91,778)	(102,102)	(78,571)
Tax exemption from subsidiary sale ⁽²⁾	24,268	-	-
Utilization of previously unrecognized tax losses	-	-	1,253
Change in unrecognized deferred tax assets ⁽³⁾	(50,551)	(41,340)	(30,616)
Adjustments for current tax of prior years	2,510	11,280	(8,176)
Tax effect of investment in associate	-	-	-
Other	2,313	4,258	(1,966)
Total income tax expense	(495,481)	(571,758)	(423,160)

⁽¹⁾ Mainly comprises of research and development tax credit and the exemption effect of Fintur amounted to TL 76,164.

⁽²⁾ The Group's transfer of its total shareholding in Azerinteltek controlled by Inteltek to one of other shareholder of Azerinteltek, Baltech Investment LLC (Not 39)

⁽³⁾ Mainly comprises of tax losses for which no deferred tax asset has been recognized.

The Turkish entities within the Group are subject to corporate tax at the rate of 20%. 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. 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.

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.

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

9. Income tax expense (continued)

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.

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 to 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, under the scope of provisions of an applicable double taxation 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.

Pursuant to Article 10/13-h of Law No.7143 which was published in the Official Gazette dated 18 May 2018 and numbered 30425;

- for the resident real persons and institutions,
- Income from the sale of non-resident subsidiary shares,
- Participation income from non-resident subsidiaries,
- Commercial income through permanent establishment and permanent representatives abroad,

including those obtained until the date 31 October 2018, are exempted from income tax or corporation tax under condition that incomes are transferred from the effective date of Article until 31 December 2018. In accordance with the President Decision dated 29 August 2018 and numbered 48, the terms of the Article has been extended for 6 months. In this way, including those obtained until the date 30 April 2019, income from the sale of non-resident subsidiary's shares are exempted from corporation tax under condition that incomes are transferred until 30 June 2019.

- for the resident real persons and institutions, income from the liquidation of non-resident institutions are exempt from income tax or corporation tax under condition that incomes are transferred to Turkey until the date 31 December 2018. In accordance with the President Decision dated 29 August 2018 and numbered 48, the terms of the Article has been extended for 6 months. In this way, income from the liquidation of non-resident institutions are exempted from corporation tax under condition that incomes are transferred until 30 June 2019.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

10. Expenses by nature

Breakdown of expenses by nature for the years ended 31 December 2018, 2017 and 2016 is as follows:

Cost of revenue:

	2018	2017	2016
Depreciation and amortization	(4,287,974)	(2,596,980)	(2,203,351)
Treasury share	(1,884,556)	(1,669,807)	(1,491,503)
Interconnection and termination expenses	(1,763,414)	(1,607,079)	(1,420,233)
Employee benefit expenses	(1,202,485)	(1,046,544)	(859,143)
Cost of goods sold	(1,108,734)	(870,226)	(551,656)
Frequency expenses	(622,390)	(278,727)	(229,396)
Radio expenses	(508,884)	(844,941)	(828,222)
Cost of revenue from financial services ⁽¹⁾	(348,492)	(270,366)	(68,546)
Transmission expenses	(326,080)	(218,221)	(139,185)
Universal service fund	(256,454)	(221,431)	(192,045)
Roaming expenses	(226,806)	(177,258)	(128,429)
Billing and archiving expenses	(50,929)	(55,185)	(61,647)
Others	(1,558,795)	(1,493,409)	(1,063,251)
	(14,145,993)	(11,350,174)	(9,236,607)

⁽¹⁾ As at 31 December 2018, depreciation and amortization expenses includes depreciation and amortization expenses related to the financial services amounting to TL 12,053 (31 December 2017: TL 6,343; 31 December 2016: TL 1,677).

Selling and marketing expenses:

	2018	2017	2016
Selling expenses	(555,158)	(898,936)	(757,869)
Marketing expenses	(551,127)	(532,989)	(518,382)
Employee benefit expenses	(440,976)	(394,421)	(354,380)
Frequency usage fees related to prepaid subscribers ⁽¹⁾	-	(82,994)	(186,530)
Others	(79,453)	(96,080)	(93,786)
	(1,626,714)	(2,005,420)	(1,910,947)

⁽¹⁾ As of 31 December 2018, Frequency usage fees related to prepaid subscribers are shown under net impairment losses on financial and contract assets according to IFRS 9.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

10. Expenses by nature (continued)

Administrative expenses:

	2018	2017	2016
Employee benefit expenses	(425,681)	(346,151)	(277,438)
Travel and entertainment expenses	(38,406)	(30,957)	(18,913)
Consultancy expenses	(38,252)	(50,247)	(54,315)
Collection expenses	(37,525)	(20,415)	(20,827)
Maintenance and repair expenses	(26,867)	(24,342)	(20,315)
Rent expenses	-	(36,280)	(30,314)
Net impairment expense recognized on receivables	-	(36,278)	(211,384)
Other	(106,639)	(100,526)	(88,343)
	(673,370)	(645,196)	(721,849)

Net impairment losses on financial and contract assets:

	2018	2017
Net impairment losses on financial and contract assets	(346,390)	-
	(346,390)	-

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

11. Property, plant and equipment

Cost	Balance as at 1 January 2018	Additions	Disposals	Transfers	Impairment expenses/ (reversals)	Disposal of subsidiary	Effects of movements in exchange rates	Transfer to investment property	Balance as at 31 December 2018
Network infrastructure (All operational)	15,480,128	650,610	(232,888)	2,270,262	-	(15,081)	979,247	-	19,132,278
Land and buildings	786,058	28,828	(2,535)	156,540	-	-	6,831	(45,821)	929,901
Equipment, fixtures and fittings	728,202	59,311	(15,827)	10,712	-	(4,041)	25,143	-	803,500
Motor vehicles	37,216	3,121	(775)	-	-	(1,400)	1,944	-	40,106
Leasehold improvements	314,867	5,998	(547)	3,123	-	(1,639)	5,690	-	327,492
Construction in progress	672,294	2,260,360	(670)	(2,448,448)	(10,744)	-	39,295	-	512,087
Total	18,018,765	3,008,228	(253,242)	(7,811)	(10,744)	(22,161)	1,058,150	(45,821)	21,745,364
Accumulated depreciation									
Network infrastructure (All operational)	7,326,559	1,693,374	(218,894)	-	23,568	(6,887)	628,497	-	9,446,217
Land and buildings	209,918	50,514	(274)	-	9	-	4,686	(25,765)	239,088
Equipment, fixtures and fittings	539,827	77,694	(10,839)	-	49	(2,694)	29,470	-	633,507
Motor vehicles	31,306	2,637	(712)	-	-	(918)	1,917	-	34,230
Leasehold improvements	245,747	30,233	(547)	-	12	(1,639)	2,200	-	276,006
Total	8,353,357	1,854,452	(231,266)	-	23,638	(12,138)	666,770	(25,765)	10,629,048
Net book amount	9,665,408	1,153,776	(21,976)	(7,811)	(34,382)	(10,023)	391,380	(20,056)	11,116,316

Depreciation expenses for the years ended 31 December 2018, 2017 and 2016 amounting to TL 1,888,834, TL 1,499,242 and TL 1,278,009, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on property, plant and equipment for the years ended 31 December 2018, 2017 and 2016 are TL 34,382, TL 39,721 and TL 43,198, 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 6.8%, 10.0% and 9.9%, TL 75,054 and TL 66,513 and TL 76,899 for the years ended 31 December 2018, 2017 and 2016 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

11. Property, plant and equipment (continued)

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

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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 195,425 at 31 December 2018 (31 December 2017: TL 241,407) 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 397,543 at 31 December 2018 (31 December 2017: TL 436,014) 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.

The carrying amount of the 4.5G License is TL 4,125,743 at 31 December 2018 (31 December 2017: TL 4,528,254).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

12. Intangible assets (continued)

Cost	Balance at 1 January 2018	Impact of IFRS 15 adaptation	Additions	Disposals	Transfers	Impairment	Disposal of subsidiary	Effects of movements in exchange rates	Balance at 31 December 2018
Telecommunication licenses	8,139,628	-	6,394	(220,986)	466,379	-	-	33,1583	8,722,998
Computer software	7,117,116	-	1,175,040	(4,822)	159,453	-	(18,370)	110,621	8,539,038
Transmission line software	71,820	-	1,319	-	-	-	-	-	73,139
Central betting system operating right	11,981	-	-	-	-	-	-	-	11,981
Indefeasible right of usage	112,556	-	5,062	-	-	-	-	-	117,618
Brand name	7,040	-	-	-	-	-	-	-	7,040
Customer base	15,512	-	-	-	-	-	-	-	15,512
Goodwill	32,834	-	-	-	-	-	-	-	32,834
Subscriber acquisition cost	-	1,431,901	583,809	-	-	-	-	18,343	2,034,053
Other	42,749	-	7,473	(37)	11	-	(191)	-	50,005
Construction in progress	127,637	-	485,815	-	(618,032)	-	-	22,587	18,007
Total	15,676,873	1,431,901	2,264,912	(225,845)	7,811	-	(18,561)	483,134	19,622,225
Accumulated amortization									
Telecommunication licenses	2,419,230	-	533,311	(184,582)	-	-	-	180,276	2,948,235
Computer software	4,770,880	-	663,967	(3,071)	-	3,232	(12,793)	59,680	5,481,895
Transmission line software	62,468	-	4,549	-	-	-	-	-	67,017
Central betting system operating right	11,491	-	583	-	-	-	-	-	12,074
Indefeasible right of usage	23,274	-	8,581	-	-	-	-	-	31,855
Brand name	6,512	-	528	-	-	-	-	-	7,040
Customer base	11,774	-	437	-	-	-	-	-	12,211
Subscriber acquisition cost	-	601,890	360,232	-	-	-	-	12,078	974,200
Other	32,834	-	4,899	(31)	-	-	(176)	-	37,526
Total	7,338,463	601,890	1,577,087	(187,684)	-	3,232	(12,969)	252,034	9,572,053
Net book amount	8,340,410	830,011	687,825	(38,161)	7,811	(3,232)	(5,592)	231,100	10,050,172

Amortization expenses for the years ended 31 December 2018, 2017 and 2016 amounting to TL 1,580,319; TL 1,095,401 and TL 921,812, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on intangible assets for the years ended 31 December 2018, 2017 and 2016 are TL 3,232, TL 1,986 and TL 3,181 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 171,442 for the year ended 31 December 2018 (31 December 2017: TL 124,504). The amortization expenses related to capitalized software development costs for the years ended 31 December 2018, 2017 and 2016 amounting to TL 40,934, TL 37,532 and TL 30,148, respectively are recognized in cost of revenue.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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 2018. None of these CGUs contains goodwill or an intangible asset with an indefinite useful life.

lifecell

At 31 December 2018, 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 2017: +0.5%/-0.5%).

The assumptions used in recoverable amount calculations of lifecell for the year 2018 and 2017 were respectively:

A post-tax WACC rate of 27.0% for the period from 2019 to 2024, a post-tax WACC rate of 26.3% for the period after 2024 and a terminal growth rate of 5.3% were used to extrapolate cash flows beyond the 6-year forecasts period based on the business plans.

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.

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 2018, 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 2017: +0.5%/-0.5%).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

13. Impairment of assets (continued)

The assumptions used in recoverable amount calculations of Belarusian Telecom for the year 2018 and 2017 were respectively:

A post-tax WACC rate of 22.8% for the period from 2019 to 2024, a post-tax WACC rate of 22.4% for the period after 2024, and a terminal growth rate of 5.0% were used to extrapolate cash flows beyond the 6-year forecast period based on the business plan.

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.

As the recoverable amount of Belarusian Telecom was higher than its carrying amount, no impairment charge was recognized.

Turkcell Superonline

As at 31 December 2018, the aggregate carrying amount of goodwill allocated to Turkcell Superonline is TL 32,834 (31 December 2017: TL 32,834). No impairment test was performed for goodwill allocated to Turkcell Superonline on the grounds of materiality.

14. Investment properties

	31 December 2018	31 December 2017
Cost		
Opening balance	99,938	165,472
Disposal	-	(940)
Transfer to property, plant and equipment ⁽¹⁾	45,821	(64,594)
Closing balance	145,759	99,938
Accumulated depreciation		
Opening balance	(98,958)	(119,202)
Transfer to property, plant and equipment	(25,765)	22,366
Depreciation and impairment charges during the year	(5,611)	(2,337)
Disposal	-	215
Other	-	-
Closing balance	(130,334)	(98,958)
Net book amount	15,425	980

⁽¹⁾ During the year ended 31 December 2017, the Group transferred its building located in Istanbul, Tepebasi 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 experts, authorized by the Capital Markets Board of Turkey, to perform the valuation of investment properties. Management works closely with the qualified external experts 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

14. Investment properties (continued)

Rent income from investment properties during the year ended 31 December 2018 is TL 3,092 (31 December 2017: TL 2,821 and 31 December 2016: TL 2,317). There is no direct operating expense for investment properties during the year ended 31 December 2018 (31 December 2017: TL 22 and 31 December 2016: TL 22).

The Group's investment properties and their fair values at 31 December 2018 and 2017 are as follows:

31 December 2018	Level 1	Level 2	Level 3	Valuation Method
Investment properties in Gebze	-	-	17,960	Income capitalization approach
Investment properties in Ankara	-	-	15,915	Market approach
Investment properties in Istanbul	-	-	13,800	Market approach
Investment properties in Aydın	-	-	2,110	Market approach
	-	-	49,785	
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	

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

15. Right of use assets

As of 1 January 2018, The Company provided a right of use asset equal to the lease liability adjusted for prepaid or accrued rent payments. In accordance with this methodology, application of IFRS 16 does not have an impact on the Group's retained earnings as of 1 January 2018.

Closing balances of right of use assets as of 1 January and 31 December 2018 and depreciation and amortization expenses for the years ended 31 December 2018 is stated as below:

	Tangible				Intangible		Total
	Site Rent	Building	Network equipment	Other	Right of way	License	
Balance at 1 January	1,077,517	146,826	226,243	115,652	12,321	-	1,578,559
Depreciation and amortization charge for the year	(451,850)	(43,563)	(181,741)	(81,325)	(6,458)	(48,273)	(813,210)
Balance at 31 December	1,021,638	135,158	50,538	109,883	8,643	323,742	1,649,602

As at 31 December 2018, additions to right of use assets amount to TL 1,156,973 and interest expense on lease liabilities is TL 210,200.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

16. Asset held for sale and discontinued operations

Disposal of Fintur

In 2016, the Group has committed to plan to exit from Fintur operations in relevant jurisdictions and initiated an active program to locate a buyer for its associate. In this regard, Fintur has been classified as held for sale and reported as discontinued operation starting from 1 October 2016.

Equity accounting for Fintur ceased starting 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 to sell.

The delay during 2018 in the sales process was caused by events and circumstances beyond the Company's control.

Fintur, has transferred its total shareholding in Azertel Telekomunikasyon Yatırım Dış Ticaret A.Ş. ("Azertel") to Azerbaijan International Telecom LLC ("Azintelecom") at the price of EUR 221,687 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.

Fintur has completed the transfer of all its shares 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.

Fintur, has transferred its total shareholding in Kcell JSC to Kazakhtelecom JSC ("Kazakhtelecom"), established in Kazakhstan, a fixed line operator controlled by the government of the Republic of Kazakhstan through sovereign wealth fund Samruk-Kazyna for a total consideration of USD 302,571. The definitive agreement has been signed on 12 December 2018. The transfer of shares to Kazakhtelecom and the transfer of proceeds to Fintur were completed simultaneously on 21 December 2018. The transaction has no impact on consolidated financial statements since Fintur is classified as "assets held for sale" in the statement of financial position.

The Company has signed the definitive agreement on 12 December 2018 to transfer its total shareholding in Fintur to other shareholder of Fintur, Sonera Holding B.V. ("Sonera Holding"). Transfer to Sonera Holding will be completed subsequent to obtaining of regulatory approvals, the value of transaction will be finalized on closing date of the transaction. Closing is expected in 2019.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

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
Revenue	617,214
Cost of sales	(369,104)
Gross profit	248,110
Selling and marketing expenses	(69,983)
General and administrative expenses	(69,818)
Other operating (expenses), net	(31,258)
Operating profit	77,051
Finance (expense)/income, net	(61,203)
Profit before income tax	15,848
Total income tax	(30,947)
(Loss)/profit for period	(15,099)
Attributable to:	
-owners of the parent	(28,695)
-non-controlling interests	13,596
(Loss)/profit for period	(15,099)

17. Other non-current assets

	2018	2017
Advances given for property, plant and equipment	216,894	12,078
Prepaid expenses	89,603	197,431
Receivables from the Public Administration	72,848	72,848
Deposits and guarantees given	27,071	23,999
VAT receivable	2,318	4,429
Others	12,572	45,835
	421,306	356,620

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

18. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities at 31 December 2018 and 2017 are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
Property, plant and equipment and intangible assets ⁽¹⁾	106,128	41,903	(936,167)	(680,134)	(830,039)	(638,231)
Investment	32,926	32,926	-	-	32,926	32,926
Derivative instruments	15,380	1,492	(429,162)	(182,806)	(413,782)	(181,314)
Reserve for employee termination benefits and provisions	155,132	202,112	(45,581)	(64)	109,551	202,048
Asset classified as held for sale	-	-	-	(92,327)	-	(92,327)
Tax losses carried forward	224,179	-	-	-	224,179	-
Tax allowances	20,554	10,775	-	-	20,554	10,775
Other assets and liabilities ⁽²⁾	248,251	545,968	(101,268)	(434,907)	146,983	111,061
Deferred tax assets/(liabilities)	802,550	835,176	(1,512,178)	(1,390,238)	(709,628)	(555,062)
Offsetting	(649,818)	(739,116)	649,818	739,116	-	-
Net deferred tax assets/(liabilities)	152,732	96,060	(862,360)	(651,122)	(709,628)	(555,062)

⁽¹⁾The impact of adoption of IFRS 15, "Revenue from contracts with customers" is accounted under Property, plant and equipment and intangible assets (Not 2)

⁽²⁾Mainly comprises of loans and bonds' deferred tax assets.

Movement in deferred tax assets/ (liabilities) for the years ended 31 December 2018 and 2017 were as follows:

	2018	2017
Opening balance	(555,062)	(406,905)
IFRS 9 and 15 effects	(141,213)	-
Income statement charge	159,472	(133,791)
Tax charge relating to components of other comprehensive income	(157,203)	(6,449)
Prior year corporate tax base differences	(8,608)	(2,729)
Exchange differences	(7,014)	(5,188)
Closing balance, net	(709,628)	(555,062)

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

18. Deferred tax assets and liabilities (continued)

The Group did not recognise deferred income tax assets of TL 5,310,000 in respect of tax losses amounting to TL 972,730 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
2019	808
2020	581
2021	646
2022	368,109
2023	172,264
2024	303,045
2025	1,023,650
2026	47,466
2027	488,572
2028	308,541
Indefinite	2,596,318
Total	5,310,000

19. Trade receivables and accrued revenue

	31 December 2018	31 December 2017
Receivables from subscribers	1,634,427	1,369,948
Accounts and notes receivable	560,665	498,397
Undue assigned contracted receivables	271,306	347,596
Accrued revenue	-	632,631
Other	39,592	-
	2,505,990	2,848,572

Trade receivables are shown net of provision for impairment amounting to TL 738,181, at 31 December 2018 (31 December 2017: TL 705,213). Movements in provision for impairment of trade receivables and due from related parties are disclosed in Note 35. 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 35.

Letters of guarantee received with respect to the accounts and notes receivable amounted to TL 174,975 and TL 339,543 at 31 December 2018 and 2017, 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. The undue assigned contracted receivables related to handset campaigns, which will be billed after one year is presented under non-current trade receivable amounting to TL 115,001.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

20. Receivables from financial services

	31 December 2018	31 December 2017
Current receivables from financial services	3,286,243	2,950,523
Non-current receivables from financial services	884,686	1,297,597
	4,170,929	4,248,120

Movements in provision for impairment of receivables from financial services are disclosed in Note 35.

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. Contract assets

Current contract assets:

	31 December 2018	31 December 2017
Contract assets	711,928	-
	711,928	-

Non-current contract assets:

	31 December 2018	31 December 2017
Contract assets	3,513	-
	3,513	-

The contract assets represents contract assets 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 long term contract assets.

22. Inventory

As of 31 December 2018 inventories amounting to TL 180,434 which consist of mainly mobile phone, modem, tablet, sim card and tower construction materials (31 December 2017: TL 104,102).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

23. Other current assets

	31 December 2018	31 December 2017
Receivables from the Ministry of Transport and Infrastructure of Turkey	415,524	143,669
Restricted cash	204,077	183,806
Advances given to suppliers	92,715	55,754
Receivables from tax office	83,392	93,917
Prepaid expenses	79,149	322,388
VAT receivable	65,123	38,934
Subscriber acquisition costs	-	138,177
Special communication tax to be collected from subscribers	-	38,318
Other	151,532	145,642
	1,091,512	1,160,605

As at 31 December 2018, restricted cash amounting to TL 204,077 represents the deposits as guarantees in connection with the foreign currency loans utilized by Turkcell Finansman.

24. Cash and cash equivalents

	31 December 2018	31 December 2017
Cash in hand	144	192
Banks	7,413,113	4,712,141
- Demand deposits	587,007	603,553
- Time deposits	6,826,106	4,108,588
Other cash and cash equivalents	5,982	-
Cash and cash equivalents	7,419,239	4,712,333

As at 31 December 2018, the average effective interest rates of TL, USD and EUR time deposits are 22.5%, 5.9% and 3.3% (31 December 2017: 14.3%, 5.8% and 2.2%) respectively.

As at 31 December 2018, average maturity of time deposits is 35 days (31 December 2017: 32 days).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

25. Equity

Share capital

As at 31 December 2018, share capital represents 2,200,000,000 (31 December 2017: 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 is entitled to one vote at a meeting in person or by proxy.

Companies with their shareholding percentage are as follows:

	31 December 2018		31 December 2017	
	(%)	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 2018, total number of shares pledged as security is 995,509 (2017: 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.

Treasury shares

During 2018, the Company purchased 8,434,204 of its shares on-market with prices ranging from full TL 10.01 to full TL 12.33. The buy-back was approved by the Board of Directors on 27 July 2016 and 30 January 2017. Total cost of TL 94,620 was deducted from equity (2017: None).

Dividends

Turkcell:

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

25. Equity (continued)

Dividends (continued)

Turkcell (continued):

On 29 March 2018, the Company's General Assembly has approved a dividend distribution for the year ended 31 December 2017 amounting to TL 1,900,000; this represents a gross cash dividend of full TL 0.86364 per share. The Company paid TL 1,900,000 in total including withholding taxes in three instalments on 18 June, 17 September and 17 December 2018 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.

According to Board of Directors Resolution of Inteltek dated 18 December 2017 the advanced dividend payment has been made in January 2018 amounting to TL 28,402 for the first nine months of 2017 profit. According to the resolution of the Ordinary General Assembly Meeting of Inteltek dated 30 March 2018, the shareholders resolved to pay a dividend amount equal to TL 60,011 out of profits for the year ended 31 December 2017 (remaining amount after deducting interim dividends for the nine-month period ended 30 September 2017 amounting to TL 28,402) and a dividend out legal reserves amount equal to TL 9,507. The aggregate amount of dividends has been paid on May 2018.

Azerinteltek:

According to the resolution of the General Assembly Meeting of Azerinteltek dated 10 April 2017 and 30 April 2018, Board of Directors have decided to pay dividend amounting to AZN 34,797 (31 December 2018: TL 56,111) from the profit realized for the last quarter of 2017, first and second quarter of 2018. Dividend payment was made in 2018.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

26. Earnings per share

	2018	2017	2016
Numerator:			
Profit attributable to owners of the Company	2,021,065	1,979,129	1,492,088
Denominator:			
Weighted average number of shares ⁽¹⁾	2,184,750,233	2,193,184,437	2,193,184,437
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	0.93	0.90	0.68

⁽¹⁾ Refer to Note 25 - Treasury shares

	2018	2017	2016
Numerator:			
Profit from continuing operations attributable to owners of the Company	2,021,065	1,979,129	1,534,252
Denominator:			
Weighted average number of shares ⁽¹⁾	2,184,750,233	2,193,184,437	2,193,184,437
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	0.93	0.90	0.70

⁽¹⁾ Refer to Note 25 - Treasury shares

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

27. Other non-current liabilities

	2018	2017
Consideration payable in relation to the acquisition of Belarusian Telecom	358,304	323,691
Deferred revenue	2,497	85,646
Deposits and guarantees received from dealers	3,809	-
	364,610	409,337

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 526,090 as of 31 December 2018) 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 2023 (31 December 2017: the first quarter of 2021). Discount rate used for calculating present value of the consideration payable in relation to the acquisition of Belarusian Telecom as of 31 December 2018 is 9.5% (31 December 2017: 4.8%).

28. Loans and borrowings

	31 December 2018	31 December 2017
Non-current liabilities		
Unsecured bank loans	7,244,992	6,376,981
Secured bank loans	1,862	2,368
Finance lease liabilities	-	108,164
Lease liabilities	1,026,955	-
Debt securities issued	4,845,827	1,770,482
	13,119,636	8,257,995
Current liabilities		
Unsecured bank loans	3,737,393	2,643,112
Current portion of unsecured bank loans	2,544,462	1,513,425
Current portion of secured bank loans	2,318	2,022
Current portion of finance lease liabilities	-	14,556
Current portion of lease liabilities	20,156	-
Current portion of long-term debt securities issued	289,738	105,039
Debt securities issued	74,997	-
Lease liabilities	366,845	-
	7,035,909	4,278,154

The sale process of the bond issuance of the Company with an aggregate principal amount of USD 500,000, 10 year maturity, a redemption date of 11 April 2028 and a re-offer price of 97.8 % with a fixed coupon rate of 5.80% per annum to qualified investors abroad was completed on 11 April 2018 and the notes are listed on the official list of Euronext Dublin (Irish Stock Exchange).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

28. Loans and borrowings (continued)

The scope of the EUR 690,000 unutilized portion of the EUR 750,000 loan agreement signed with China Development Bank (CDB) has been expanded. In this respect, in addition to Turkcell, the Company's subsidiaries Turkcell Superonline, Turkcell Finansman 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 USD and Renminbi (RMB) with respective annual interest rates of LIBOR + 2.2% and 5.5%. There have been no changes to maturity and the repayment schedule of the loan. As at 31 December 2018, the Company has utilized RMB 251,089 (equivalent to TL 191,337 as at 31 December 2018), USD 140,000 (equivalent to TL 736,526 as at 31 December 2018) and EUR 100,000 (equivalent to TL 602,800 as at 31 December 2018) comparatively, under this agreement.

One of the main reason of increase in borrowings arises from funds received by Turkcell Finansman in order to provide loans to its customers and bond issuance.

Within the scope of buy-back decisions on 27 July 2016 and 30 January 2017, the Company purchased their debt securities issued with a total nominal value of USD 15,500 as at 31 December 2018.

In the year 2018, the Company has approved issuance of management agreement based lease certificates in accordance with capital markets legislation through KT Sukuk Varlık Kiralama A.S. in the domestic market, in Turkish Lira terms, at an amount of up to TL 300,000, on various dates and at various amounts without public offering, as private placement and/or to be sold to institutional investors. As at 31 March 2018, the Company has issued management agreement based lease certificates amounting to TL 125,000 (not discounted), as at 30 September 2018, issued management agreement based lease certificates was redeemed. As at 31 December 2018, the Company has issued management agreement based lease certificates through KT Sukuk Varlık Kiralama A.S amounting to TL 75,000 (not discounted).

In the year 2019, the Company has approved issuance of management agreement based lease certificates in accordance with capital markets legislation in the domestic market, in Turkish Lira terms, at an amount of up to TL 500,000, on various dates and at various amounts without public offering, as private placement and/or to be sold to institutional investors.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

28. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

	31 December 2018				31 December 2017			
	Currency	Interest rate type	Nominal interest rate	Payment period	Carrying amount	Nominal interest rate	Payment period	Carrying amount
Unsecured bank loans ⁽¹⁾	USD	Floating	Libor+2.0%- Libor+4.1%	2019-2026	4,589,157	Libor+2.0%- Libor+3.3%	2018-2020	2,880,615
Unsecured bank loans ⁽¹⁾	EUR	Floating	Euribor+1.2%- Euribor+3.4%	2019-2026	6,975,890	Euribor+1.2%- Euribor+2.2%	2018-2026	5,511,579
Unsecured bank loans	TL	Fixed	12.6%-25.0%	2019	873,914	11.1%-15.5%	2018-2019	1,620,391
Unsecured bank loans	UAH	Fixed	21.5%-22.5%	2019	894,511	11%-14.5%	2018	520,933
Unsecured bank loans	RMB	Fixed	5.5%	2019-2026	193,375	-	-	-
Secured bank loans ⁽¹⁾	BYN	Fixed	12-16%	2019-2020	4,180	12%-16%	2018-2020	4,390
Debt securities issued	USD	Fixed	5.8%	2019-2028	5,135,565	5.8%	2018-2025	1,875,521
Debt securities issued	TL	Fixed	24.5%	2019	74,997	-	-	-
Finance lease liabilities	EUR	Fixed	-	-	-	3.4%	2018-2024	116,797
Finance lease liabilities	USD	Fixed	-	-	-	22.5%	2018	41
Finance lease liabilities	TL	Fixed	-	-	-	27.5%-27.7%	2018-2020	5,882
Lease liabilities	EUR	Fixed	10.0%-7.9%	2019-2031	194,645	-	-	-
Lease liabilities	TL	Fixed	16.1%-45.0%	2019-2048	719,718	-	-	-
Lease liabilities	USD	Fixed	3.9%-10.8%	2019-2027	40,351	-	-	-
Lease liabilities	UAH	Fixed	16.6%-24.0%	2019-2067	418,390	-	-	-
Lease liabilities	BYN	Fixed	12.0%-15.0%	2019-2028	40,852	-	-	-
					20,155,545			12,536,149

⁽¹⁾ Turkcell Finansman's liabilities originated from banks abroad are subject to certain reserve requirements as obliged by Central Bank of the Republic of Turkey (CBRT). As at 31 December 2018, blocked deposit in connection with the foreign currency loans utilized by Turkcell Finansman from banks outside of Turkey amounting to TL 204,077 is accounted in other current assets.

⁽²⁾ 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 36)

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

28. Loans and borrowings (continued)

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 35.

29. Employee benefits

	31 December 2018	31 December 2017
Retirement pay liability provision	160,613	149,449
Unused vacation provision	64,134	48,217
	224,747	197,666

Provision for annual leave

As 31 December 2018 and 2017, provision for annual leave amounted to TL 64,134 and TL 48,217, respectively.

Provision for employee termination benefits

Movements in provision for employee termination benefits are as follows:

	2018	2017
1 January	149,449	120,755
Service cost	26,971	32,696
Remeasurements	(12,699)	3,738
Interest expense	16,957	13,877
Benefit payments	(20,065)	(21,617)
31 December	160,613	149,449

The sensitivity of provision for employee termination benefits to changes in the significant actuarial assumptions is:

31 December 2018	Discount Rate		Inflation Rate	
	1% increase	1% decrease	1% increase	1% decrease
Sensitivity Level				
Change in assumption	(13.0%)	15.7%	16.5%	(13.7%)
Impact on provision for employee termination benefits	(20,880)	25,216	26,501	(22,004)

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

29. Employee benefits (continued)

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)

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 9,361, TL 8,107 and TL 7,722 in relation to defined contribution retirement plan for the years ended 31 December 2018, 2017 and 2016, 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 2018, the Group recognized expenses of TL 26,224 regarding this plan (31 December 2017: TL 29,413).

30. Deferred revenue

Deferred revenue primarily consists of loan application fee and it is classified as current at 31 December 2018 and 2017. The amount of deferred revenue is TL 8,948 and TL 193,381 as at 31 December 2018 and 2017, respectively.

31. Contract liabilities

Current contract liabilities:

	31 December 2018	31 December 2017
Contract liabilities	255,756	-
	255,756	-

Non-current contract liabilities:

	31 December 2018	31 December 2017
Contract liabilities	131,598	-
	131,598	-

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

31. Contract liabilities (continued)

Contract liabilities primarily consists of right of use sold but not used by prepaid subscribers. The following table shows unrealized performance obligation result as of 31 December, 2018;

	31 December 2018
Mobile telecommunications service	101,006
Other ⁽¹⁾	429,889
Total	530,895

⁽¹⁾ In consist of Hospital Revenue

Management expects that 75% of the transaction price allocated to the unsatisfied contracts at of 31 December 2018 will be recognized as revenue during the next reporting period. The remaining 25% will be recognized in the 2019 financial year.

Revenue recognized in the current reporting period relates to carried forward contract liabilities is TL181,710.

32. Provisions

Non-current provisions:

	Legal claims	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2018	8,887	188,531	197,418
Provisions recognized	5,859	47,580	53,439
Unwinding of discount	-	9,760	9,760
Transfer to current provisions	(5,382)	-	(5,382)
Effect of changes in exchange rates	-	13,487	13,487
Balance at 31 December 2018	9,364	259,358	268,722

	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

Provision for legal claims are recognized for the probable cash outflows related to legal disputes. Refer to Note 37.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

32. Provisions (continued)

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.

Obligations for dismantling, removing and site restoration are discounted using a discount rate of 5.1% at 31 December 2018 (31 December 2017: 5.6%).

Current provisions:

	Legal claims	Bonus	Total
Balance at 1 January 2018	605,679	229,520	835,199
Provisions recognized/(reversed)	(3,520)	408,740	405,220
Payments	(626,214)	(338,650)	(964,864)
Transfers from non-current provisions	5,381	-	5,381
Unwinding of discount	26,185	-	26,185
Disposal of subsidiaries	-	(2,070)	(2,070)
Effect of changes in exchange rates	1,082	935	2,017
Balance at 31 December 2018	8,593	298,475	307,068

	Legal claims	Bonus⁽¹⁾	Other	Total
Balance at 1 January 2017	18,266	173,391	785	192,442
Provisions recognized/(reversed) ⁽²⁾	583,788	318,603	(785)	901,606
Payments	(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

⁽¹⁾ Includes share-based payment (Note 29).

⁽²⁾ Refer to Note 37.1 and 37.3 for legal claim.

33. Trade and other payables

	2018	2017
Payable to suppliers	2,372,512	2,527,152
Taxes payable	465,966	415,650
Accrued treasury share, universal service fund contribution and contributions to the ICTA's expenses	455,496	305,208
Accrued selling and marketing expenses	91,747	79,011
Other	402,453	369,445
	3,788,174	3,696,466

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

33. Trade and other payables (continued)

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.

34. Derivative financial instruments

Fair value of derivative financial instruments at 31 December 2018 and 2017 are attributable to the following:

	31 December 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
Held for trading	709,617	131,097	961,665	17,724
Derivatives used for hedging	730,924	-	-	-
Total	1,440,541	131,097	961,665	17,724

At 31 December 2018, total held for trading derivative financial assets of TL 1,356,062 also include net accrued interest expense of TL 84,479 and total held for trading derivative financial liabilities of TL 131,097 also include net accrued interest expense of TL 34,168.

Derivatives used for hedging

Participating cross currency swap and FX swap contracts

The notional amount and the fair value of participating cross currency swap and FX swap contracts for hedging purposes at 31 December 2018 are as follows:

	Buy		Sell		Fair Value	Maturity
	Currency	Notional amount	Currency	Notional amount		
<i>Participating cross currency swap contracts</i>						
	TL	1,650,000	EUR	500,000	208,462	23 October 2025
	TL	275,850	EUR	60,000	64,670	22 April 2026
	TL	435,000	USD	150,000	167,116	16 September 2020
	TL	293,500	USD	100,000	108,777	16 September 2020
	TL	194,000	USD	50,000	39,394	16 September 2020
	TL	386,500	USD	100,000	79,688	16 September 2020
	TL	113,400	USD	20,000	9,234	22 April 2026
<i>Cross currency swap contracts</i>						
	TL	123,878	RMB	202,600	53,583	22 April 2026
Derivatives used for hedge accounting financial assets					730,924	

EUR 500,000 participating cross currency swap contracts includes TL 690,146 guarantees after CSA agreement.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Held for trading

Currency swap, cross currency swap and participating cross currency swap contracts

The notional amount and the fair value of currency swap, participating cross currency swap and FX swap contracts for hedging purposes at 31 December 2018 are as follows:

	Buy		Sell		Fair Value	Maturity
	Currency	Notional amount	Currency	Notional amount		
<i>Currency Swap</i>						
TL		266,760	USD	50,000	(3,715)	2 January 2019
TL		266,510	USD	50,000	(3,465)	2 January 2019
TL		719,996	USD	135,000	(9,774)	2 January 2019
TL		212,736	USD	40,000	(2,300)	2 January 2019
TL		265,925	USD	50,000	(2,880)	2 January 2019
TL		1,366	USD	253	(48)	19 March 2019
TL		4,199	USD	680	(939)	16 January 2019
TL		5,681	USD	920	(1,277)	22 January 2019
TL		6,040	EUR	1,000	(41)	2 January 2019
USD		68,654	EUR	60,000	(861)	15 January 2019
USD		11,462	EUR	10,000	(4)	8 January 2019
<i>Cross currency swap contracts</i>						
TL		6,159	USD	1,000	(912)	28 January 2019
TL		6,159	USD	1,000	(910)	24 January 2019
TL		130,488	USD	24,000	(9,365)	20 March 2023
TL		268,200	USD	50,000	(5,791)	14 June 2019
TL		128,436	USD	24,000	(2,652)	19 June 2019
TL		169,368	EUR	24,000	(24,895)	8 January 2019
TL		118,800	EUR	18,000	(22,051)	23 September 2021
TL		111,732	EUR	18,867	1,920	14 February 2019
TL		185,100	EUR	30,000	(8,296)	22 April 2026
TL		183,300	EUR	30,000	(8,642)	22 April 2026
<i>Participating cross currency swap contracts</i>						
TL		193,800	EUR	30,000	(7,148)	16 September 2020
TL		91,700	USD	20,000	(17,051)	22 April 2026
Total Held for trading derivative financial liabilities					(131,097)	

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Held for trading

Buy		Sell		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>Cross currency swap contracts</i>					
TL	67,410	USD	18,000	27,928	28 January 2019
TL	95,550	USD	25,000	36,751	24 January 2019
TL	52,164	USD	14,620	27,870	16 July 2019
TL	69,744	USD	19,780	38,636	22 July 2019
TL	242,873	USD	70,500	160,594	16 September 2020
TL	269,451	USD	70,500	131,437	22 December 2020
TL	191,300	USD	50,000	74,095	13 February 2019
TL	98,625	EUR	25,000	57,161	13 June 2019
TL	203,600	EUR	50,000	109,610	23 July 2019
TL	97,997	EUR	21,500	37,825	19 December 2019
TL	105,280	EUR	18,800	7,710	23 September 2021
Total held for trading derivative financial assets				709,617	

Participating cross currency swap and FX swap contracts at 31 December 2017

Buy		Sell		Fair value	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 derivative financial assets				961,665	

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Held for trading

At 31 December 2017, total derivative financial assets of TL 981,396 also include net accrued interest income of TL 19,731.

Participating cross currency swap and FX swap contracts at 31 December 2017

Buy		Sell		Fair value	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 derivative financial liabilities				(15,478)	

Currency forward contracts at 31 December 2017

Buy		Fair value	Maturity
Currency	Notional amount		
USD	50,000	(2,246)	30 January 2018
Total derivative financial liabilities		(2,246)	

At 31 December 2017, total derivative financial liabilities of TL 110,108 also include net accrued interest expense of TL 92,384.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management

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.

	Fair values			
	31 December 2018	31 December 2017	Fair Value hierarchy	Valuation Techniques
a) Participating cross currency swap contracts ⁽¹⁾				Pricing models based on discounted cash Present value of the estimated future cash flows based on unobservable yield curves and end period FX rates
-Held for trading	653,142	950,862	Level 3	
-Derivatives used for hedging	(24,199)	950,862		
	677,341	-		
b) FX swap contracts				Present value of the estimated future cash flows based on observable yield curves and end period FX rates
-Held for trading	656,302	(4,675)	Level 2	
-Derivatives used for hedging	602,719	(4,675)		
	53,583	-		
c) Currency forward contracts				Forward exchange rates at the balance sheet date
-Held for trading	-	(2,246)	Level 2	
	-	(2,246)		

⁽¹⁾ TL 118,647 accrual of net interest expense has been reflected to consolidated financial statements as at 31 December 2018 (31 December 2017: TL 72,653). 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 123,995 lower as at 31 December 2018 (31 December 2017: TL 129,870).

There were no transfers between fair value hierarchy levels during the year.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2018 and 2017 on a hedge accounting basis:

		Fair values						Change in value of hedging item used to determine hedge effectiveness	
		Nominal Value	Maturity Date	31 December 2018	31 December 2017	Fair Value hierarchy	Hedge Ratio	Change in intrinsic value of outstanding hedging instruments since 1 July	Change in value of hedging item used to determine hedge effectiveness
Participating cross currency swap contracts									
EUR Contracts		500,000	23 October 2025	208,462	627,385	Level 3	1:1	359,400	(359,400)
EUR Contracts		60,000	22 April 2026	64,670	1,078	Level 3	1:1	43,128	(43,128)
-									
USD Contracts		400,000	16 September 2020	394,975	224,560	Level 3	1:1	179,388	(179,388)
USD Contracts		20,000	10 April 2026	9,234	-	Level 3	1:1	13,519	(13,519)
Gross currency swap contracts									
CNY Contracts		202,600	22 April 2026	53,583	-	Level 2	1:1	15,600	(15,600)

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

EUR 500,000 participating cross currency swap contracts includes TL 690,146 guarantees after CSA agreement.

Movements in the participating cross currency swap contracts for the years ended 31 December 2018 and 31 December 2017 are stated below:

	31 December 2018	31 December 2017
Opening balance	950,862	382,054
Cash flow effect	(612,466)	-
<i>Total gain/loss:</i>		
Gains recognized in profit or loss	314,746	568,808
Closing balance	653,142	950,862

Net off / Offset

The Company signed a Credit Support Annex (CSA) against default risk of the parties in respect of a EUR 500,000 participating cross currency swap transaction executed on 15 July 2016 and restructured respectively on 26 May 2017 and 9 August 2018. As per the CSA, the swap's current (mark-to-market) value will be determined on the 10th and 24th calendar day of each calendar month and if the mark-to-market value is positive and exceeds a certain threshold, the bank will be posting cash collateral to the Company which will be equal to an amount exceeding the threshold (i.e. if the mark-to-market value is negative, the Company would be required to post collateral to the bank by an amount exceeding the threshold).

With respect to the valuations on a bi-weekly basis, a transfer will take place between the parties only if the mark-to-market value changes by at least EUR 1,000. Following the execution of CSA, the bank transferred EUR 153,540 as collateral to the Company (31 December 2018: TL 925,539) which was the amount exceeding the threshold (EUR 10,000) and the Company transferred EUR 39,050 as collateral to the bank (31 December 2018: TL 235,393) which was the amount exceeding the threshold (EUR 10,000). The Company clarified this with the derivative assets included in the statement of financial position because it has the legal right to offset the collateral amount TL 690,146 that it recognizes under the borrowings and intends to pay according to the net fair value. This amount was netted from the borrowings and deducted from the derivative instruments in the balance sheet. As of 31 December 2018, if this transaction was not conducted, derivative financial instruments assets would have been TL 2,046,208 and current borrowings would have been TL 7,726,055.

Market risk

The Group uses various types of derivatives to manage market risks. All such transactions are carried out within the guidelines set by the treasury and risk management department. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

Currency risk

The Group's risk management policy is to hedge its estimated foreign currency exposure in respect of borrowing payments with various maturities at any point in time. The Group uses participating cross currency contracts to hedge its currency risk, most with a maturity of more than one year from the reporting date. These contracts are generally designated as cash flow hedges.

The Group designates the hedge ratio, between the amount of hedged item and the hedging instrument is 1:1 to hedge its currency risk.

The time value of options in participating cross currency swap contracts are included in the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Group's policy is for the critical terms of the participating cross currency contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are;

- the effect of the counterparties' credit risk on the fair value of the swap contracts, which is not part of the hedged risk and associated credit risk considered to be very low at inception in the fair value of the hedged cash flows attributable to the change in exchange rates;
- the entire fair value of the derivative contracts including currency basis was designated as the hedging instrument in cash flow hedge. The hypothetical derivative is modelled to exclude the impact of currency basis.

Interest rate risk

The Group adopts a policy of ensuring that its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using cross currency and interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' credit risk on the fair value of the swap contracts, which is not part of the hedged risk and associated credit risk considered to be very low at inception in the fair value of the hedged cash flows attributable to the change in interest rates;

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

34. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

Cash flow sensitivity analysis for **variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates and 10 % change in foreign exchange currency at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Profit or Loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2018				
Participating cross currency swap contracts	937,845	9,455	(360,596)	(259,066)
Cross currency swap contracts	31,584	320	1,452	4,765
Cash Flow sensitivity (net)	969,429	9,775	(359,144)	(254,301)

Cash flow hedges

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	2018	
	Hedging Reserve	Cost of Hedging Reserve
Balance at 1 January 2018	-	-
Cash Flow Hedges		
Changes in fair value:		
Foreign currency risk	683,706	(448,833)
Interest rate risk	612,733	(448,833)
Amount reclassified into profit or loss:		
Foreign currency risk	70,973	-
Interest rate risk	(664,550)	101,231
Tax on movements during the year:		
Foreign currency risk	(611,035)	101,231
Interest rate risk	(53,515)	-
Tax on movements during the year:	(4,214)	76,472
Balance at 31 December 2018	14,942	(271,130)

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. 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:

		2018	2017
Trade receivables	19	2,620,991	3,004,206
Contract assets		715,441	-
Receivables from financial services	20	4,170,929	4,248,120
Cash and cash equivalents*	24	7,419,095	4,712,141
Participating cross currency swap and FX swap contracts	32	1,356,062	981,396
Other current assets**	22	287,469	316,042
Held to maturity investments		-	11,992
Financial asset at fair value through profit or loss		9,409	-
Financial asset at fair value through other comprehensive income		42,454	-
Due from related parties	37	13,533	5,299
		16,635,383	13,279,196

* Cash in hand is excluded from cash and cash equivalents.

** Prepaid expenses, receivable from personnel, receivable from the Ministry of Transport and Infrastructure of Turkey, other and advances given are excluded from other current assets and other non-current assets.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. Financial instruments

Credit risk (continued)

Credit quality:

The maximum exposure to credit risk for trade and subscriber receivables, other assets and cash and cash equivalent arising from sales transactions including those classified as due from related parties at the reporting date by type of customer is:

Other Assets at 31 December 2018 ⁽¹⁾	Not Due		More Than 30 Days Past Due		More Than 60 Days Past Due		More Than 90 Days Past Due		More Than 120 Days Past Due		More Than 150 Days Past Due		More Than 3 years Past Due		More Than 3 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
Gross Carrying Amount	8,656,954	214,351	80,762	57,761	43,038	25,543	755,982	272,547	182,431	319,298	10,426,236								
Loss Allowance	24,864	4,567	5,238	4,900	6,368	6,028	214,893	182,431	281,522	730,811									

Contract Assets at 31 December 2018	Not Due		More Than 30 Days Past Due		More Than 60 Days Past Due		More Than 90 Days Past Due		More Than 120 Days Past Due		More Than 150 Days Past Due		More Than 3 years Past Due		More Than 3 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
Gross Carrying Amount	715,441	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	715,441
Loss Allowance	7,370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,370

⁽¹⁾ Other Assets includes trade receivables, subscriber receivables, other assets, cash and cash equivalent and due from related parties.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. Financial instruments

Credit risk (continued)

Credit quality:

Other Assets as at 1 January 2018 ⁽¹⁾	Not Due	More Than 30 Days		More Than 60 Days		More Than 90 Days		More Than 120 Days		More Than 150 Days		More Than 3 years		More Than 4 - 5 years		Total
		Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due		
Gross Carrying Amount	6,021,990	194,517	81,804	35,799	52,851	20,493	823,359	208,127	141,717	7,580,657						
Loss Allowance	24,936	6,136	5,662	4,279	9,766	7,076	323,124	158,198	122,751	661,928						

⁽¹⁾ Other Assets includes trade receivables, subscriber receivables and other assets.

Contract Assets as at 1 January 2018	Not Due	More Than 30 Days		More Than 60 Days		More Than 90 Days		More Than 120 Days		More Than 150 Days		More Than 3 years		More Than 4 - 5 years		Total
		Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due			
Gross Carrying Amount	514,223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	514,223
Loss Allowance	5,128	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,128

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. 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 objective evidence that an impairment has been incurred but not yet is 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 net impairment losses on financial and contract assets (Note 10). Subsequent recoveries of amounts previously written off are credited against Net impairment losses on financial and contract assets (Note 10).

Movements in the provision for impairment of trade receivables and due from related parties are as follows:

	31 December 2018	31 December 2018
	Contract Asset	Other Asset**
Opening balance	-	705,440
IFRS 9 effect	5,128	(43,512)
Provision for impairment recognized during the year	2,242	416,557
Amounts collected	-	(166,641)
Unused amount reversed ⁽¹⁾	-	(73,023)
Receivables written off during the year as uncollectible	-	(118,553)
Exchange differences	-	10,540
Disposal of subsidiaries	-	3
Closing balance	7,370	730,811

	31 December 2017	31 December 2017
	Contract Asset	Other Asset**
Opening balance	-	964,311
Provision for impairment recognized during the year	-	180,948
Amounts collected	-	(224,460)
Unused amount reversed ⁽¹⁾	-	(79,958)
Receivables written off during the year as uncollectible	-	(138,529)
Exchange differences	-	3,128
Closing balance	-	705,440

⁽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.

⁽²⁾ Other Assets includes trade receivables, subscriber receivables and other assets.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. Financial instruments (continued)

Impairment losses (continued)

Movements in the provision for impairment of receivables from financial services are as follows:

	31 December 2018	31 December 2017
Opening balance	72,992	10,170
IFRS 9 effect	52,951	-
Provision for impairment recognized during the year	190,509	117,293
Amounts collected	(96,278)	(37,503)
Unused amount reversed ⁽¹⁾	(19,901)	(16,968)
Closing balance	200,273	72,992

⁽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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. Financial instruments (continued)

Liquidity risk

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 2018						31 December 2017							
	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	4,180	(4,712)	(1,272)	(12,09)	(2,231)	-	-	4,390	(5,011)	-	(1,117)	(2,045)	(1,849)	-
Unsecured bank loans	13,526,847	(14,353,989)	(4,354,548)	(2,065,424)	(3,587,398)	(2,503,531)	(1,843,088)	10,533,518	(11,094,697)	(3,275,230)	(955,637)	(2,575,807)	(3,035,914)	(1,252,109)
Finance lease liabilities	-	-	-	-	-	-	-	122,720	(133,570)	(18)	(17,429)	(16,789)	(38,933)	(60,401)
Debt securities issued	5,210,562	(7,733,943)	(228,838)	(14,9564)	(299,128)	(897,385)	(6,159,028)	1,875,521	(2,753,486)	(54,221)	(54,221)	(108,442)	(325,326)	(2,211,276)
Lease liabilities	1,413,956	(2,497,426)	(372,682)	(273,273)	(410,826)	(666,760)	(773,885)	2,527,152	(2,548,365)	-	-	-	-	-
Trade and other payables*	2,372,512	(2,440,300)	(2,440,300)	-	-	-	-	6,980	(6,980)	-	-	-	-	-
Due to related parties	45,331	(45,331)	(45,331)	-	-	-	-	-	-	-	-	-	-	-
Consideration payable in relation to acquisition of Belarusian Telecom (Note 35)	358,304	(526,090)	-	-	-	(526,090)	-	323,691	(377,190)	-	-	-	(377,190)	-
Derivative financial liabilities														
Participating Cross Currency Swap and FX swap contracts	165,265	97,761	55,377	-	12,960	14,522	14,902	107,862	23,428	18,982	-	4,446	-	-
Buy	-	3,444,271	2,519,383	-	193,800	249,288	481,800	-	1,838,554	1,471,106	-	367,448	-	-
Sell	-	(3,346,510)	(2,364,006)	-	(180,840)	(234,766)	(466,898)	-	(1,815,126)	(1,452,124)	-	(363,002)	-	-
Currency forward contracts	-	-	-	-	-	-	-	2,246	(2,246)	(2,246)	-	-	-	-
Buy	-	-	-	-	-	-	-	-	190,185	190,185	-	-	-	-
Sell	-	-	-	-	-	-	-	-	(192,431)	(192,431)	-	-	-	-
TOTAL	23,096,957	(27,504,030)	(7,387,594)	(2,489,470)	(4,286,623)	(4,579,244)	(8,761,099)	15,504,080	(16,898,117)	(5,868,078)	(1,028,404)	(2,698,637)	(3,779,212)	(3,523,786)

* Advances received, license fee accruals, taxes and withholding taxes payable are excluded from trade and other payables.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. 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 2018		
	USD	EUR	RMB
Foreign currency denominated assets			
Other non-current assets	222	11	-
Financial asset at fair value through other comprehensive income	-	7,043	-
Due from related parties-current	1,965	223	-
Trade receivables and contract assets	15,786	52,140	-
Other current assets	70,710	18,977	-
Cash and cash equivalents	786,322	384,800	-
	875,005	463,194	-
Foreign currency denominated liabilities			
Loans and borrowings-non current	(481,438)	(748,142)	(224,519)
Debt securities issued-non- current	(921,102)	-	-
Lease obligations-non-current	(4,719)	(24,068)	-
Other non-current liabilities	(68,107)	-	-
Loans and borrowings-current	(390,876)	(523,595)	(29,244)
Debt securities issued-current	(55,074)	-	-
Rent lease obligations-current	(2,951)	(8,223)	-
Trade and other payables-current	(233,805)	(32,946)	(70,553)
Due to related parties	(686)	(52)	-
	(2,158,758)	(1,337,026)	(324,316)
Exposure related to derivative instruments			
Participating cross currency swap and FX swap contracts	1,082,036	811,167	202,600
Net exposure	(201,717)	(62,665)	(121,716)
	31 December 2017		
	USD	EUR	
Foreign currency denominated assets			
Other non-current assets	72	2,681	
Due from related parties-current	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)	
Exposure related to derivative instruments			
Participating cross currency swap and FX swap contracts	937,011	748,650	
Currency forward contracts	50,000	-	
Net exposure	62,039	(194,525)	

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. 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/weakening of the TL, UAH, BYN against the following currencies at 31 December 2018 and 31 December 2017 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.

Sensitivity analysis				
31 December 2018				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- USD net asset/liability	(106,121)	106,121	-	-
2- Hedged portion of USD risk (-)	-	-	(9,596)	9,596
3- USD net effect (1+2)	(106,121)	106,121	(9,596)	9,596
4- EUR net asset/liability	(37,775)	37,775	-	-
5- Hedged portion of EUR risk (-)	-	-	(23,613)	23,613
6- EUR net effect (4+5)	(37,775)	37,775	(23,613)	23,613
7- Other foreign currency net asset/liability (RMB)	(9,275)	9,275	-	-
8- Hedged portion of other foreign currency risk (-) (RMB)	-	-	364	(364)
9- Other foreign currency net effect (7+8)	(9,275)	9,275	364	(364)
Total (3+6+9)	(153,171)	153,171	(32,845)	32,845

Sensitivity analysis				
31 December 2017				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- USD net asset/liability	23,400	(23,400)	-	-
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	23,400	(23,400)	-	-
4- EUR net asset/liability	(87,838)	87,838	-	-
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(87,838)	87,838	-	-
7- Other foreign currency net asset/liability (RMB)	-	-	-	-
8- Hedged portion of other foreign currency risk (-) (RMB)	-	-	-	-
9- Other foreign currency net effect (7+8)	-	-	-	-
Total (3+6+9)	(64,438)	64,438	-	-

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. Financial instruments (continued)

Interest rate risk

As at 31 December 2018 and 2017 the interest rate profile of the Group's variable rate interest-bearing financial instruments was:

	Note	31 December 2018		31 December 2017	
		Effective Interest Rate	Carrying Amount	Effective interest rate	Carrying Amount
Variable rate instruments	28				
USD floating rate loans		4.3%	(4,589,157)	3.2%	(2,880,615)
EUR floating rate loans		2.1%	(6,975,890)	2.1%	(5,511,579)

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 2018 and 2017:

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 December 2018				
Variable rate instruments (financial liability)	(234,196)	234,196	-	-
Cash flow sensitivity (net)	(234,196)	234,196	-	-
31 December 2017				
Variable rate instruments (financial liability)	(83,922)	83,922	-	-
Cash flow sensitivity (net)	(83,922)	83,922	-	-

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

35. 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 2018	31 December 2017		31 December 2018	31 December 2017	
Contingent consideration	358,304	323,691	Risk-adjusted discount rate	9,5%	4,8%	A change in the discount rate by 100 bps would increase/decrease FV by TL (13,582) and TL 14,250 respectively,
			Expected settlement date	first quarter of 2023	first quarter of 2021	If expected settlement date changes by 1 year FV would increase/decrease by TL (31,047) and TL 33,896 respectively,

Changes in the consideration payable in relation to acquisition of Belarusian Telecom for the years ended 31 December 2018 and 31 December 2017 are stated below:

	2018	2017
Opening balance	323,691	295,062
Gains recognized in profit or loss	34,613	28,629
Closing balance	358,304	323,691

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 2018, the fair value of debt securities issued by the Company in 2015 with a nominal value of USD 500,000 and fixed interest rate (Note 28), is TL 2,380,855 (31 December 2017:2,063,972).

As at 31 December 2018, the fair value of debt securities issued by the Company in 2018 with a nominal value of USD 500,000 and fixed interest rate (Note 28), is TL 2,329,011 (31 December 2017:None).

Fair value of cash and cash equivalents and debt securities issued are classified as level 1 and fair value of other financial assets and liabilities are classified as level 2.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

36. Guarantees and purchase obligations

At 31 December 2018, outstanding purchase commitments with respect to property, plant and equipment, inventory, advertising and sponsorship amount to TL 1,353,789 (31 December 2017: TL 592,956). Payments for these commitments will be made within 5 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 6,530,374 at 31 December 2018 (31 December 2017: TL 4,926,916).

At 31 December 2018, there is no commitments regarding lifecell's 3G (31 December 2017: UAH 217,793).

37. 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 USD 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 646 out of a total of 22,552 settlements.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

37. Commitments and Contingencies (continued)

License Agreements (continued)

lifecell:

lifecell owns eleven activity licenses, for GSM 900, 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, 2018, lifecell owned 29 frequency use licenses for IMT (LTE-2600, LTE-1800, IMT-2000 (UMTS), GSM-900, GSM-1800, CDMA-800, Wi-fi and microwave Radiorelay and Broadband Radio Access, which are regional and national. Licenses for IMT (LTE-2600, LTE-1800) and GSM-1800 were issued on 4G tenders, held in Q1'2018. Additionally, lifecell holds a specific number range – three NDC codes for mobile networks, twenty one 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”.

Inteltek:

Our affiliate, Inteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. (“Inteltek”), on which the Company holds 55% of its shares, has been incorporated in order to establish and operate central system for games of chance through multi-access electronic platforms. Until 1 March 2009, Inteltek operated games of chance basing on the agreement executed with Spor Toto Directorate (“Spor Toto”) dated 29 August 2008. Inteltek gave the best offer at the new tender which allowed private companies to organize games of chance and signed a new contract with Spor Toto, for a term of ten years. Under this agreement, the commission rate was 1.4% and the targeted payout was 50% of the turnover balance including VAT. As at 31 December 2018, Inteltek has a letter of guarantee of TL 159,572 (31 December 2017: TL 159,752) provided to Spor Toto.

As the term of the agreement executed between Spor Toto and Inteltek dated 29 August 2008 has been expired on 29 August 2018 and the new tender has not been concluded yet, an agreement of “procurement through bargaining” has been signed between Inteltek and Spor-Toto being effective from 29 August 2018 and for a term of up to 1 year as per to the article 26 of the Law on the Transfer of Rights to Organize Fixed Odds and Paramutual Betting Games Based on Sports Competitions to Private Legal Entities numbered 5738. The agreement of “procurement through bargaining” is a follow-up of the agreement which currently exists and the terms and conditions of this agreement are generally same with the agreement which has been expired as of 29 August 2018.

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 2018, Inteltek has provided a letter of guarantee of TL 25,000 (31 December 2017: TL 25,000) provided to Spor Toto for mobile agency agreement.

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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

37. Commitments and Contingencies (continued)

License Agreements (continued)

Kıbrıs Telekom (continued):

On 14 March 2008, Kıbrıs 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, Kıbrıs 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.

37.1 Dispute on Treasury Share Amounts

The Undersecretariat of Treasury and ICTA alleged that Company made deficient treasury share and contribution to the authority expenses payments in the past, the Company objected to these claims.

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 for relevant years' legal payment amounts 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. In some of the cases, the Courts already granted decisions in line with the petitions submitted by the Company and in the other pending cases, it is expected that the Courts shall grant decisions in line with the statement of waiver/acceptance of the aforementioned cases.

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 total payment including interest on installments is TL 436,300 and the payments have been made in 6 equal installments in 2018.

No liabilities remain in the consolidated financial statements as at and for the period ended 31 December 2018 (31 December 2017: TL 417,668).

37.2 Disputes on Special Communication Tax and Value Added Tax

a) Disputes on SCT for the year 2011

Large Tax Payers Office levied Special Communication Tax (SCT) and tax penalty on the Company as a result of the Tax Investigation for the year 2011. The Company filed lawsuits for the cancellation of the notification regarding the aforementioned SCT assessment. The court partially accepted and partially rejected the cases and 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, while the cases are pending before the court of appeal. Tax Office rejected the application for the year 2011. The Company also filed a case for the cancellation of aforementioned rejection act of the Tax Office for the year 2011. The case is pending as well as the cases regarding the cancellation of the SCT assessment for the year 2011.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

37. Commitments and Contingencies (continued)

37.2 Disputes on Special Communication Tax and Value Added Tax

b) Disputes on SCT for the years 2013 and 2014 and effects of Law No. 7143

Tax assessments for prepaid card sales for 2013 and 2014 have been completed. The Company has been notified of the tax audit reports prepared at the end of the said investigations. The Company management has decided to benefit from Law No. 7143, which provides advantageous payment and discount provisions, regarding the criticized issues in the tax audit reports and TL 39,362 has been paid (31 December 2017: TL 24,175).

c) Disputes on SCT and VAT for the years 2015 and 2016

Turkish telecom sector players including Turkcell has been subjected to a limited tax audit with respect from VAT and SCT for 2015 and 2016. At the end of the tax audit process for the Company no issues to be criticized were identified for 2015. However, some of bundle offers and some services offered by the Company are subjected to criticism by tax authority for 2016. As of 31 December 2018, respectively tax claims arising from SCT and VAT amounting to TL 134,537 and TL 113,367 including the principal and penalty amounts have been notified to the Company. Administrative process has been initiated in accordance with the relevant legislation while reserving right to take legal action.

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 2018 (31 December 2017: None).

37.3 Tax Base Increase due to Law Serial No. 7143

The Company Management decided to apply for VAT and corporate tax base increase mechanism for 2017 due to Law Serial No. 7143 and TL 35,443 payment has been made on 1 October 2018. No liabilities remain in the consolidated financial statements as at and for the period ended 31 December 2018 (31 December 2017: None).

37.4 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 37.1 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. The Courts granted decisions in line with the petitions submitted by the Company.

The total amount, including principal and interest, calculated within the scope of clause 2 is TL 158,340. The total payment including interest on instalments is TL 166,257 and the payments have been made in 6 equal instalments in 2018.

No liabilities have been remained in the consolidated financial statements as at and for the period ended 31 December 2018 (31 December 2017: TL 157,446).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

37. Commitments and Contingencies (continued)

37.5 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 Court rejected the case. The Company appealed the decision with the request of the stay of the execution.

Three private companies filed a lawsuits against the Company in relation with this case claiming in total of TL 112,084 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.

As a result of the abovementioned investigation, Competition Board concluded that the Company did not determine retail prices and there was no need to impose an administrative fines on this issue. After the lawsuit filed by a third party, this part of Competition Board's judgement was reversed by the Council of State and Competition Board launched a new process. Consequently, the Board decided on January 2019 that the Company determined the retail prices of units and to apply administrative fine amounting to TL 91,942 on the Company. After the receiving of the reasoned decision, the Company will take legal action.

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 2018 (31 December 2017: None).

37.6 Ministry of Trade Administrative Fine

Ministry of Trade prepared a report upon the investigation initiated against the Company on subscriber agreements, distance contracts, value added services and commitment campaigns including device procurement for the year 2015. The Company filed a lawsuit for the stay of execution and cancellation of the Notice of Administrative Fine imposed by Istanbul Governorship Directorate of Commerce based to the aforementioned report of the Ministry, amounting to TL 138,173 and the Decision of Administrative Fine of Istanbul Governorship Directorate of Commerce. Furthermore, the Company demanded the Court to recourse to the Constitutional Court for the cancellation of the related part of the 19th paragraph of the article 77 of the Law on the Protection of Consumers numbered 6502.

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 2018 (31 December 2017: None).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

37. Commitments and Contingencies (continued)

37.7 Other ongoing lawsuits and tax investigations

Within consolidated financial statements prepared as of 31 December 2018, obligations which are related to following ongoing disputes have been evaluated.

Subject	31 December 2018 Anticipated Maximum Risk (excluding accrued interest)	31 December 2017 Anticipated Maximum Risk (excluding accrued interest)	Provision 31 December 2018	Provision 31 December 2017
Disputes related with ICTA	13,367	13,367	-	-

The Company is under tax investigation with respect to application of the Turkish Special Communication Tax to prepaid TL/card sales made via its sales channels for the years 2015, 2016 and 2017. Investigation has been started on December 2018.

In addition following tax and treasury share investigations have started in the Company: (i) for FY 2017 with regard to SCT, (ii) FY 2018 with regard to SCT, Corporate Income Tax and Value Added Tax, (iii) treasury share investigation with regard to 2018 October-December period.

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 2018 (31 December 2017: None).

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

38. 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 2018 and 2017.

The Group provide additional benefits to key management personnel and contribution to retirement plans based on a pre-determined ratio of compensation.

	31 December 2018	31 December 2017	31 December 2016
Short-term benefits ⁽¹⁾	92,341	74,696	50,001
Termination benefits	121	604	10,064
Long-term benefits	755	548	479
	93,217	75,848	60,544

⁽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 2018	31 December 2017
Vimpelcom OJSC ("Vimpelcom")	9,138	-
Telia Sonera International Carrier AB ("Telia")	1,741	1,256
Kyivstar GSM JSC ("Kyivstar")	210	1,061
GSM Kazakhstan Ltd ("Kazakcell")	2	830
Azercell Telekom MMC ("Azercell")	-	364
Other	2,442	1,788
	13,533	5,299

There is no net of allowance for doubtful receivables of due from related parties at 31 December 2018 (31 December 2017: TL 227).

Due from Telia, Vimpelcom, Azercell and Kyivstar resulted from telecommunications services.

Due from Kazakcell, mainly resulted from software services and telecommunications services.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

38. Related parties (continued)

Due to related parties	31 December 2018	31 December 2017
Turkcell Vakfi	39,544	-
Kyivstar GSM JSC ("Kyivstar")	3,591	2,346
Wind Telecomunicazioni S,P,A,	886	1,738
Teliasonera International Carrier Switzerland Ag	523	-
Vimpelcom (Bvi) Ltd,	3	1,552
Geocell LLC ("Geocell")	2	447
Other	782	897
	45,331	6,980

Due to Kyivstar, 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 35.

The following transactions occurred with related parties:

Revenue from related parties	2018	2017	2016
Sales to Kyivstar			
Telecommunications services	52,946	30,875	30,964
Sales to Telia			
Telecommunications services	7,941	10,020	15,761
Sales to Vimpelcom			
Telecommunications services	5,418	7,230	20,775
Sales to Azercell ^(****)			
Telecommunication services	256	1,583	2,585
Sales to Krea ⁽¹⁾			
Call center services, fixed line services, rent and interest charges	-	-	3,422
Sales to Millenicom ^(**)			
Telecommunication services	-	-	997
Sales to other related parties	7,920	11,324	14,922
	74,481	61,032	89,426

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

38. Related parties (continued)

Related party expenses	2018	2017	2016
Charges from Kyivstar			
Telecommunications services	77,174	49,178	47,595
Charges from Turkcell Vakfi			
Donation	44,247	-	-
Charges from Telia			
Telecommunications services	6,047	3,120	2,499
Charges from Wind Telecomunicazioni			
Telecommunications services	4,812	-	-
Charges from Vimpelcom			
Telecommunications services	2,751	10,853	2,721
Charges from Azercell ^(****)			
Telecommunications services	79	734	1,361
Charges from Hobim ^(***)			
Invoicing and archiving services	-	16,993	31,832
Charges from Krea			
Digital television broadcasting services	-	-	5,975
Charges from other related parties	9,799	17,001	11,659
	144,909	97,879	103,642

^(*) Transactions with Krea include transactions until 26 August 2016,

^(**) Transactions with Millenicom include transactions until 21 January 2016,

^(***) Transactions with Hobim include transactions until 20 June 2017,

^(****) Transactions with Azercell include transactions until 5 March 2018,

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 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.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

38. Related parties (continued)

Transactions with Krea:

Cukurova 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 Turkcell Vakfi:

On 11 October 2018, Turkcell Vakfi, was incorporated for rendering social responsibility and donation transaction.

Transactions with Wind:

Wind, an entity under common control with Alfa, is rendering and receiving telecommunications services such as interconnection and roaming.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

39. Subsidiaries

The Group's ultimate parent company is Turkcell Holding, Subsidiaries, associates and a joint venture of the Company as at 31 December 2018 and 31 December 2017 are as follows:

Subsidiaries Name	Country of Incorporation	Business	Effective Ownership Interest	
			31 December 2018 (%)	31 December 2017 (%)
Kibris Telekom	Turkish Republic of Northern Cyprus	Telecommunications	100	100
Turkcell Global Bilgi	Turkey	Customer relations and human resources 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, delivery and digital sales services	100	100
Eastasia	Netherlands	Telecommunications investments	100	100
Turkcell Teknoloji	Turkey	Research and development	100	100
Global Tower	Turkey	Telecommunications infrastructure business	100	100
Rehberlik	Turkey	Directory Assistance	100	100
Financell ⁽⁵⁾	Netherlands	Financing business	-	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	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	Turkey	Electricity energy trade and wholesale and retail electricity sales	100	100
Paycell	Ukraine	Consumer financing services	100	100
Lifecell Digital	Turkish Republic of Northern Cyprus	Telecommunications	100	100
TOFAŞ ⁽¹⁾	Turkey	Interest free consumer financing services	100	-
Turkcell Sigorta ⁽²⁾	Turkey	Insurance agency activities	100	-
Belarusian Telecom	Republic of Belarus	Telecommunications	80	80
Lifetech	Republic of Belarus	Information technology, programming and technical support	80	80
Inteltek	Turkey	Information and Entertainment Services	55	55
Azerinteltek ⁽⁶⁾	Azerbaijan	Information and Entertainment Services	-	28

Associates Name	Country of Incorporation	Business	Effective Ownership Interest	
			31 December 2018 (%)	31 December 2017 (%)
Fintur	Netherlands	Telecommunications investments	41	41
Türkiye'nin Otomobili ⁽²⁾	Turkey	Electric passenger car development, production and trading activities	19	-

Joint Venture Name	Country of Incorporation	Business	Effective Ownership Interest	
			31 December 2018 (%)	31 December 2017 (%)
Sofra ⁽⁴⁾	Turkey	Meal coupons and cards	33	-

⁽¹⁾ On 16 February 2018, Turkcell Özel Finansman A.Ş., which will grant loans within the framework of Islamic financing principles for purchases of goods and services, was incorporated under the laws of Republic of Turkey.

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

39. Subsidiaries (continued)

⁽²⁾ On 28 June 2018, Türkiye'nin Otomobili, which will develop and produce mainly electric passenger car and to carry out trading activities, was incorporated and accounted under investments in equity accounted investees in the consolidated financial statements as at 31 December 2018.

⁽³⁾ On 25 June 2018, Turkcell Sigorta Aracılık Hizmetleri A.Ş., which will engage in insurance agency activities, was incorporated.

⁽⁴⁾ On 30 July 2018, Sofra, which will provide services via various means such as service coupons, meal coupons, meal card, electronic coupon and/or smart card, in vehicle payment, smart key, was incorporated and accounted under investments in equity accounted investees in the consolidated financial statements as at 31 December 2018, Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş, BELBİM Elektronik Para ve Ödeme Hizmetleri A.Ş, and Posta ve Telgraf Teskilatı A.Ş, ("PTT") holds equal shareholding ratios of Sofra.

⁽⁵⁾ The liquidation process of Financell B.V., which is a wholly owned subsidiary of the Company incorporated in the Netherlands and which is non-operational since December 2015, has been completed as of 14 August 2018.

⁽⁶⁾ The Group has transferred its total shareholding in Azerinteltek controlled by Inteltek to one of other shareholder of Azerinteltek, Baltech Investment LLC ("Baltech"), for a total consideration of EUR 19,530. The share purchase agreement was signed on 15 November 2018 and the transfer of proceeds to Inteltek was completed on 27 December 2018. Group have lost the control over the subsidiary unconditionally on 27 December 2018 with transfer of money. The transfer of shares to Baltech was completed subsequently on 11 January 2019. Due to the divestment of holding in Azerinteltek, the Group has recognized gain on sale of subsidiary amounting to TL 110,308 for the year ended 31 December 2018.

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 non-controlling interest		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Inteltek	Turkey	45,00%	45,00%	105,112	35,924	131,506	46,072
Individually immaterial subsidiaries with non – controlling interest				51,158	22,706	304	9,855
				156,270	58,630	131,810	55,927

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

39. Subsidiaries (continued)

Summarized financial information in respect of Inteltek is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Inteltek

	31 December 2018	31 December 2017
Current assets	403,427	223,119
Non-current assets	9,043	9,290
Current liabilities	115,080	125,286
Non-current liabilities	5,154	4,742
Equity attributable to owners	292,236	102,381
	2018	2017
Revenue	208,239	184,025
(Expenses) / Income (net)	(93,133)	(104,194)
Gain on Sale of Investments	118,476	-
Profit for the year	233,582	79,831
Other comprehensive income/(loss) for the year	179	172
Dividend paid to non-controlling interests	31,283	(46,582)
Net cash inflow from operating activities	31,380	73,575
Net cash inflow from investing activities	158,946	19,930
Net cash outflow from financing activities	(69,518)	(75,113)
Effects of foreign exchange rate fluctuations on cash and cash equivalents	56,949	8,574
Net cash inflow	177,757	26,966

TURKCELL İLETİŞİM HİZMETLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2018

(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.)

40. 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)

	Debt securities issued	Loans	Lease liabilities	Total
Balance at 1 January 2018	1,875,521	10,537,908	122,720	12,536,149
Increase in rent lease obligations (IFRS 16)	-	-	1,036,380	1,036,380
Cash inflows	2,188,313	43,728,604	-	45,916,917
Cash outflows	(432,140)	(44,339,377)	(1,180,831)	(45,952,348)
Other non-cash movements	1,578,868	3,603,892	1,435,687	6,618,447
Balance at 31 December 2018	5,210,562	13,531,027	1,413,956	20,155,545
Cash and cash equivalents				7,419,239
Net debt				(12,736,306)

41. Subsequent events

On 2 January 2019, the Company purchased 827,750 of its shares on-market with prices ranging from full TL 11.89 to full TL 12.24 and total cost was TL 9,997. The buy-back was approved by the Board of Directors on 27 July 2016 and 30 January 2017.

Our 55% owned subsidiary İnteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("İnteltek") has been notified that the "Tender on Fixed Odds and Pari-Mutuel Betting Games Based on Sports Competitions Shall Be Made by Spor Toto Directorate through Private Legal Entities" is concluded. The tender was awarded to the other bidder. The respective revenues comprise 1% of our consolidated revenues while 2019 contribution is expected to be lower considering our ongoing contract and the transfer process.

İnteltek, which has been operating İddaa game since 2004, has been one of the greatest supporters of the sports since its establishment, and contributed significantly to the development of the sports industry. With respect to the tender process, our rights stemming from the law will be exercised by Inteltek within the respective time frame. Inteltek, under its "procurement agreement through bargaining" will continue its activities together with its activities in digital gaming sector.

OUR OFFICES

CITY	LOCATION	ADDRESS
ISTANBUL	KÜÇÜKYALI HEADQUARTERS	Aydınevler Mah. İnönü Cad. No: 20 B Blok Maltepe-Istanbul
ISTANBUL	KARTAL PLAZA	Topselvi Mah. Dipçik Sok. No: 31 Kartal-Istanbul
ISTANBUL	MALTEPE NDC	Yeni Mah. Pamukkale Sok. No: 3 Soğanlık Mevkii Kartal-Istanbul
ISTANBUL	MALTEPE TECHNOLOGY PLAZA	Yenimahalle Pamukkale Sok. No: 11 Cevizli Kartal-Istanbul
ISTANBUL	TEPEBAŞI PLAZA	Meşrutiyet Cad. No: 71 Tepebaşı Beyoğlu-Istanbul
ISTANBUL	MAHMUTBEY NDC	Mahmutbey Mah. İnönü Cad. No: 89 Bağcılar-Istanbul
ISTANBUL	DAVUTPAŞA NDC	Maltepe Mah. Davutpaşa Cad. Serçekale Sok. No: 2 Zeytinburnu-Istanbul
ISTANBUL	DUDULLU DC	Dudullu OSB Nato Yolu 4. Cadde No: 1 Ümraniye-Istanbul
ADANA	ADANA PLAZA	Turhan Cemal Berikel Bulvarı No: 212 Seyhan-Adana
ADAPAZARI	SAKARYA OFFICE	Bahçelievler Mah. Cumhuriyet Cad. Kamelya Sok. No: 14 Sakarya-Adapazarı
ANKARA	ANKARA PLAZA	Eskişehir Yolu 9. Km No: 265 Söğütözü-Ankara
ANKARA	BAŞKENT NDC	Başkent İvedik Mah. 1323. Cad. No: 37 Yenimahalle-Ankara
ANTALYA	ANTALYA PLAZA	Kızıltoprak Mah. 915 Sok. No: 3 Muratpaşa-Antalya
BURSA	BURSA PLAZA	Organize Sanayi Bölge Müd. Kırmızı Cad. No: 4 Nilüfer-Bursa
DİYARBAKIR	DİYARBAKIR PLAZA	Urfa Bulvarı Bağcılar Mah. No: 184 Bağlar-Diyarbakir
EDİRNE	EDİRNE NDC	Şükrü Paşa Mah. Kıyık Cad. Hilly Otel Yanı No: 254 Edirne
ERZURUM	ERZURUM NDC	İlica Yolu Organize Sanayi Bölgesi 4. Sok No: 10 Erzurum
GAZİANTEP	GAZİANTEP NDC	Kocaoğlan Mah. Demokrasi Bulvarı No: 185/1 Şahinbey-Gaziantep
HATAY	HATAY NDC	Güzelbirlilik Mah. Yunus Emre Cad. No: 11-B Güzelburç-Hatay
İZMİR	BORNOVA NDC	Ankara Asfaltı No: 64 Bornova-Izmir
İZMİR	İZMİR PLAZA	Kazım Dirik Mah. 367/7 Sokak No: 12 Bornova-Izmir
KAYSERİ	KAYSERİ NDC	Kayseri Organize Sanayi Bölgesi 13. Cadde No: 16 Melikgazi-Kayseri
KOCAELİ	GEBZE DC	Gebze OSB, Tembelova Mevkii Mah. 3300 Sok. No: 3314 Gebze-Kocaeli
KOCAELİ	İZMİT NDC	Yahya Kaptan Mah. Bahçeşehir Sok. No: 30 İzmit-Kocaeli
KONYA	KONYA OFFICE	Selçuker Center Parsana Mah. Zümrütova Sok. No: 18. Kat Selçuklu-Konya
MALATYA	MALATYA NDC	Hoca Ahmet Yesevi Mah. 7. Sok. Mahrukatçılar Sitesi No: 34 Merkez-Malatya
MERSİN	MERSİN NDC	Portakal Mah. 80050 Sok. No: 3 Toroslar-Mersin
MUĞLA	MUĞLA NDC	Musluhittin Mah. Atatürk Bulvarı No: 61 Muğla
MUĞLA	BODRUM OFFICE	Atatürk Bulvarı No: 213 Koçtaş Yanı Konacık Bodrum-Muğla
SAMSUN	SAMSUN NDC	Mimar Sinan Mah. 160. Sok. No: 18 Atakum-Samsun
TEKİRDAĞ	ÇORLU NDC	Yulaflı Mah. Hacı Şeremet Mevkii Çorlu-Tekirdağ
TRABZON	TRABZON PLAZA	Mısırlı Mah. Hasan Turfanda Yolu No: 1 Çukurçayır-Trabzon
VAN	VAN NDC	İpek Yolu 8 km Yeni Mah. Sahil Sok. No: 27 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.
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.
CELTIC	EUREKA Cluster focusing on the Information and Communications Technology and Telecommunications
DSS	Digital Service Provider
EUREKA (Exceptional Unconventional Research Enabling Knowledge Acceleration)	It is an intergovernmental R&D organization financed by governments of more than forty countries.
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
Information Technologies (IT)	Tools for generating, collecting, accumulating, processing, recovering, disseminating, protecting, and assisting
ITEA	EUREKA Cluster programme supporting innovative, industry-driven, pre-competitive R&D projects in the area of Software-intensive Systems & Services
IMT Network	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.
IDC	International Data Corporation - American market research company examine the development of technology
IMS	IP multimedia subsystem - platform to provide a new generation of wired, wireless service providers

GLOSSARY

ABBREVIATION	EXPLANATION
ITU	The International Telecommunication Union An international standardization institution with headquarters in Geneva that determines many standards in telecommunication.
IVR	Interactive Voice Response
IVVR	Interactive Voice & Video Response
LTE	Technology that ensures to achieve very high speeds by combining carriers in the same or different frequency bands.
LTE-Advanced	A mobile communications standard comprising advanced features such as carrier coupling, which enables mobile broadband speed of over 150 MBps in LTE.
M2M	Machine to Machine is the general name of the technology that allows devices to exchange information and conduct transactions without human intervention.
MHz	A unit of frequency.
NB-IoT (Narrow Band Internet of Things)	A technology defined by 3GPP for Internet of Things
Network Slicing	Powerful virtualization capability and one of the key capabilities as it allows multiple logical networks to be created on top of a common shared physical infrastructure
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
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.
RTM	Real Time Monitoring - 24/7 monitoring and reporting system on the system
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.
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
VoLTE	IP based high quality audio technology through a 4.5G network.

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