



25-Year Heartfelt Bond



With 25 years of achievements behind us as Turkey's Turkcell, we will continue to introduce cutting-edge technologies to Turkey and our people, while contributing to the nation's digital transformation, and create value for each moment of our customers' lives through our innovative, value added services and solutions.

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 is the operator with the highest revenues among the integrated telecom sector players in Turkey.

Turkcell Group companies operate in 5 countries - Turkey, Ukraine, Belarus, Northern Cyprus and Germany.

Turkcell launched LTE services in its home country on April 1, 2016, employing LTE-Advanced and 3 carrier aggregation technologies in 81 cities. Turkcell is providing fiber data access to households at speeds up to 10 Gbps. Turkcell Group reported TRY 25.1 billion revenues in FY19 with total assets of TRY 45.7 billion as of December 31, 2019.

Turkcell has been listed on the NYSE and the BIST since July 2000, and is the only NYSE-listed Turkish company. Read more at www.turkcell.com.tr/english-support

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TRY
25.1
Billion
REVENUES

41.5%
EBITDA
MARGIN

21.4%
EBIT
MARGIN

TRY
3.2
Billion
NET INCOME

Turkcell Group

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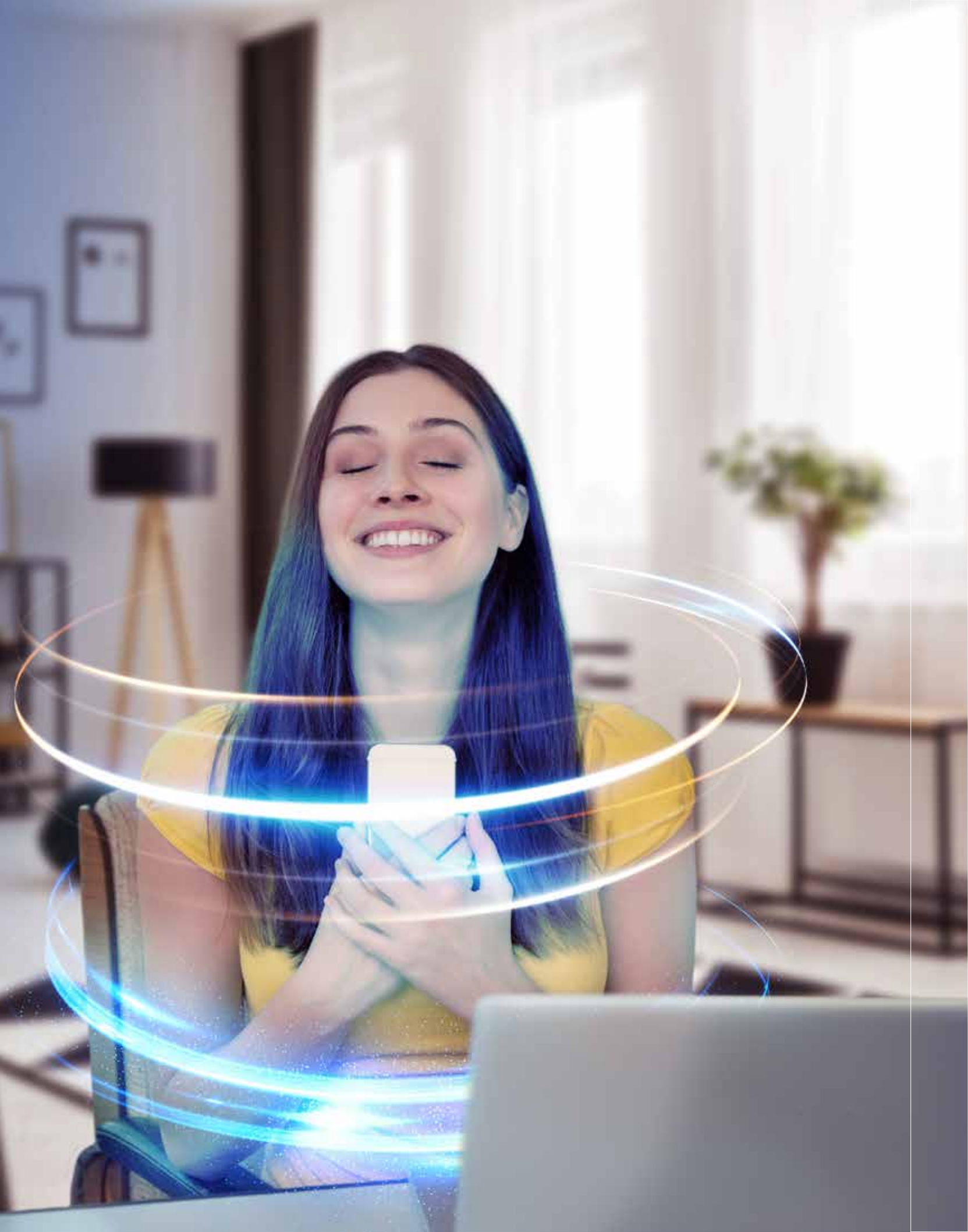


Unique customer experience

We have further strengthened the bond with our customers through offerings that appeal to their hearts and minds, while creating value in their lives. As a result of these efforts, we were identified as the most loved brand in the industry. We continued to improve customer experience through uninterrupted, high quality and innovative services, while maintaining our leadership in terms of Net Promoter Score.

LOVEMARK

**NET PROMOTER
SCORE
LEADER**





High-speed communication over robust infrastructure

We continue investing in our infrastructure with a focus on constantly enhancing the quality of service delivered to our customers. We are proud to be among the few telecom operators capable of providing the fastest 4.5G service, not only in Turkey but in the world on our strong infrastructure established over rich frequency resources.

234 MHz
SPECTRUM
RESOURCES

1.2 Gbps
SPEED

Strong analytics capability on superior technology

Leveraging our advanced analytics capability and technology investments, we interpret big data generated from our operations through artificial intelligence and business intelligence systems and conduct over 2 million daily interactions with our customers each day with the aim of providing customized offers.

**70 MILLION
MONTHLY
CUSTOMER
INTERACTIONS**

**1,263 R&D
EMPLOYEES**

GLOBAL NETWORK







Strong team creating the future

As the Turkcell family of around 22 thousand members, we continuously develop our skills through training programs of rich content, adapting ourselves to the rapidly changing requirements of the digital era to better respond to customer needs.

**6-8 MONTHS
TRAINING
PROGRAMS**

**EACH
YEAR ~200
YOUNG TALENTS
EMPLOYMENT**

Telecom services that make a difference

As part of our telecom business, we aim to reach more customers through mobile and fixed offerings that make a difference and accordingly register 1 million subscriber net additions each year over the following three years. While focusing on postpaid subscribers in our mobile business, we deliver internet service to more households via our Superbox product, which enables us to provide fiber like service over our strong mobile network.

1.5 MILLION
POSTPAID NET
SUBSCRIPTIONS

323
THOUSAND
SUPERBOX
SUBSCRIBERS







Unique digital services

Through our digital services, we offer our customers a richer value proposition while meeting all their digital needs. We interact with our customers across a diverse range of digital platforms, which enables us to better understand their needs. We share our successful digital model and know-how in this field with other operators, thereby contributing to their own digital transformation.

STANDALONE DIGITAL SERVICES REVENUE
TRY 1 BILLION

NUMBER OF COUNTRIES WHERE WE EXPORT OUR DIGITAL SERVICES
37

Significant contribution to digital transformation

We accompany institutions on the digitalization journey they embark on in order to optimize their costs and create new revenue streams, through our end-to-end services offered as part of our digital business solutions focus area. Meeting all their information technology related needs through Turkcell's offerings, institutions become more competitive, thereby adding value to their business processes and commercial future.

DIGITAL
BUSINESS
SOLUTIONS
REVENUE
GROWTH
44%

LARGEST
DATA CENTER
OPERATOR IN
TURKEY







Value accretive techfin services

We are one of the most ambitious players in fintech, which we refer to as techfin, through our Paycell and Financell brands. We deliver financial services to our individual and corporate customers in a faster, easier and more reliable manner.

PAYCELL
3-MONTH ACTIVE
USER BASE
4.5 MILLION

PAYCELL REVENUE
TRY 252 MILLION

As the Turkcell family, we continued our activities in 2019 with the responsibility of serving in an industry of strategic importance to the Turkish economy.



In pursuit of profitable and sustainable growth, we focus on the three strategic focus areas of digital services, digital business solutions, and our financial services platform, in addition to our core telco business.

Dear Shareholders,

2019 was a year dominated by global macroeconomic uncertainties, and one where economic activity lost momentum in both developed and emerging markets. World economies were adversely impacted both by trade war between the United States and China, and geopolitical tensions across diverse geographies. Meanwhile, Turkey entered into a rebalancing period thanks to measures taken in the second half of 2018 targeting savings, fight against inflation and exports. In particular, interest rates, the currency and inflation were taken under control as part of the New Economic Program, with a growth trend achieved in the second half of 2019.

As the Turkcell family, we continued our activities in 2019 with the responsibility of serving in an industry of strategic importance to the Turkish economy. And in meeting the communication needs of our customers, we created value for them with innovative products and services that make their lives easier.

QUARTER CENTURY ON CREATING VALUE FOR OUR COUNTRY AND PEOPLE

We have sustained our investments over the quarter century since the establishment of our company to serve our country and people through value-focused technologies. Indeed, we have invested TRY 31 billion over the past 5 years alone. Accordingly, we have pioneered the technological transformation of Turkey and other countries that we operate in. Today we offer products and services that help our people, companies and public institutions to differentiate themselves among the competition on a global scale, whereby we lead Turkey's digital transformation.

SUSTAINABLE GROWTH THROUGH STRATEGIC FOCUS AREAS

In pursuit of profitable and sustainable growth, we focus on the three strategic focus areas of digital services, digital business solutions, and our financial services platform, in addition to our core telco business. We continue to strengthen our digital services portfolio and offer them in the international markets. As part of our digital business solutions focus, we offer end-to-end solutions that comprehensively meet the technological needs of private sector enterprises and public institutions, supporting their digital transformation. We provide companies and institutions with diverse services and products ranging from cybersecurity and cloud solutions, to the internet of things and integrated information systems infrastructure. With respect to our financial services platform, we have continued to expand the user base and merchants of Paycell, having implemented new service integrations.

We are aware that the key driver of the successes we target through our activities in strategic focus areas is the customer appreciation of our products and services. To this end, we have further strengthened the bond with our customers and maintained our position in 2019 as the operator with the highest net promoter score. We successfully managed customer demand leveraging our robust infrastructure in which we consistently invest. Furthermore, thanks to our advanced analytical capabilities, we effectively analyzed data generated from our operations with the use of artificial intelligence and business intelligence systems, thereby provided tailor-made offers to our customers.



We always state that Turkey's data should remain in Turkey, and we pursue our activities accordingly.



AHMET AKÇA
Chairman of the Board of Directors

We are aware that 5G technology, which will enable the transition to Industry 4.0, will play a leading role in the digital transformation of our country. In this respect, we are working to ensure the most effective use of this technology.



We believe in the importance of contributing to sustainable growth so as to safeguard natural resources for future generations. We aim to meet all our electricity consumption needs from renewable sources by 2030.

WE CONTINUE TO INVEST IN NEW TECHNOLOGIES...

We are among the few operators in the world to provide the fastest 4.5G service thanks to our rich frequency resources and robust infrastructure.

As the leading digital operator of Turkey, we continued our preparations for 5G technology in 2019 via local and international collaborations so as to pursue our leading position in the market and continue to provide our customers the highest quality service. We shared our know-how and expertise with other industry participants on local and international platforms. We are aware that 5G technology, which will enable the transition to Industry 4.0, will play a leading role in the digital transformation of our country. In this respect, we are working to ensure the most effective use of this technology.

One of the key issues that our country must agree upon with respect to 5G is joint infrastructure. We believe that all the necessary steps should be taken with full industry participation prior to the 5G transition. Furthermore, fiber infrastructure investments are vital in meeting Turkey's digitalization targets and 5G technology transition process.

We maintain the pace of our efforts to ensure that Turkey produces technology rather than merely using it. Accordingly, we have made significant progress in the domestic production of antenna systems, base stations, and radio-link devices with ASELSAN, ULAK, and other local manufacturers.

One of the key issues of today and the near future is data storage and processing. We always state that Turkey's data should remain in Turkey, and we pursue our activities

accordingly. In this respect, we have established world class datacenters equipped with state of the art technology and security in Gebze and Izmir to best serve our country. In October 2019, we expanded our datacenter investments by opening Turkey's largest data center in Ankara. We have continued to increase our data storage capacity with this environmentally friendly data center featuring 12 thousand m² of white space.

AWARENESS OF SUSTAINABILITY REGARDING PEOPLE, THE ENVIRONMENT AND THE ECONOMY OVERALL...

In 2019, we continued to factor sustainability into our activities by considering people, the environment and the economy as a whole. While carrying out numerous social responsibility and sponsorship activities in support of our society, we also focused on minimizing our environmental impact. We continued to be listed on the BIST Sustainability Index which confirms our successful activities in this field.

We believe in the importance of contributing to sustainable growth so as to safeguard natural resources for future generations. We aim to meet all our electricity consumption needs from renewable sources by 2030. Accordingly, we opened our first solar power plant in the Turkish Republic of Northern Cyprus in 2019. Our data center in Ankara became Turkey's first to generate its own electricity from solar panels. We also expanded our sustainability efforts to financing activities through the "Sustainability Linked Loan" agreement with BNP Paribas. This credit facility will enable us to reduce our financing costs while fulfilling our environmental responsibility.

We will remain motivated to further improving our service quality and developing products and services in accordance with needs and expectations of our customers. We will continue to achieve this by leveraging our superior infrastructure, technology investments and highly-skilled human capital.



We granted financial support to the students, who study artificial intelligence, natural language processing, machine learning and similar fields at undergraduate, graduate and PhD level, in support of general and technology-oriented education in Turkey.

We initiated efforts in the national natural language processing field under the Turkcell Foundation established in 2018. We provided financial support to the robotics, science and mathematics teams of various high schools for the international competitions that they participated in. These efforts enabled us to encourage and support high school and middle school students and boost their technological awareness. We also granted financial support to the students, who study artificial intelligence, natural language processing, machine learning and similar fields at undergraduate, graduate and PhD level, in support of general and technology-oriented education in Turkey.

As part of our social responsibility activities enabling equal access to information, we reached out 30 thousand students with the Whiz Kids project, realized in cooperation with the Ministry of National Education.

Among the participants of the "Women Developers of the Future" project, carried out in partnership with the Union of Chambers and Commodity Exchanges of Turkey Women Entrepreneurs Board, one hundred had been employed by Turkcell as testing experts as of year-end 2019. This project attracted great attention at the forum organized by the United Nations Development Program in New York during the United Nations week.

WE WILL CONTINUE TO WORK FOR OUR COUNTRY AND PEOPLE AS WE HAVE OVER THE PAST QUARTER CENTURY...

As the Board of Directors and the Management Team, we will continue to provide innovative services to our customers, create value for our shareholders and increase the welfare of our country and people in the upcoming period. In this respect, we will remain motivated to further improving our service quality and developing products and services in accordance with needs and expectations of our customers. We will continue to achieve this by leveraging our superior infrastructure, technology investments and highly-skilled human capital.

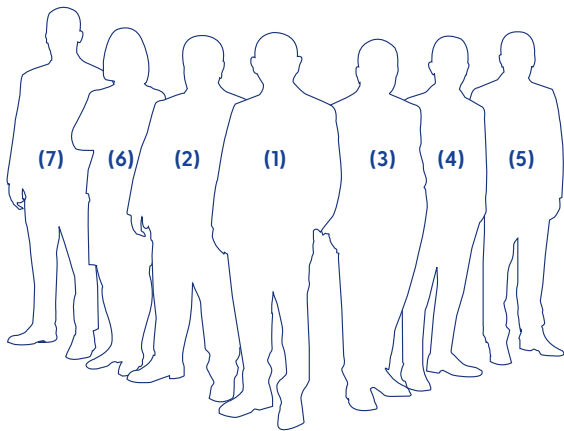
I would like to thank our customers, shareholders, investors, employees and all stakeholders for their growing interest in Turkcell in 2019. I hereby declare that we will continue to work relentlessly in the upcoming periods with the pride in our company as it leads Turkey's digital transformation.

Respectfully yours...

AHMET AKÇA

Chairman of the Board of Directors

BOARD OF DIRECTORS



AHMET AKÇA (1)

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 BIM 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.

ATILLA KOÇ (2)**Independent Board Member***

Atilla 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. Atilla Koç graduated from Ankara University's Faculty of Political Science.

MEHMET HİLMİ GÜLER (3)**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 (TÜBİTAK), as Chairman and General Manager of the Machines and Chemical Industries Board (MKEK), as the General Manager and Chairman of Etibank, as the Chief Undersecretary to the Prime Minister, and as Board Member and Executive Director at ERDEMİR and İGDAŞ. Mr. Güler also served as Minister of Energy and Natural Resources in the 58th, 59th and 60th Governments. Mehmet Hilmi Güler has been serving as Mayor of Ordu Metropolitan Municipality since 2019 local elections. Mehmet Hilmi Güler graduated from Middle East Technical University's Department of Metallurgical and Materials Engineering where he obtained his Master's Degree and PhD.

BÜLENT AKSU (4)**Board Member**

Bülent Aksu was appointed to the Turkcell Board of Directors on March 7, 2019. Bülent Aksu has 22 years of managerial experience in finance, accounting, tax and management fields in various sectors including telecommunications, energy, petrochemicals, textiles and audit. He began his career at Inspection Board of Kuveyt Türk A.Ş. as an Auditor, and then undertook Finance Manager and Group Finance Director roles, respectively at Çalık Holding in 2003. Between 2008 and 2012 he served as CFO and Board Member at Akfel Group. Mr. Aksu undertook CFO role at Azerbaijani National Oil and Gas Company's (SOCAR) subsidiaries Petkim Petrokimya Holding A.Ş. and STAR Rafineri A.Ş., respectively from 2012 to 2016. Bülent Aksu carried out numerous merger and acquisition transactions in various industries, and actively managed financial transactions including project financing and bond issuance in international and domestic markets. He led the conclusion of the financing agreement of USD 3.3 billion with 18 years maturity signed between 23 local and international financial institutions and STAR Rafineri, one of the most prominent industrial investments of our country. This agreement had been the top project financing transaction made in Turkey to that date in terms of the amount and maturity. Moreover, it had been the largest project financing transaction in Europe in 2014. Bülent Aksu served as CFO of Turkcell from July 20, 2016 to July 17, 2018. Mr. Aksu made valuable contributions to Turkcell having implemented international practices enabling Turkcell to become an exemplary company of our country in terms of balance sheet and FX risk management along with his innovative solutions to funding investments. Mr. Aksu strengthened Turkcell's leading position in local and international capital markets having carried out first Asset Backed Securities (ABS) issuance in non-banking sector, and having led financing bill, lease certificate

and Eurobond transactions. He served as a Board Member of Türk Telekomünikasyon A.Ş. from November 2018 to March 2019. Mr. Aksu took office as Deputy Minister for the Ministry of Treasury and Finance as of 3rd of August, 2018. On May 13, 2019 he was appointed as the Chairman of Board of Directors of Turk Eximbank. In 2016 and 2018, Mr. Aksu was voted among the top 50 most influential CFOs in Turkey by the Fortune Turkey magazine. Bülent Aksu graduated from Istanbul University Faculty of Business Administration (English) in 1996.

HÜSEYİN AYDIN (5)**Board Member**

Hüseyin Aydın was appointed to the Turkcell Board of Directors on March 8, 2019. He began his career as an Associate Inspector at Ziraat Bank and held several roles as Inspector, Department Head, Duisburg/Germany Representative, and Branch Manager. Between March 28, 2003 and April 13, 2005, he served as an Executive Board member at Halkbank. From April 28, 2004 to November 12, 2014, he also served as a Board member at Pamukbank T.A.Ş. From April 14, 2005 to May 31, 2005, he carried out deputy chairman role at T.C. Ziraat Bankası A.Ş. Mr. Aydın became the General Manager of Halk Bank on May 31, 2005. Having joined Ziraat Bank as the CEO on July 15, 2011, Mr. Aydın also serves as the Chairman of the Banks Association of Turkey and Board Member of Türkiye Wealth Fund Management Co. Mr. Aydın was born in 1959 in Borçka/Artvin. He graduated from Ankara Academy of Economics and Commercial Sciences Faculty of Economics.

INGRID MARIA STENMARK (6)**Board Member**

Ingrid Maria Stenmark was appointed to the Turkcell Board of Directors by the General Assembly decision on March 29, 2018. Ms. Stenmark is currently the Senior Vice President and Head of CEO Office at Telia Company. She is responsible for Group Strategy, Enterprise Risk Management, Ethics and Compliance and also 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. Ingrid Maria Stenmark holds a Master of law from the University of Stockholm.

CHRISTOPHER JAMES POWELL (7)**Board Member**

Christopher James Powell was appointed to the Turkcell Board of Directors in December 2019. Mr. Powell was appointed as the Chief Finance Officer of LetterOne Technology in 2015. Mr. Powell has a broad remit including accounting, reporting, tax, structuring and commercial transactions. He also serves as a Board member for various companies within LetterOne. Mr. Powell was previously the Head of Finance at Pallinghurst, a boutique private equity investment house, where he was responsible for financial reporting, accounting, investment valuations and investor relations. Prior to Pallinghurst, he worked within the financial reporting team for Anglo American plc, on the company's transition to International Financial Reporting Standards and technical accounting. Mr. Powell also led various finance transformation projects. Mr. Powell has a BA in History and an MA in Modern European History, both from the University of Manchester. He qualified as a chartered accountant (ICAEW) with Deloitte in 2004.

* 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.

MESSAGE FROM THE CEO

As 2019 was our 25th anniversary, it held special importance for us. In the quarter century behind us, we worked relentlessly to create value for our people and country; we have achieved countless successes, while having marked many firsts and pioneered numerous innovations.



Thanks to our wide frequency spectrum and investments, we are among the few operators in the world to provide the fastest 4.5G service to our customers with 1.2 Gbps speed.

TRY 25.1 billion
Turkcell Group consolidated revenues increased 18.1% year-on-year, reaching TRY 25.1 billion.

Dear Shareholders,

As Turkcell family, we continued our activities in 2019 to offer innovative services and solutions that add value to the lives of our customers. We played a leading role in digital transformation of Turkey and other countries that we operate in leveraging our infrastructure investments, which enable us to introduce latest technologies to our customers. The steps that we have taken towards strengthening the bond with our customers led to sound operational performance as well as strong financial results. As 2019 was our 25th anniversary, it held special importance for us. In the quarter century behind us, we worked relentlessly to create value for our people and country; we have achieved countless successes, while having marked many firsts and pioneered numerous innovations. In the upcoming period, we will pursue our customer-oriented strategy carrying out activities with the responsibility of our past accomplishments that encourages us to reach our goals. Accordingly, we will introduce our customers with latest technologies and high-quality services that serves their hearts and minds.

2019 was a year of global uncertainties and cost increases due to trade wars and geopolitical tension, and yet one where a macroeconomic rebalancing occurred in our domestic market. As Turkcell Group, we achieved strong financial results pursuing profitable growth on the back of our strategy, which we reviewed towards further customer centricity, and successful financial risk management practices. Turkcell Group consolidated revenues increased 18.1% year-on-year, reaching TRY 25.1 billion. Consolidated EBITDA rose by 18.6% to TRY 10.4 billion leading to an EBITDA margin of 41.5%. Our EBIT margin was at 21.4%. Net income rose year-on-year by 60.6% to a record-high TRY 3.2 billion. Our operational capital expenditures to sales ratio was 18.0%, in-line with our plans. Moreover, we distributed our shareholders TRY 1.01 billion dividends thanks to our strong balance sheet, cash generation strength and profitable operations despite challenging macroeconomic conditions.

CONFIDENCE IN ECONOMY AND STRONG COMMITMENT TO OUR INVESTORS

Thanks to the firm steps taken by Turkey's Economic Administration and the New Economy Program, we have entered into a period where macroeconomic uncertainties are diminishing, clarity is improving and positive outcomes of the rebalancing policies are becoming more evident. Throughout the year, we further strengthened our organizational structure and identified strategic focus areas for the upcoming period. With the confidence based on positive macroeconomic developments, we disclosed our three-year targets and strategic priorities for 2020-2022 period to all our

stakeholders at meetings held first in London and then in Istanbul. In this three-year period, we target 13% - 16% revenue growth (CAGR), 39% - 42% EBITDA margin and 18% - 21% EBIT margin. We expect an operational capex to sales ratio of 16% - 18%. Having communicated these strong targets, we will continue our efforts to create value for all stakeholders in the upcoming period.

STRENGTHENING CUSTOMER BOND WITH A FOCUSED APPROACH

As Turkcell family, we carry out our activities keeping in mind that customer appreciation of our products and services is key to our achievements. In this respect, this year we redesigned our sales organization with the aim to further strengthen the bond with our customers. Accordingly, we established an organizational structure enabling us to focus more closely on customer needs, and design more effective services and solutions in a faster manner. Moreover, as part of the customer initiative implemented across the whole organization, we put 90 actions swiftly into life which strengthened our bond with customers even further. We continued our net promoter score leadership in 2019 thanks to innovative services and products, and strengthening customer focus. We are particularly proud to be named as the best-loved telecommunications operator (Lovemark) in Turkey this year.

INNOVATIVE SERVICES AND SOLUTIONS ON STRONG AND HIGH QUALITY INFRASTRUCTURE

Thanks to our wide frequency spectrum and investments, we are among the few operators in the world to provide the fastest 4.5G service to our customers with 1.2 Gbps speed. Superbox, which enables us to provide fiber-speed internet service to households over our mobile network, is among our stand-out innovative products. As the first and most widespread fixed wireless access product in Turkey, Superbox continues to earn appreciation of customers and expand its user base every day. This technology, which is expected to become widespread worldwide with the introduction of 5G networks, confirms our infrastructure's readiness for 5G. Meanwhile, we are also one of the few operators in the world that can offer 10 Gbps speed over fiber infrastructure.

Given the importance of data in digital age, and with the conviction that Turkey's data should remain in Turkey, we carry out activities in this area and continue to increase our data storage and processing capacity. On a datacenter investment of approximately TRY 1 billion to date, we are the largest datacenter operator in Turkey. We opened Turkey's biggest data center in Ankara in 2019 and increased the number of datacenters at world standards to eight with a total of 33,500 m² of white space.



We carry out our activities keeping in mind that customer appreciation of our products and services is key to our achievements.



MURAT ERKAN
Chief Executive Officer

On the back of advanced analytical capabilities and technology investments, we interpret big data generated from our operations using artificial intelligence and business intelligence systems.



We have the most comprehensive young talent recruitment program in Turkey. As part of this important program, over which we receive thousands of applications each year, we recruit young and successful fresh university graduates.

A key issue of the coming period is the transition to 5G. Given the speed and capacity increase it offers, we believe that 5G technology, the infrastructure of Industry 4.0, will lead to a rapid transformation across all sectors, playing a vital role in our country's digital transformation. As Turkcell, we continue our preparations for the transition to 5G without let up in pace, realizing industry firsts. We cooperate with sector representatives at various platforms in local and global arena and share our experiences playing a leading role in setting industry standards. Meanwhile, we conduct tests with our suppliers preparing our network for the transition. We achieved record high speed of 2.3 Gbps as part of the test implemented this year over 5G compatible commercial smartphones for the first time. Moreover, we broadcasted 5G signal in pilot base stations in Istanbul, Ankara and Izmir over existing frequency bands.

We are aware that joint infrastructure will play a vital role in the transition to 5G, ensuring the efficient use of national resources to the benefit of all participants. We continue our related efforts accordingly. In this respect, with the infrastructure sharing agreements signed with Turksat and Vodafone Turkey, we share our fiber infrastructure and offer fixed internet services to more households. As Turkcell, we also participate in initiatives to develop local 5G technologies. Most recently, we started to use domestically produced 4.5G compatible antennas, developed by ASELSAN, on our network.

CUSTOMIZED OFFERS TOUCHING LIFE ENABLED BY ANALYTICAL CAPABILITIES

As Turkcell, we interact with 36 million customers every day. On the back of advanced analytical capabilities and technology investments, we interpret big data generated from our operations using artificial intelligence and business intelligence systems. This enables us to provide customized offers to our customers. We conduct more than 70 million interactions with our customers every month and offer solutions to best meet their needs. We have one of the largest R&D centers in Turkey with 1,263 engineers employed, allowing us to improve our analytical capabilities continuously. We develop numerous solutions and services that meet needs of Turkcell and our customers.

STRONG AND AGILE TURKCELL FAMILY DEVELOPING SKILLS CONTINUOUSLY

We are a very large family with nearly 22 thousand employees. We are committed to adapting ourselves to the rapidly changing requirements of the digital age with the aim to provide innovative and high-quality services and solutions to our customers in the fastest manner and introduce them with the latest technologies. Under the leadership of our corporate university Turkcell Academy, we organize trainings, the content of which is determined in accordance with corporate needs. Our employees across all levels of organization attend these trainings prepared in cooperation with world's leading universities and develop their knowledge and skills continuously.

We have the most comprehensive young talent recruitment program in Turkey. As part of this important program, over which we receive thousands of applications each year, we recruit young and successful fresh university graduates. We strengthen Turkcell family with new skills and competencies thanks to young talents' innovative ideas, dynamism and high energy.

TELECOMMUNICATION SOLUTIONS CONNECTING MILLIONS

The customer demand to our differentiated mobile and fixed offerings under our core telecommunication business continued with strengthening momentum in 2019. Renewing our customer approach and strengthening our focus, we registered net postpaid subscriber additions of 1.5 million this year, the highest print of the past 10 years. On the fixed front, our fiber subscriber base grew by 99 thousand net additions and reached 1.5 million. Meanwhile, subscribers using our IPTV service reached 720 thousand. Superbox, appreciated by our customers for its fiber like speed in regions not covered by fiber infrastructure, reached 323 thousand subscribers on strong demand.

The demand for mobile data continued to rise in 2019 with increasing number and consumption of 4.5G users. Average monthly mobile data usage per user, increased 53% year-on-year to 9.0 GB in the fourth quarter of the year while average mobile data usage of 4.5G users reached 11.5 GB in December.

We registered mobile ARPU (Excluding M2M) growth of 17.7% year-on-year driven mainly by increased data consumption, upsell efforts and expanding postpaid subscriber base. Fiber residential ARPU posted all time high growth of 17.5% mainly on offers renewed at the start of the year, upsell efforts and increasing number of IPTV users.



We have conducted around 1,000 projects in which we analyzed the digital transformation needs of our customers operating in various sectors, offering the right solution and service.



As Turkcell family, we attach great importance to social responsibility projects for our country and citizens. In this respect, we are committed to adding value to the lives of our citizens and customers by using power of technology in social responsibility activities.

DIGITAL SERVICES ADDING VALUE TO LIFE

Turkcell continued to offer solutions to meet all digital needs of its customers through digital services, one of the key components of our strategic plan. These services have a positive impact on ARPU levels as well as retention of customers.

BiP, fizy, TV+, Dergilik and lifebox were the most preferred Turkcell applications this year. We have recently added an "emergency button" to our locally-developed communication and life platform BiP, which registers average daily traffic of 274 million messages. This function offers the ability to automatically send location and a message to predetermined contacts in an emergency situation. We began to offer AI-enabled personalized content on our Dergilik, fizy and TV+ platforms, while also entering into advertising collaborations. Stand-alone digital service revenues that we aim to increase 2.5 times over the next 3 years scaled TRY 1 billion in 2019.

We continue to lead Turkey's digital transformation on the back of domestic and national digital services developed by our engineers and software developers. We share our digital model and experience in this area with other operators in various countries, contributing to their own digital transformation.

SUPPORT TO CORPORATE CUSTOMERS' DIGITAL TRANSFORMATION WITH END-TO-END SOLUTIONS

We support private sector companies and public institutions during their digital transformation journey with our digital business solutions, another strategic focus area. Offering various solutions, we enable our customers to differentiate from competition while we contribute to digital economy of Turkey. We offer numerous services in various fields including cloud technologies, data center services, cyber security, information technologies and Internet of Things (IoT). We aim to lead the market in 3 years leveraging our extensive sales network, strong partner ecosystem and superior infrastructure.

We have conducted around 1,000 projects in which we analyzed the digital transformation needs of our customers operating in various sectors, offering the right solution and service. In 2019, we inaugurated the fifth city hospital where we established integrated information system infrastructure. The medical equipment and software systems at Bursa City Hospital communicate with each other over networks and sensors as part of the IT infrastructure established by Turkcell. The digital infrastructure that we established for the healthcare industry continues to be recognized at international platforms. In 2019, we were awarded HIMSS 6 accreditation for Adana City Hospital and HIMSS 7 for Yozgat City Hospital at the HIMMS (Healthcare Information and Management Systems Society) Eurasia 2019 Health IT Conference and Exhibition, which made the whole Turkcell family feel particularly proud.

DIFFERENTIATING SOLUTIONS AT TECHFIN

In 2019, we continued to improve our competencies in techfin area, where technology and financial services are integrated. Paycell possesses great growth potential in mobile payment area thanks to its wide services and solutions portfolio in different verticals, access to Turkcell's extensive sales network, strong customer base and technology expertise. Paycell makes life easier for our customers by offering direct carrier billing, money transfer, payment services and wallet, plus cash top-up for the Turkcell prepaid line

and the public transportation card IstanbulKart as well as Paycell card. We also provide merchants QR based payment alternative and mobile POS solutions. As at the end of 2019, Paycell has approximately 4.5 million 3-month active users, with Paycell accepted as a means of payment at 7 thousand points. In the upcoming period, we will focus on expanding user base and merchants rapidly to become the leading mobile payment platform in Turkey.

Financell, our consumer finance business that facilitates our customers' access to technology products extended TRY 14.5 billion of consumer loans to 5.1 million customers to date. Furthermore, this year we started to offer financing for corporates through Financell for their smart device and other technology needs, advancing their digital transformation.

POWER OF TECHNOLOGY ENABLING EQUAL OPPORTUNITIES

We continued social responsibility efforts leveraging the power of technology with the aim to enable equal opportunities in accessing information.

We introduced 30 thousand students with future technologies via the Whiz Kids initiative. We have reached out to 50 thousand students having launched the mobile application of Whiz Kids in 2019. We protect children from virtual risks through Digital Intelligence application and make lives of children and their families easier by raising their awareness of the digital world. We also continued Women Developers of the Future project in cooperation with Turkish Union of Chambers and Exchange Commodities (TOBB) and TOBB Women Entrepreneurs Board this year.

As part of the People without Boundaries initiative, we carried out numerous activities to enable inclusion of disabled people in social life and make their lives easier. The Gem in Me project was designed to support the education of children with autism. This project enables personal development of autistic children in special classrooms and over free digital application, and brings ease and comfort to the lives of their families. We ensured hearing impaired customers to receive service from call center employees who are capable in sign language thanks to the integration implemented in My Sign Language application in 2019.

As Turkcell family, we attach great importance to social responsibility projects for our country and citizens. In this respect, we are committed to adding value to the lives of our citizens and customers by using power of technology in social responsibility activities.

OUR INNOVATIVE SERVICES AND SOLUTIONS TO CONTINUE TO BRING VALUE...

The year of 2019 was one with numerous achievements in many areas, as we continued to bring value to our customers' lives through innovation and quality services. We thank all our colleagues for the part they have played in our success, along with our Board of Directors for their unyielding trust and support. We also express our gratitude to our customers and business partners, who have remained with us throughout our success story.

Yours sincerely,

MURAT ERKAN
Chief Executive Officer

EXECUTIVE OFFICERS



MURAT ERKAN (1)

Chief Executive Officer

Murat Erkan was appointed as Turkcell Chief Executive Officer on March 15, 2019. Mr. Erkan, who started his career 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. Mr. Erkan served as the Business Unit Manager at Aneltech working on solutions related to telecommunications, mobile, ICT, the defense industry and industrial products sectors starting from 2006. Murat Erkan joined Turkcell Group in June 2008 as the General Manager of Turkcell Superonline, and he assumed the role of Executive Vice President of Sales from December 2015 to March 2019. Murat Erkan graduated from Yıldız Technical University Electronics and Telecommunication Engineering Department. He completed the Strategic Marketing Program at Harvard Business School in 2010.

OSMAN YILMAZ (2)

Executive Vice President - Finance (CFO)

Osman Yılmaz was appointed as Turkcell 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 Özyeğin University.

SERHAT DEMİR (3)

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 İstanbul University.

KADRI ÖZDAL (4)

Executive Vice President - Consumer Sales

Kadri Özdal was appointed as the Executive Vice President of Consumer Sales on September 26, 2019. He started his professional career at Vodafone in 1999 and worked in sales, marketing and commercial operations departments. He then joined Turk Telekom and held positions in sales development, channel optimization and management functions. He served as sales development director and then as CSO from 2011 to 2012. Between 2012 and 2016, Kadri Özdal took part in foundation and management of n11.com which is one of the largest e-commerce platforms in Turkey and held CSO role. In February 2016, he joined Turkcell as Alternative Sales Channels Director and managed non-exclusive and digital sales channels, finally having served as Retail Channels Sales Director. Kadri Özdal graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Public Administration.

CEYHUN ÖZATA (5)

Executive Vice President - Corporate and Residential Sales

Ceyhun Özata was appointed as the Executive Vice President of Corporate and Residential Sales on September 26, 2019. He started his professional career at Reuters and worked as a Customer Advisor from 1995 to 1996. He held Assistant Manager of Customer Operations role at Superonline from 1996 to 1999. He served as a CRM and Product Management Manager at IXIR AŞ from 1999 to 2001. Starting from 2002, Özata held Project Manager, Online Sales Manager, CRM & Direct Sales Director, and Marketing Director positions at Turkcell Superonline. From 2008 to 2015, he served as the Vice President of Retail Sales at Turkcell Superonline which accelerated fiber infrastructure investments. Lastly, he served as the Sales Director of Turkcell Residential and Small Medium Business Management starting from 2015 until his most recent assignment. Ceyhun Özata graduated from Boğaziçi University, Department of Electronics.



ÖMER BARBAROS YİŞ (6)

Executive Vice President - Marketing

Ömer Barbaros Yiş was appointed as the Executive Vice President of Marketing on September 26, 2019. Having started his career in 2006 as Corporate and Consumer Pricing Specialist at 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 joined Turk Telekom, where he served as the Existing Customer Management Director, Premium Segment Customer Management Director and then Fixed Products Revenue Management Director. In 2017, Ömer Barbaros Yiş joined Turkcell as Strategic and Focused Marketing Director and then he assumed Consumer Marketing Director role. Ömer Barbaros Yiş graduated from Koç University with a double major in Business Administration and Economics and received his Master's Degree and PhD in Economics from Universitat Autònoma de Barcelona. He is fluent in English and Spanish.

ATAÇ TANSUĞ (7)

Executive Vice President - Digital Services and Solutions

Ataç Tansuğ was appointed as the Executive Vice President of Digital Services and Solutions on September 26, 2019. Mr. Tansuğ started his professional career as System Support Engineer at Datapro in 1999. Between 2002 and 2009, he served as International NGN/IMS Service Support Engineer, Team Leader and Team Manager in Alcatel-Lucent. From 2009 to 2011, he held Product Service Director role responsible for Turkey and Azerbaijan and Global Customer Service Director role in his last two years in the company. He joined Turkcell Group as the Chief Technology Officer of Turkcell Superonline in 2013. Later he was appointed as Transmission & Core Network Planning Director at Turkcell in 2016. Lastly, he held Digital Services & Solutions Technology Director position in Turkcell. He graduated from the Department of Civil Engineering at Boğaziçi University.

SERKAN ÖZTÜRK (8)

Executive Vice President - Information and Communication Technologies

Serkan Öztürk was appointed as the Executive Vice President of Information and Communication Technologies in September 2015. Between 2017 and 2019, he also served as the Executive Vice President of Customer Experience in addition to his existing role. Serkan Öztürk joined Turkcell in 2000 as a Project Supervisor. 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. Serkan Öztürk graduated from Middle East Technical University Electrical and Electronics Engineering department. He received his MBA degree from Istanbul University.

GEDİZ SEZGİN (9)

Executive Vice President - Network Technologies

Gediz Sezgin joined Turkcell as a 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 Teletas in 1991. He graduated from Istanbul Technical University Electronics and Communication Engineering Department and received his Master's Degree and PhD from the same university.

ALİ TÜRK (10)

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 companies. 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.

*Seyfettin Sağlam, who has been serving as the Executive Vice President of Human Resources of our Company, has decided to resign from his position, effective as of July 24, 2019.

TOP MANAGEMENT OF SUBSIDIARIES



MURAT ERKAN (1)

Chief Executive Officer

Please see page 28 for detailed CV.

İSMET YAZICI (2)

General Manager of lifecell Ukraine

İsmet Yazıcı joined Turkcell in 2009. Mr. Yazıcı has been serving as the General Manager of lifecell, Turkcell's subsidiary in Ukraine 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 Electrical-Electronics Engineering from Hacettepe University in 1992, and his postgraduate degree in Political Science from Marmara University in 1998 and in International Marketing and Management from the University of Texas in 2001. In 2011, he received his second undergraduate degree from Istanbul University, Faculty of Law.

ERDAL YAYLA (3)

General Manager of BeST

BeST 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, Controlling and Reporting Department (2004-2010), Deputy General Manager of Finance (2010-2016) and Acting General Manager (2014-2015), respectively at lifecell in Ukraine. He served as the Deputy General Manager of Finance at BeST, Turkcell's subsidiary in Belarus since March 2016, and he assumed the Acting General Manager role since November 2018 until March 2020. 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.

ÇAĞATAY AYNUR (4)

General Manager of Turkcell Global Bilgi

Çağatay Aynur joined Turkcell Group in 2000. On July 1, 2015, he was appointed as the General Manager of Turkcell Global Bilgi. Prior to this role, he served as the Regional Manager in charge of Strategic Customers and Public Affairs, Sales Manager in charge of Large Scale Businesses, Corporate Sales Director in charge of Large Scale Businesses and Corporate Sales Director in charge of Mid-Scale Businesses at Turkcell. Mr. Aynur graduated from Department of Metallurgical Engineering at Middle East Technical University in 1993.

ADEM DUMAN (5)

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 deputy 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.



MELİKE KARA (6)

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.

HARUN MADEN (7)

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 Makinacılık ve Ticaret. He worked for Datateknik between 1989 and 2002, as a Technical Manager (1989-1991), Product Development Manager (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 worked as the acting General Manager of İBB Kültür in 2011, Founder and Chairman of the Board of İBB İstekom 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 graduated from Istanbul Technical University Faculty of Electrics, Department of Electronic Communication in 1982.

ERKİN KILINÇ (8)

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 RWE (2011-2015) and as Assistant General Manager at Limak Energy (2015-2017). Erkin Kılınc received his bachelor's degree in Mechanical Engineering from Istanbul Technical University in 1998, and Executive MBA degree from Işık University in 2003.

KAAN TURAN (9)

General Manager of Turkcell Digital Business Services

Kaan Turan joined Turkcell Group in 2013. He serves as the General Manager of Turkcell Digital Business Services since March 1, 2020. Prior to that role he worked as System Integration and IT Services Manager, Digital Integration & IT Solutions Director, Strategic Partnership & Business Development Director and finally acting General Manager of Turkcell Digital Business Services in Turkcell. Before joining Turkcell he worked as Managed Services and Solutions Management Executive in ATOS Turkey, as Global Large Deals Solution Director in Siemens AG Germany, as Service Factory Operations Manager, as Knowledge Manager and as IT Architect Consultant in Siemens Turkey, respectively. Kaan Turan graduated from Middle East Technical University, Department of Electrical – Electronics Engineering in 2000.

TURKCELL GROUP

Turkcell Group companies operate in 5 countries including Turkey, Ukraine, Belarus, TRNC and Germany.



On December 12, 2018, Turkcell signed a binding agreement and on April 2, 2019 completed the transfer of its shares in Fintur to Sonera Holding B.V., the majority shareholder of Fintur.

OUR VISION, MISSION AND TARGET**OUR VISION**

Superior digital services for
a better future

OUR TARGET

Sustainable growth at digital services

To become the digital transformation
leader of Turkey and No. 1 IT service
provider within three years

Leadership at new generation
techfin services

OUR MISSION

To add value to the digitalization
journey of our customers both in Turkey
and across the globe and enrich their
lives with our continuously improving
competencies and robust ecosystem

2019 AT A GLANCE

2019 was a year where Turkcell registered strong financial and operational results thanks to actions in strategic focus areas and effective balance sheet management.

STRONG REVENUES, EBITDA, EBIT AND NET INCOME PERFORMANCE

Our revenues grew 18.1% to TRY 25.1 billion, with an EBITDA margin of 41.5% and an EBIT margin of 21.4%. Record high net income of TRY 3.2 billion was registered on 60.6% growth.

We managed our balance sheet in accordance with our neutral-long FX position target and finished 2019 with an USD 115 million long FX position. We improved leverage with a focus on robust balance sheet focus and strong cash generation capability.

LOW LEVERAGE AND LONG FX POSITION

STRONG MOBILE POSTPAID SUBSCRIBER NET ADDITIONS

We registered mobile postpaid subscriber net additions of 1.5 million in 2019, the highest print of the past decade. This was achieved on the back of increasing customer focus, innovative services and solutions.

Our mobile ARPU* grew 17.7% to TRY 42.6 while our residential fiber ARPU reached TRY 67.0 on a record 17.5% growth.

SOLID ARPU PERFORMANCE

5G READY

Our innovative Superbox product continued to earn customer appreciation and expand its user base each day. In the meantime, Superbox demonstrated Turkcell's strong mobile infrastructure's readiness for 5G.

We pursued our leadership in net promoter score by far providing services and solutions that add value to the lives of our customers in 2019.

CUSTOMER EXPERIENCE

INCREASING DATA CONSUMPTION

Average monthly data consumption of Turkcell 4.5G users exceeded 10 GB.

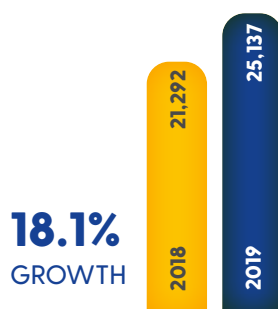
*Excluding M2M

2019 HIGHLIGHTS

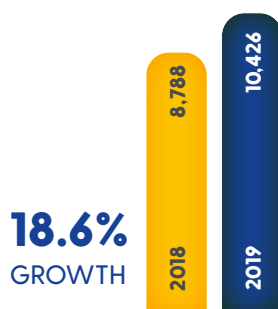
Turkcell Group continued its strong growth momentum registering revenues of TRY 25.1 billion on 18.1% growth. Group EBITDA and EBIT rose 18.6% and 19.6%, respectively. Turkcell registered record high net income of TRY 3.2 billion on 60.6% growth in 2019.

FINANCIAL HIGHLIGHTS

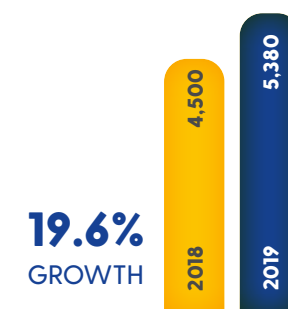
Turkcell Group Revenues
(TRY million)



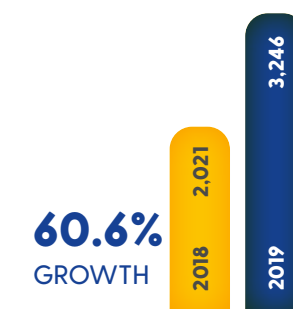
Turkcell Group EBITDA⁽¹⁾
(TRY million)



Turkcell Group EBIT⁽²⁾
(TRY million)



Turkcell Group Net Income
(TRY million)



Turkcell Group Financial Indicators

	2018	2019	Change
Turkcell Turkey (TRY million)			
Revenues	18,093	21,487	18.8%
EBITDA	7,404	8,789	18.7%
EBITDA Margin	40.9%	40.9%	-
Turkcell International (TRY million)			
Revenues	1,457	2,003	37.5%
EBITDA	613	904	47.5%
EBITDA Margin	42.1%	45.1%	3.0pp
Turkcell Other Subsidiaries⁽³⁾ (TRY million)			
Revenues	1,743	1,647	(5.5%)
EBITDA	771	733	(5.0%)
EBITDA Margin	44.3%	44.5%	0.2pp

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

⁽²⁾ EBIT is a non-GAAP financial measure and is equal to EBITDA minus depreciation and amortization expenses.

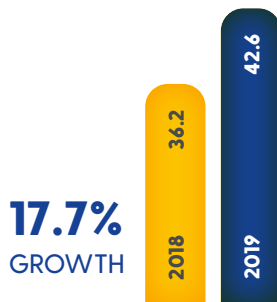
⁽³⁾ "Other subsidiaries" which is mainly comprised of our information and entertainment services, call center business revenues, financial services revenues, energy business revenues and inter-business eliminations.

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

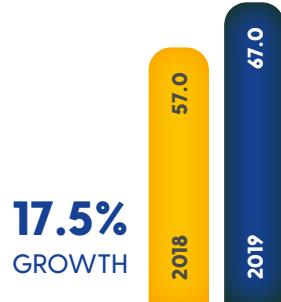
In 2019, Turkcell's total number of customers was 46.7 million, with 35.7 million in Turkey.

OPERATIONAL INDICATORS

Mobil ARPU⁽¹⁾ (TRY)



Residential Fiber ARPU (TRY)



On the mobile front, our postpaid subscribers expanded by 1.5 million net annual additions in 2019, the highest print of the past 10 years. Our mobile postpaid subscribers was at 20.4 million as at the year end 2019. Our fiber subscribers reached 1.5 million on 99 thousand annual net additions. IPTV subscribers was at 720 thousand on 106 thousand annual net additions.

Turkcell Turkey Operational Indicators

	2018	2019	Change
Number of Subscribers (million)	36.7	35.7	(2.7%)
Mobile Postpaid (million)	18.8	20.4	8.5%
Mobile Prepaid (million)	14.9	12.4	(16.8%)
Fiber (thousand)	1,385.6	1,484.7	7.2%
ADSL (thousand)	905.6	719.1	(20.6%)
Superbox (thousand) ⁽²⁾	33.5	323.2	864.8%
Cable (thousand)	-	49.2	n.a
IPTV subscribers (thousand)	613.4	719.7	17.3%

⁽¹⁾ Excluding M2M.

⁽²⁾ Superbox subscribers are included in mobile subscribers.

Our digital services, techfin solutions and digital business services, enriching our customers' lives, attracted great attention on international platforms.



Tens of Turkcell's digital services including BiP, fizy, TV+, Digital Operator, Dergilik, lifebox, Yaani, UpCall, GollerCepte, Akademi and Kopilot were presented to international audience at Mobile World Congress held in Barcelona, Spain.

Our digital services, techfin solutions and digital business services, enriching our customers' lives, attracted great attention on international platforms.

TURKCELL'S DIGITAL SERVICES SHOWCASED AT MOBILE WORLD CONGRESS.

Tens of Turkcell's digital services including BiP, fizy, TV+, Digital Operator, Dergilik, lifebox, Yaani, UpCall, GollerCepte, Akademi and Kopilot were presented to international audience at Mobile World Congress held in Barcelona, Spain. The details of Turkcell's success story, achieved after the digital export move announced at previous year's event, was also shared with the audience. Turkcell, bringing a breath of fresh air into the telecom industry by successfully leveraging OTT and telecom capabilities, announced that its digital services were to be used in 37 countries through its subsidiary lifecell Ventures. After Turkey, Belarus, Ukraine, TRNC, Moldova and Germany, Turkcell's digital services are to be used in Albania through ALBtelecom, Caribbean through Digicel.

At the Global Mobile (GLOMO) Awards held in Barcelona, Turkcell received the Industry Leadership Award in the "Technology for Women" category. Turkcell was the only telecommunications company representing Turkey in the finals at the GLOMO Awards. Moreover, GSMA (World Mobile Operators Association) presented Turkcell with the Pioneering Award for its efforts in the security field of Internet of Things (IoT).

MURAT ERKAN ON GSMA'S BOARD OF DIRECTORS

Our Chief Executive Officer Murat Erkan has become one of the 25 members of the GSMA's Board of Directors. GSMA, having more than 800 members, leads the global mobile communications industry. Domestic and international experience of Turkcell, which is on GSMA's Board for the third time, will continue to be shared on global

platforms by our Chief Executive Officer. Moreover, Turkcell plans to contribute to GSMA sponsored research studies on developing new generation communication technologies, supporting the digital economy with mobile platforms and using mobile communications for social benefit.

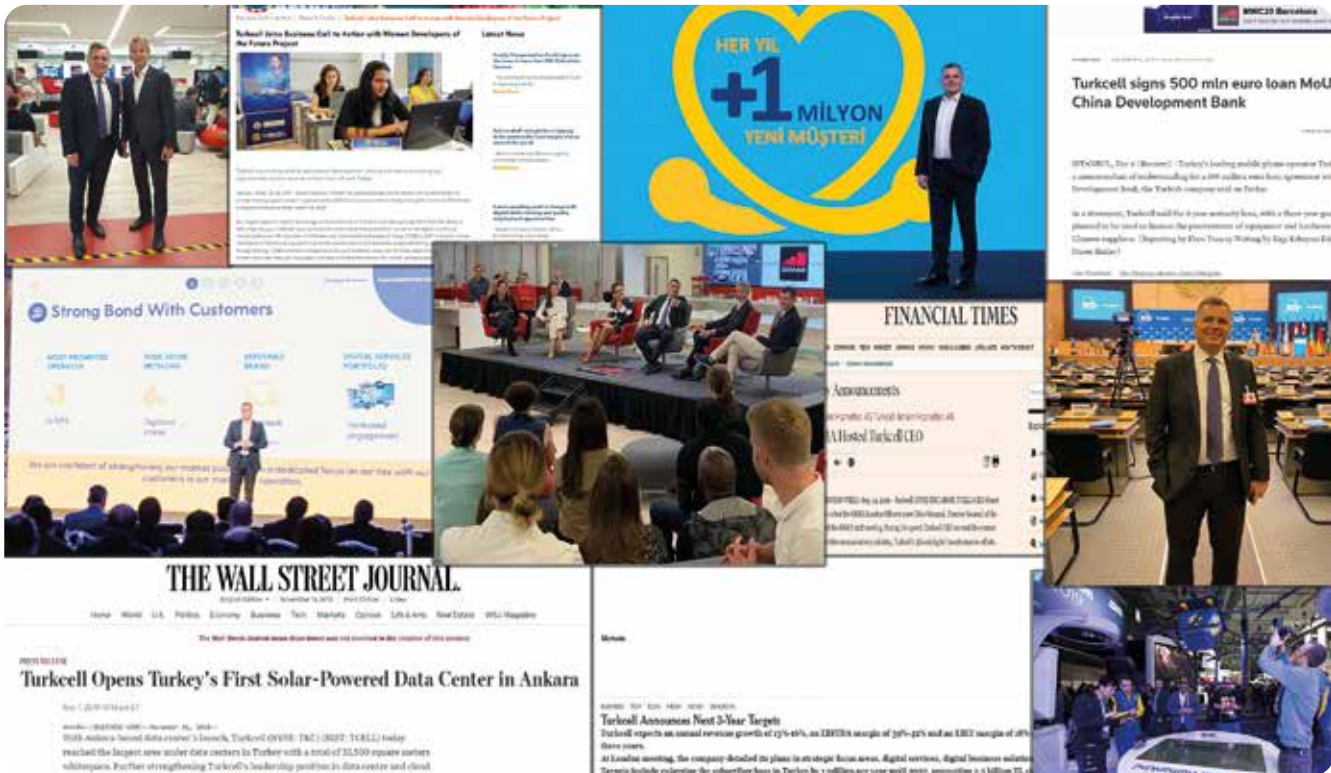
TURKCELL LED DISCUSSIONS ON THE DIGITAL ECONOMY AND 5G IN LONDON.

Our Chief Executive Officer Murat Erkan visited GSMA's London headquarters, the center of the world's mobile communications sector, and told worldwide employees of the organization about Turkey and Turkcell. During his speech to employees, Murat Erkan explained steps taken by Turkcell towards development of Turkey's digital economy. Mr. Erkan also met GSMA senior management and exchanged ideas on actions to be taken in 5G field, which will shape the future of the industry. Prior to his GSMA visit, Mr. Erkan met with journalists in London and talked about the current issues facing the industry and Turkcell's strategic objectives.

TURKCELL POSTED THE WORLD RECORD FOR 5G SPEED.

Turkcell conducted a speed test on its 5G pilot network with 5G compatible mobile phones that came to market abroad. During the speed test performed using a commercial 5G mobile phone on Turkcell 5G infrastructure, established at Turkcell Tepebaşı Plaza in Istanbul, we set a new world record by reaching a speed above 2 Gbps.

Over the spectrum allocated by Information and Communication Technologies Authority (ICTA) for the purpose of this test, Turkcell reached 2.3 Gbps speed on 3.5 GHz band through a 5G compatible commercial mobile phone at Istanbul Tepebaşı Plaza. With this result, Turkcell reached the highest speed in the world to that date over a commercial phone using 100 MHz bandwidth on 3.5 GHz frequency spectrum. While real 5G was experienced over commercial mobile phones, another milestone was reached as part of 5G research and development studies in Turkey.



At the Global Refugee Forum organized by the United Nations Refugee Agency in Geneva, where Turkcell Chief Executive Officer Murat Erkan participated, Turkcell was presented as a global model with its innovative social responsibility projects.

TURKCELL: ONE OF GSMA'S ARTIFICIAL INTELLIGENCE RESEARCH LEADERS

Turkcell, pioneer of technology, has become one of the project leaders in the Global Artificial Intelligence (AI) Study, which will be executed in collaboration with GSMA and The Alan Turing Institute. Under this advanced technology research and development effort, which will contribute significantly to the development of artificial intelligence globally, Turkcell has been working on an AI algorithm that enables uninterrupted communication by detecting factors that create signal disturbance instantly.

MOBILE CONNECTION PANEL, UNITED NATIONS REFUGEE AGENCY - HELLO HOPE

At the Global Refugee Forum organized by the United Nations Refugee Agency in Geneva, where Turkcell Chief Executive Officer Murat Erkan participated, Turkcell was presented as a global model with its innovative social responsibility projects. At the Mobile Connection Panel held as part of the event, Turkcell's Chief Marketing Officer, Ömer Barbaros Yiş presented the "Hello Hope" application and services provided to refugees by Turkcell.

TURKCELL JOINS LEADING INITIATIVE OF THE UNITED NATIONS FOR SUSTAINABLE DEVELOPMENT.

Turkcell's vision of taking every step with sustainability consciousness continues to find response on a global scale. Turkcell has become

one of the founding members of the CFO Taskforce initiative established by the United Nations Global Compact, the largest global corporate sustainability effort. This worldwide initiative, also participated by Turkcell's Chief Financial Officer Osman Yılmaz, aims to lay out a roadmap and formulate sustainable corporate finance principles for the long-term.

BUSINESS CALL TO ACTION, UNDP - WOMEN DEVELOPERS OF THE FUTURE

Digital operator Turkcell joined the Business Call to Action (BCtA) network in the United Nations Development Program. This effort aims to accelerate the activities of companies towards achieving sustainable development goals. Within the "Women Developers of the Future" initiative, Turkcell provided technology training to approximately 4 thousand women in Turkey. Turkcell is training 200 of the participants to become testing experts by 2021.

TURKCELL BROUGHT TOGETHER INTERNATIONAL REPRESENTATIVES OF THE TELECOM INDUSTRY.

The International Operator Customer Event, which brings together the most important players of the global telecommunications industry, was organized this year for the first time in Istanbul and hosted by Turkcell. More than 60 international companies from Europe, Asia and the USA participated in the event, which addressed the future of the industry and discussed digitalization process of operators.

OUR SUPERIOR TECHNOLOGY

In August, we recorded 2.3 Gbps download speed on a commercial smartphone, operating over 3.5 GHz spectrum, using Turkcell 5G test networks. We set a new world record in this field by reaching the highest speed to that date.



We started working on 5G use case scenarios with vertical sectors, one of the most important focal points of 5G. We conducted our first demo in the healthcare sector in October as part of remote-controlled mobile diagnosis efforts. A doctor at the hospital was able to manage the 5G-connected haptic gloves remotely, and to perform ultrasound control of a patient in the ambulance, and to monitor the results on his screen live and with high resolution. We also conducted another demonstration at Trabzon Stadium with a focus on the use of 5G at sporting events. During the demonstration, we enabled to guide movements of the athlete through virtual reality glass using 5G technology and to experience the actions from the eyes of the athlete.

We will continue our efforts to create diverse 5G use case scenarios with various vertical sectors to meet the digitalization needs of different industries in Turkey as well as to boost sector-wide productivity.

TURKCELL CHANGED THE DYNAMICS OF THE MOBILE MARKET WITH SUPERBOX!

Superbox is a mobile broadband internet service that we offer to households who do not have access to fiber broadband or who are not satisfied with the performance of ADSL service provided via copper cable. We are already using Fixed Wireless Access (FWA) technology - one of the most important services of 5G - to provide broadband internet services to households via Turkcell's robust 4.5G network. Our Superbox service, which we launched in 2017, expanded its service portfolio to reach out a wider user base in 2019. Superbox has changed the dynamics of the mobile market with its exceptional performance reaching 323 thousand customers as year-end up from 33 thousand at the beginning of the year.



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WE CONTINUE TO ENHANCE OUR TURKCELL SUPER NETWORK, ESTABLISHED ON ADVANCED TECHNOLOGIES, THROUGH OUR RESEARCH ACTIVITIES ON 5G.

At Turkcell Technology Summit held in April, we broadcasted 5G signal over our existing spectrum and demonstrated that the Turkcell network was 5G-ready. With this effort, we became the first operator worldwide to broadcast 5G over an FDD band. We made our core network ready for end-to-end 5G NSA architecture.

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DOMESTIC AND NATIONAL TECHNOLOGIES ARE NOW IN TURKCELL'S NETWORK...

In 2019, we reaped the benefits of our long-lasting efforts on developing domestic and national products requiring advanced technology. We completed the Local 4.5G Antenna Development project executed in collaboration with ASELSAN and launched it successfully in August. In this respect, we became the first operator in Turkey using domestic 4.5G antennas and started to provide mobile communication services using domestic antennas on our live network. Additionally, we signed agreements with our business partners to expand the domestic ecosystem and to locally manufacture new generation antennas.

In 2019, Turkcell also took major steps forward in its 4.5G Domestic Base Station development project. We signed a landmark agreement with ULAK Haberleşme A.Ş. at Mobile World Congress in Barcelona, where the leaders of the mobile telecommunication world meet, and became the first and only operator in Turkey to provide the largest support to the domestic base stations.

With the agreement covering a period of four years, domestic and national base stations are targeted to be used at a total of 2,900 Turkcell sites across Turkey. Thanks to intensive efforts to develop and to expand the domestic base station network, we completed the installation of 250 domestic base stations during the year.

In 2019, we also continued to provide significant support to the End-to-End Domestic and National 5G Communication Network project with our experts from various functions of Turkcell. This project is co-executed by ULAK Haberleşme A.Ş. and the Communication Technologies Cluster (HTK) to develop domestic and national products compatible with 5G technology.

WORLD'S LARGEST AIRPORT CONNECTS WITH TURKCELL.

As Turkcell, we established the 5G-ready communication infrastructure with cutting-edge technologies at Istanbul Airport, the largest airport facility in the world under one roof. With this project, three operators established a digital indoor system with active sharing for the first time in Turkey. Moreover, we enabled an experience possessing Gbps speed at an airport with an annual capacity of 90 million passengers which became a role model to the global industry.

TURKCELL STRENGTHENS CORPORATE CLIENTS WITH SOFTWARE-BASED SD-WAN TECHNOLOGY FOR A DIGITALIZED TURKEY.

The world's first digital operator, Turkcell combines the corporate cloud and software-based networking services, which play a critical role in digital transformation of corporations with operator competencies. Corporate customers are enabled to access all internet, VPN and security services from a single device. Thus, corporate clients do not have to allocate additional resources to technology investments that they need.

Advantages of SD-WAN:

- Opportunity to use high bandwidth with line integration
- Multi-service management from a single device
- Real-time network monitoring with detailed screening and reporting
- Cost and time savings
- Application-based traffic engineering

We have now completed the network architecture to use this service, which is currently offered to our corporate customers, at our own TİM stores as well. We will commence installations during 2020.



We became the first operator in Turkey using domestic 4.5G antennas and started to provide mobile communication services using domestic antennas on our live network.

Twelve of our projects as part of our R&D activities conducted with domestic and international partners have received funding from R&D supporting organizations, including European Commission's Horizon 2020 Program, Celtic Next and TÜBİTAK.



As part of 5G Valley studies, we enriched our collaborations with universities by employing graduate students from Bilkent, Middle East Technical and Hacettepe Universities in order to raise human resources for the industry.



R&D ACTIVITIES FOR 5G AND BEYOND

Pursuant to our vision of being a technology producing/developing company rather than being only a consuming one, Turkcell continues its cooperation with certification institutions, universities, public institutions, suppliers and Small Medium Enterprises as well as its internal R&D efforts.

Twelve of our projects as part of our R&D activities conducted with domestic and international partners have received funding from R&D supporting organizations, including European Commission's Horizon 2020 Program, Celtic Next and TÜBİTAK.

As part of 5G Valley studies, we enriched our collaborations with universities by employing graduate students from Bilkent, Middle East Technical and Hacettepe Universities in order to raise human resources for the industry. Moreover, we provide support for the human

capital potential to be guided efficiently by cooperating with local R&D teams of enterprises in Turkey with global scale.

As studies on next generation vehicles globally start to shift to autonomous and connected vehicle technologies, Turkcell increased its focus on activities in the cellular vehicle-to-everything (C-V2X) which is a vehicle communication technology supported by cellular connectivity systems. Our 5G-MOBIX project is supported under the collaborative, connected and autonomous mobility category of the European Union Horizon 2020 R&D program. Within this effort, we put 5G supported vehicle communication applications, which are to be demonstrated at the Turkey-Greece border, into practice with our business partners. We also demonstrated an autonomous vehicle at Turkcell Technology Summit with Ericsson Turkey. During this demo, where cellular communication technologies were used, visitors experienced commuting via driverless public transport.



We signed a cooperation agreement with University of Edinburgh, which is widely known for its work related to artificial intelligence, and commenced R&D studies on AI applications in the network.

Turkcell is also conducting research studies on open network formations. Last year, we became a member of ONF (Open Network Foundation) and TIP (Telecom Infra Project) and we also closely monitor the research efforts of O-RAN Alliance. We are in close contact with O-RAN manufacturers and aim to test their solutions within our network. In this respect, we also participated in the R&D project related to open networks together with Netsia and international operators such as Telefonica and KDDI.

TURKCELL CONTRIBUTES TO TECHNOLOGY STANDARDIZATION.

Turkcell takes an active role in determining the standards that guide the technology roadmaps in the industry. We regularly attend meetings of pioneering organizations in standardization studies such as GSMA, ITU-T, ETSI, 3GPP, NGMN, 5G-PPP, ONF and TIP, of which we are a member.

We are closely monitoring 3GPP RAN2 (radio layer) research studies especially as part of our domestic 5G base station development projects. Turkcell is diversifying and increasing its activities in 3GPP by offering a study item related to smart network scoring to the 3GPP SA5 (network management) group. At ITU-T, we are part of the Machine Learning in Networks and 2030 Network Technologies working groups. We also contribute to 5G projects at NGMN Alliance, of which we are a member.

SMARTER INFRASTRUCTURE WITH AI

While network complexity is expected to increase significantly with 5G, flexible network management will be possible with the expansion of software-based network components. For this reason, artificial intelligence applications will become increasingly widespread in automatic network management and optimization. Machine learning techniques that are currently in use in many projects such as estimating traffic density, capacity and electricity consumption, and detecting abnormalities in the Turkcell network also contribute to network efficiency.

Turkcell participated in the Global Artificial Intelligence Challenge competition organized by GSMA and The Alan Turing Institute for the first time this year with the proposed project titled "Detection and Localization of Signal Disturbances in Networks." Our proposal ranked among the top four projects selected among 80 applications submitted by mobile operators worldwide.

We also signed a cooperation agreement with University of Edinburgh, which is widely known for its work related to artificial intelligence, and commenced R&D studies on AI applications in the network.

We are advancing infrastructure monitoring methods utilizing digital technologies in order to provide high quality and 24/7 uninterrupted services to our customers.



WE WERE AWARDED THE WINNING PRIZE AT GLOTEL AWARDS WITH OUR CUSTOMER-FOCUSED MALFUNCTION MANAGEMENT APPLICATION, ESTABLISHED OVER AI.

We are advancing infrastructure monitoring methods utilizing digital technologies in order to provide high quality and 24/7 uninterrupted services to our customers. We analyze millions of metrics including alarms, performance data, and customer complaints using artificial intelligence technologies. Then, we establish causal relationships and even diagnose problems ahead of complaints. Moreover, developing automation solutions, we minimize human effort and boost efficiency. In 2019, we filed patent applications for six of our research studies. With our customer-focused malfunction management application, we received the Winning Prize at the 2019 Glotel Awards finals held in London in November 2019. With the Base Station Service Interruption Estimation project, developed by Turkcell engineers, we forecast potential problems in base stations that are vital to communication services and prevent site interruptions using local AI capabilities. This project advanced to the finals at the 2019 Loyalty Awards competition.



By enabling all customers to file complaints via the Digital Operator application, we communicated complaints directly to the operational teams and shortened the solution timeframe.

CUSTOMER ORIENTED COMPLAINT MANAGEMENT

Consumers

We improved the rate of network oriented customer complaints by 20% year-on-year. By enabling all customers to file complaints via the Digital Operator application, we communicated complaints directly to the operational teams and shortened the solution timeframe. For mobile interruptions that result in customer complaints, we engaged the IVR Announcement on District basis and provided quick feedback to the customers. With our Digital Operator vision, we developed the estimated failure time announcement in case of interruptions in the fixed network preventing uncertainty about downtime.

Corporates

We developed an automated system that detects the services facing problems and performs the first checks independent of the user. To respond to complaints of corporate customers, we filed two patent applications for the work related to our ways of doing business digitally:

- We developed automation software that ensures the quality and continuity of the service by checking security definitions.
- Turkcell triggered capacity increase process by automatically detecting capacity overload in customer connection lines.

CORPORATE SERVICE PROCESSES

We started to use simplified installation processes and robotic process automation in corporate service activations. Our first robot, which we named "SD-BEE," automatically performs the job assignment, IP subscription research, job order controls and similar processes. Turkcell's developments in the automation field continue with the focus on Zero Touch.

THE DIFFERENCE THAT WE CREATED IN CUSTOMER EXPERIENCE WAS RECOGNIZED WITH AN AWARD IN EUROPE.

Turkcell's data optimization platform was awarded the Best NFV/SDN Business Case with its contribution to customer experience by utilizing the benefits of virtualization in the best manner. Beating highly competitive peers, Turkcell received the award at the Network Virtualization & SDN Europe event in Berlin.

This innovative solution enhances customer's internet experience, improving page response times up to 35%, data download speeds up to 27% and data upload speeds up to 60% with TCP optimization. The completely virtual platform is a differentiating service in the industry as the largest virtual data optimization solution running on open stack with 1.4 Tbps capacity. Having preserved the existing infrastructure, the cost savings achieved from the flexibility provided by virtualization were also cited by jury members.



As data has gained importance both within the industry and the organization in recent years, Turkcell integrated enriched network data into its data analytics platform as part of the Deep Network Intelligence project which aims to bring Turkcell to an advantageous position in competition in this field.

VIRTUALIZATION JOURNEY CONTINUES.

Turkcell continued its Telco Cloud investments and virtualization efforts in 2019. The number of our virtualized network services has reached 24 with the installation of more than one thousand servers. One-hundred percent virtualization was achieved in VoLTE, new generation voice over data network. Virtualized capacity of network services carrying data traffic reached 2.6 Tbps and preserved its position as the largest infrastructure in the region. Having completed the analysis, tender and procurement stages management layer activities, we started installation and integration. Turkcell continues its industry leading efforts in adapting the latest generation network services supporting container to Telco Cloud.

Turkcell is part of the CNTT (Common NFVI Telco Task) community, where 15 operators and contributing solution providers come together to form a common Network Function Virtualization Infrastructure definition. With this effort, the experiences of leading operators in virtualization infrastructures are transformed into standard methods and processes that can be used by all operators. With the proliferation of NFV, operators aim to decrease costs and time to market and reduce the complexity of their operations.

DEEP NETWORK INTELLIGENCE

As data has gained importance both within the industry and the organization in recent years, Turkcell integrated enriched network data into its data analytics platform as part of the Deep Network Intelligence project which aims to bring Turkcell to an advantageous position in competition in this field. With the use of this data, we gained experience in communicating our customers in the most accurate way and establishing realistic marketing models to the most possible extent.

TARGETED ADVERTISING

With this project through which we contributed to digital advertising world, new technologies integrating Data Analytics Platform, which enables showing customers interest specific content anonymously, and network systems were established. Thus, while it was enabled to show ideal promotions in accordance with customer interests, new revenue sources were generated for Turkcell with revenue sharing model.

Implementing a business model enabling us to offer our cyber security activities carried out in-house to other enterprises, we have developed Domestic and National Cyber Security products and services.



In the PCRF (Policy and charging rules function) infrastructure, one of the most crucial components of the main network, Turkcell developed a hybrid platform architecture which is a first in the industry. Hybrid architecture, where legacy and virtual infrastructures are actively used together as a gift, was put into service with the cooperative design of Turkcell and Huawei engineers.

HYBRID BASIC NETWORK

In the PCRF (Policy and charging rules function) infrastructure, one of the most crucial components of the main network, Turkcell developed a hybrid platform architecture which is a first in the industry. Hybrid architecture, where legacy and virtual infrastructures are actively used together as a gift, was put into service with the cooperative design of Turkcell and Huawei engineers. With this new model, having retained and virtualized existing investment, a new infrastructure was created to provide flexible and rapid growth.

eCALL LAUNCH

eCall is a solution recommended by the European Commission to ensure that vehicles receive fast and automatic assistance in the event of an accident. When an accident occurs, in-vehicle equipment automatically calls the emergency center and transmits respective information about the accident. This information includes accident time, reason for activation, GPS coordinates and vehicle information.

CYBER SECURITY IS BECOMING INCREASINGLY IMPORTANT WITH DIGITALIZATION!

With the ever-growing digitalization of enterprises, the number of systems and business processes connected to internet rise fast. This brings along growing number of global and local cyber security risks. For various reasons, organizations are not always capable of employing their own in-house cyber security experts, or investing adequately to anticipate and prevent potential risks. Thus, implementing a business model enabling us to offer our cyber security activities carried out in-house to other enterprises, we have developed Domestic and National Cyber Security products and services. In addition to the DDoS attack prevention service, which we have offered to corporate clients for years, we continued to develop new services in 2019 and increased our revenues. We have expanded our customer portfolio to over 1,100 users with advanced cyber security services such as Remote Cyber Attack Monitoring and Case Analysis SOC (security operation center) services; various security testing services such as intrusion tests; identity and access management consultancy service and cyber threat intelligence portal BOZOK.



Cyber Defense Centre (CDC) team of Turkcell earned the title of Most Mature SOC (security operations center) Team in the telecommunications industry globally receiving a score of 3.2/4.0 during an audit conducted by Micro Focus Global SIOC team as part of Maturity Level Assessment.

TURKCELL HAS THE MOST MATURE SOC TEAM GLOBALLY.

Cyber Defense Centre (CDC) team of Turkcell is part of FIRST group and has FIRST certification. The CDC team earned the title of Most Mature SOC (security operations center) Team in the telecommunications industry globally receiving a score of 3.2/4.0 during an audit conducted by Micro Focus Global SIOC team as part of Maturity Level Assessment. Our CDC team can provide cyber-attack monitoring, case analysis, incident intervention and cyber threat intelligence services on the back of capabilities they develop continuously.

TURKCELL RECEIVED "IoT SECURITY AWARDS" AT GSMA MOBILE CONGRESS FOR ITS STUDIES IN IoT SECURITY.

The world GSM Association (GSMA), which leads the global mobile communications industry and has more than 800 mobile operator members, presented Turkcell with the "Pioneer Award" for its efforts in IoT security.

Meeting the standards set by the GSM Association, one of the important reference points of the telecommunications industry, Turkcell was also recognized as a leader in IoT security and was presented with "IoT Security Champion" award.

TURKCELL HELD ITS THIRD CYBER CAMP IN 2019 TO TRAIN EXPERTS TO PROTECT TURKEY'S CYBER BORDERS.

24 out of 1,667 students and recent graduates who applied to Cyber Camp 2019 had the opportunity to be trained in cyber security field by leading industry experts for 10 days. After an assessment of those who successfully completed the program, four participants were offered full time employment in different divisions of Turkcell's Cyber Security Department.

ENERGY SAVING FOR SUSTAINABILITY

Being committed to sustainability across all aspects of its operations, Turkcell continues to utilize environmentally friendly solutions in infrastructure, software and business processes. In 2019, Turkcell reached energy savings of about TRY 9.2 million having engaged energy saving software features during the times of low network traffic.

OUR CONSUMER BUSINESS

Using our analytical competencies, we empower individuals and enterprises, making their life easier, more enjoyable and secure through digital products and services that meet their needs.



As the digital partner of our customers, we consider them as the most important members of Turkcell family for 25 years and strive to add value to every second of their lives.

As the digital partner of our customers, we consider them as the most important members of Turkcell family for 25 years and strive to add value to every second of their lives. Using our analytical competencies, we empower individuals and enterprises, making their life easier, more enjoyable and secure through digital products and services that meet their needs.

NEW POSTPAID WORLD FULL OF GIFTS

With the new postpaid world, Turkcell has made its popular add-on campaign a permanent one. Now, data quotas of customers who promise to stay at Turkcell are doubled. In addition, Turkcell customers receive additional 10 GB, 20 GB or 30 GB as free gifts for the first month depending on their new packages.

In our new offer structure, customers who upgrade to a higher package are given three Joker gifts of up to 2 GB weekly data. These gifts are automatically defined to be used at any time within 12 months after package upgrade take effect.

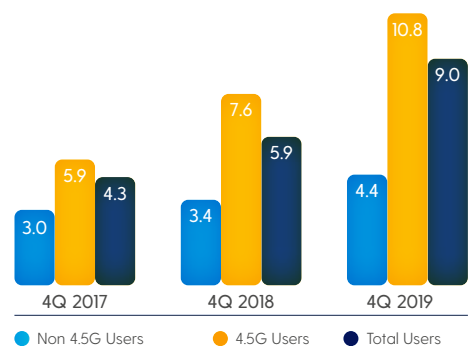
We don't forget those who have remained as Turkcell customers for over 10 years, offering special benefits and privileges to them. We turn the years spent together with them into opportunities by doubling Joker gift contents, offering discount opportunities in package transitions, designing special campaigns for add-on packages and providing privileges in Shake and Win. As part of the communication campaign, our promotional video explaining Joker packages, additional benefits to customers of over 10 years and special advantageous gifts to upsell packages, started to be broadcasted in September and ranked among Turkcell's most popular commercial of the year.

We determine the most convenient promotional offers for our customers through smart solutions and make these available via all channels. Determining more convenient offers for our customers through our smart solutions based on the feedback we receive from them and consequently contacting them individually, we aim to boost customer satisfaction.

In addition to Platinum and GNC packages, which have been available for many years, we have also offered Platinum Black for customers who want more internet content and the Golden Ages package targeting minutes focused consumption of customers over 65 years.

MOBILE DATA USAGE

(AVERAGE GB/USER)





We continued to enrich our Smart Invoice offering with new incentives, where customers can use their packages in peace without risk of exceeding their quotas and keep their invoices under control. We provided our willing customers the opportunity to use monthly 1 GB package with Smart Invoice for 12 months commitment. In this respect, customers can purchase internet packages at advantageous rates and use them without the worry of exceeding their data quotas. All Turkcell customers can also easily go online with new 2 GB, 3 GB, 6 GB and 10 GB additional internet packages.

With the Comfortable tariffs launched in June, we told our customers to use as if prepaid but pay as postpaid and supported this innovative tariff with a 360-degree communication plan. Moreover, we added another member to the Emocan family with the launch of Datakan Emocan representing the world of technology and smart devices, as part of this communication campaign.

WE STOOD BY OUR CUSTOMERS WITH SEGMENT-SPECIFIC PRIVILEGES.

Lifecell My First Line: First Step into the Digital World

With Lifecell My First Line offering, we launched new packages specially designed for children between 8-14 years old, who are taking their first step into the digital world, and aimed to support them with secure and conscious use of this world. In Lifecell My First Line, we introduced new services that were not previously available in the market. Family Profile, which is activated automatically and free of charge as part of secure internet usage, provides protection from online risks and harmful content. With Time Management feature, parents can make various selections for weekdays and weekends, and choose 4-hour time periods, where they can limit their children's internet use or search. With My Child is Safe service, parents can manage their children's calls, prevent them from talking to people they do not know, review their phone usage or identify their location. With the free of charge Ad Blocking service, children can enjoy an ad-free internet experience.

We also provided additional benefits to enrich our packages with Turkcell digital services. We aim to support reading habit among youth and accordingly those, who read three magazines in Children's category of Dergilik within a month, can earn 1 GB of data. Young users can also benefit both from online English courses of Turkcell Academy and gamified trainings of DQ (Digital Intelligence Project) education platform, which helps children to become conscious users of the digital world, free of charge. Children with autism spectrum disorder, down syndrome and learning disabilities can benefit from the internationally certified educational game application "My Gem Inside" specially developed with the guidance of psychologists and expert trainers.

GNC Stood by Young People This Year, too with New Features.

We put customer-oriented, innovative actions specifically designed for our young customers into life. Throughout the year, we renewed both postpaid and prepaid GNC offers. With GNC 24/7 Campaign, Turkcell removed the time limit of the internet quota, which was only available at night (from 10:00 pm to 6:00 am). Additionally, all customers in particular youth packages, where the add-on campaign is included, can now benefit from this campaign free of charge. We also offer additional data usage for the most popular social media applications.

We started 360-degree marketing activities for our film, which we shoot regarding renewed GNC packages, and communicated it to young people.

The GNC application was downloaded 8.5 million times this year to become Turkey's most downloaded youth application.

Turkcell recorded a year filled with the success of "Çatlat" campaign, which has become indispensable for young users. Within the scope of the promotional campaign, 60 million "eggs" have been "cracked" to date, resulting in gifts for young people. Network mapping was used as a first globally to diversify the gifts awarded depending on location density. Çatlat was awarded a patent for its innovative platform infrastructure. With this newly developed smart system, Turkcell uses its network efficiently, reducing costs and facilitating young people to meet rich internet incentives.

In 2019, Turkcell also touched the lives of young users with creative solutions. On May 19, we created the Youngest Digital Map of Turkey with the contribution of the country's youngsters. Young people entered their hometowns via the GNC application and put their "signatures" on the map. GNC Talks, organized at 5 universities, became a source of inspiration for youth enabling them listen to the stories of successful figures known from social media on "Digital World Skills." We live broadcasted these events to all GNC users over the GNC application.

In June, Turkcell received great attention to its "GNC Bi'fikir (A Young Idea)" competition to foster entrepreneurship among Turkey's young people with a total of 2,500 applications although it was the first year of the event. After the competition, we provided support to the finalists for their projects. This effort was a new addition to our portfolio of social responsibility initiatives.

SİM: Turkcell's Platform to Support Women

With SİM, which we launched in 2017 as Turkey's first and only digitally integrated women's platform, we continued to support women by launching new features and content in 2019. Share the Discount, a key feature introduced in 2018, was strengthened in 2019 with promotional campaigns. Female customers supported women's solidarity sharing more than 1 million discounts



With the Comfortable tariffs launched in June, we told our customers to use as if prepaid but pay as postpaid and supported this innovative tariff with a 360-degree communication plan.

We continue to be a brand that adds value, makes a difference and offers superior services in the eyes of our customers by adding innovative features to the Turkcell Platinum privileges world.



Expanding to a user base of 2.5 million, Turkcell Platinum enriched the lives of customers with sponsorships and privileges offered throughout the year.

among themselves. With “Customized Astrology” service in SIM, our customers can receive special horoscope commentary each week in accordance with their place, time and date of birth.

We added value to the lives of 310 thousand women with the SIM Coupon campaign, the biggest promotion of the year. Turkcell designed the campaign based on women’s past habits of accumulating coupons. Customers converted the digital coupons they collected from SIM into internet bonus.

During the year, SIM took two major steps in adding value to the female-driven economy. First, Turkcell said “There is no gender of jobs, only experts” with its “Women Experts” initiative. Now, people, who want to employ women experts at home or in the workplace, can contact the appropriate person from among 45 different professions over the application. Similarly, women, who look for a job

and want to become an expert, can also find a job by clicking on the Apply to Become a Female Expert button. Secondly, Turkcell launched the “e-Women” platform, where female users can offer the products they produce at home for sale. The e-Women project supports both the domestic and local economy with products crafted by women.

Turkcell’s new service “Let’s Ask” is designed to add value to the lives of women by serving as a platform to pose questions to and get answers from experts such as psychologists, gynecologists, chefs and beauticians.

Turkcell Platinum

We continue to be a brand that adds value, makes a difference and offers superior services in the eyes of our customers by adding innovative features to the Turkcell Platinum privileges world. This specially designed brand addresses customers that have high volume data usage and intensive communication needs. To better serve this segment, Turkcell provided platinum customers with unprecedented privileges and innovative features this year. Expanding to a user base of 2.5 million, Turkcell Platinum enriched the lives of customers with sponsorships and privileges offered throughout the year.

Platinum customers using Paycell, Turkcell’s new generation payment platform, can now benefit from double of the previous level of the privileges. With the Platinum Black program, designed for those who use data intensively, we make life easier for customers with surprise gifts, an extra 5 GB each month, six times the previous level of benefits and access to special Call Center service. In addition, Platinum Black attracts attention as the first integrated loyalty program with the feature of offers for both Superonline and Turkcell.

In 2019, we expanded our focus from 5 to 10 provinces as part of Turkcell Platinum Anatolia, an effort which started last year. Turkcell offered local benefits and privileges in many areas where it touched the lives of customers. We made special agreements in these provinces for services such as Havaş airport shuttle, restaurant discounts, car wash and automotive rental, all announced via local communications.



Turkcell is committed to making life easier for its customers with its broad digital services portfolio. We give customers the opportunity to share more, access information faster and make life more enjoyable in the fast-digitalizing world.



Our #senyapdiye campaign, specially designed to integrate with our 25th year communications, attracted great attention from our customers. We continued to enable our customers to experience digital services and present GB data gifts by repeating our campaign periodically throughout the year.



By expanding the sponsorship of Turkcell Platinum Offroad Park, we transformed the location into a park where customers can enjoy fresh air and engage in recreational activities with their children. As a result, Turkcell Platinum Park now features Offroad, an open-air cinema, entertaining workshops for children and Geyikli Restaurant.

While continuing our existing benefits with partners such as Turkish Airlines, D&R, valet parking services in Istanbul and Ankara, Zorlu PSM, and 1001 Culture&Art, Turkcell added other privileges, including coffee gifts from Caribou Coffee. With its ever-expanding customer base, Turkcell Platinum provides more benefits for customers by partnering with leading brands in diverse categories such as clothing, online shopping, dining and beverages. Compared to last year, we achieved a 107% increase in campaign utilizations and a 23% rise in the number of individual customers served through localization and new privileges.

In 2020, Turkcell Platinum plans to touch customers' lives with a focus on healthy living and children. We will provide new privileges for Platinum customers' children, their most valued ones. As part of this focus, we will start new brand collaborations while further integrating technology into the lives of our valuable customers. Compared to last year, Turkcell aims to make customers feel more valuable with smart technology by adding features such as step counter, QR reading and Platinum application customization.

TURKCELL LAUNCHED DIGITAL CAMPAIGNS TO BOOST CUSTOMER LOYALTY USING ITS TECHNOLOGY COMPETENCIES.

For the 25th Anniversary #senyapdiye: We Make Life Easier for Our Customers in a Digitalized World.

Turkcell is committed to making life easier for its customers with its broad digital services portfolio. We give customers the opportunity to share more, access information faster and make life more enjoyable in the fast-digitalizing world. As part of our marketing activities for our 25th anniversary, we created a gamified and entertaining marketing campaign aimed at showing that Turkcell provides solutions that meet ever-changing customer needs with its broad digital service portfolio and enabling customers to experience those services. Turkcell customers participating in the campaign had the opportunity to experience a different application every week for a total of six weeks and earn 25 GB data in total. Our #senyapdiye campaign, specially designed to integrate with our 25th year communications, attracted great attention from our customers. We continued to enable our customers to experience digital services and present GB data gifts by repeating our campaign periodically throughout the year. With the #senyapdiye promotional campaign, Turkcell distributed a total of 7 million gifts and reached 3 million new digital service users.

Shake and Win campaign has become a platform to introduce our customers with digital services and enable them experience these services by providing gifts of which 32% consists of TV+, fizy, Dergilik, lifebox and BiP.



As part of our brand-new social benefit platform "Smile," we implement social support projects as our customers smile.

772 million GB Shake and Win provided a total of 772 million GB and 440 million Turkcell digital services gifts to Turkcell customers, allowing them to experience the privilege of being a Turkcell customer.

Turkcell Customers Continue to Win with "Shake and Win."

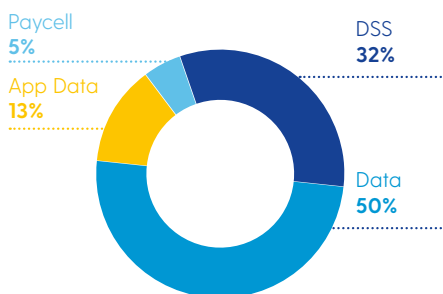
Shake and Win, Turkcell's most popular promotional campaign, has provided 1.3 billion gifts to 27 million Turkcell mobile customers since its launch on November 28, 2016. As part of the campaign, where the customers get a new "right to shake" every Friday, we provided double rights to shake to each customer during the weeks of Eid al-Fitr, Eid al-Adha and Turkcell's 25th anniversary.

Starting from March 2019, we started to provide customers with free data gifts every week in order to make them feel the rich world of Shake and Win.

For the first time this year, Turkcell gave its customers data gifts that they can share with their loved ones in Ramadan. Customers shared some 4.5 million gifts with their friends and family.

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GIFTS OF SHAKE AND WIN



Shake and Win campaign has become a platform to introduce our customers with digital services and enable them experience these services by providing gifts of which 32% consists of TV+, fizy, Dergilik, lifebox and BiP.

We have also presented data gifts to our Platinum customers and Turkcell customers who have been with us for more than 10 years to make them feel the advantageous world of Turkcell.

Taking the advantage of Shake and Win's large traffic, we started to provide special offers to our customers on a second screen after they perform the shake action. Our objective was to make a better offer to our customers, upsell them or direct them to TRY uploads making use of the power of digital media by leveraging the high participation rate of the campaign.

Downloads of the Digital Operator application, where customers can access Shake and Win, have risen from 10 million to 48.6 million since the launch of the campaign. while the three-month active users reached 21.2 million.

This year we focused more on Anatolian provinces as part of Shake and Win campaign. We started to provide an additional shake right every month for 12 months to Turkcell customers living in the target geographic region that we select each month.

Shake and Win has a positive impact on valuable customer retention efforts thanks to the ongoing benefit perception given to smartphone owners.

First AI-Based Social Benefit Platform: "Smile"

As part of our brand-new social benefit platform "Smile," we implement social support projects as our customers smile. Turkcell customers, who participated in the "Smile and Make Them Smile" campaign over the Digital Operator (DO) application between October 2 and 7, supported our animal friends with only one smile. With the artificial intelligence infrastructure that we integrated into the DO application, we determined the smiling moments of our customers through



Using its analytics capabilities, Turkcell strives to get to know customers better and provide them with the best customized offers in accordance with their usage profile.

photos they uploaded during participation. We also presented a message of differentiating amounts of food donation based on the level of their smile. As a result of the campaign we conducted particularly for October 4, World Smile Day and Animal Protection Day, we donated food to Yedikule Animal Shelter on behalf of our customers who participated in the campaign. Although there were no additional benefits for customers, 310 thousand of them participated in the campaign in a very short time period.

As part of the social benefit platform, Turkcell launched the "Smile and Make Them Blossom" campaign in November as an extension of this innovative initiative. This time, we gave customers the opportunity to contribute to the donation of seedlings to be planted in Izmir with a single smile. Smile platform, which is located in Digital Operator application and features an AI infrastructure entirely developed internally at Turkcell, has become Turkcell's brand new social benefit platform. Smile platform is also the first example of how technology and social benefit can share common ground and add value to the social environment.

Gift Pool

With the new screens added to the Digital Operator application, Turkcell customers can now monitor the gifts they earn from a single platform. In this respect, we maintain the perception of "worth paying" at the highest level and boost customer loyalty with specially designed gifts.

We Continued to Create Value by Increasing Our Analytical Competencies.

Using its analytics capabilities, Turkcell strives to get to know customers better and provide them with the best customized offers in accordance with their usage profile.

While planning marketing communication of our campaigns, we first analyzed the behavior of existing customers who had characteristics resembling the target audience. Utilizing the obtained data, Turkcell offered its digital services including TV+, fizy, Dergilik, BiP according to the actual need of each customer. We also took specific actions for customer groups that we determined on a geographical basis.

INNOVATION ACROSS ALL AREAS OF LIFE

Turkcell Users Freely Access Life Abroad.

In 2019, Turkcell enhanced its brand perception by offering customers enriched offers abroad in more countries with more advantages.

Overseas Vacation Surprise from Turkcell During Eid al-Adha

Turkcell offered a unique gift to customers during Eid al-Adha so that they could easily celebrate the holiday with their relatives. Thanks to this special gift, Turkcell customers conveyed the holiday spirit from across the world by talking to friends and family over the internet. Turkcell gifted 1 GB data usage as well as 60 minutes of calls or 60 SMS to all the individual and corporate postpaid customers abroad regardless of their tariff. With the special holiday gifts for Eid al-Adha covering 88 countries, Turkcell customers, who were abroad, had the chance to celebrate the holiday with family and friends as if they were in Turkey.

Roam Like Home Now in 98 Countries

Turkcell customers can now use their domestic tariffs abroad as if they were in Turkey for a daily additional charge with no additional transaction needed. In 2019, we added 13 new countries to the existing feature of Roam Like Home and started to implement it in 98 countries. To use this feature, Turkcell customers only need to have any postpaid tariffs that include data, minutes and SMS, regardless of the price of the tariffs or their customer segment.

In 2019, Turkcell continued to meet customers' needs with Superbox, which provides 4.5G speed with superior technology.



Superbox Introduces Turkcell Fiber Speed to Our Residential Customers, Who Do not Have Access to Fiber Infrastructure.

In 2019, Turkcell continued to meet customers' needs with Superbox, which provides 4.5G speed with superior technology. With the easy installation, portability and fast internet features, Superbox offers high-speed internet and a unique customer experience to households that do not have access to fiber infrastructure. Superbox continued to post rapid growth, expanding its customer base 10 times this year. Turkcell's Superbox continues to attract the attention of customers with its unlimited and quota package options.

The most effective advertisement that reminded Turkcell to customers in September was the Superbox advertisement with 1.2% contribution. In addition, Turkcell was the top of mind brand in September since April 2018, according to the IPSOS Adwatch September 2019 report.

A World without Fair Usage Quota Entered Our Life.

Turkcell's unlimited packages without Fair Usage Quota (FUQ), which became a focus in 2018, were enriched in 2019 with the transition of all businesses into a world without FUQ. Turkcell presented

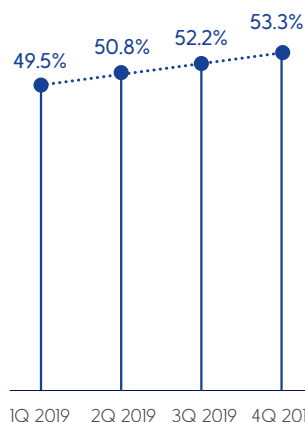
customers with a 100 Mbps speed gift in the first month so that they could experience this unique speed in fiber. We started a new trend in the market by launching 12-month offers as an alternative to the conventional 24-month commitments. With this approach, Turkcell offered the opportunity to extend the comfort zones of our customers by providing them with customized offers.

Turkcell launched no Fair Usage Quota before competitors and owned this area earlier. Bringing a new approach with the "Spilling Internet" concept, we conducted a series of 360-degree marketing communication activities to emphasize an era of abundance on the internet through Turkcell Fiber. As a result of these successful communications, Turkcell won the Golden Effie in the "Telecommunications" category at Effie Awards 2019 with its "No Fair Usage Quota at Turkcell" concept.

In 2019, Turkcell reached 1.5 million total customers who experienced its unique high-speed fiber internet. Throughout the year, in our fixed customer base, the percentage of fiber users rose from 60% to 66%. We continued to support our multi-play strategy with our TV+ product which we provided on our fiber service. On the fixed side, one out of every two Turkcell fiber customers also used TV+ in their homes.

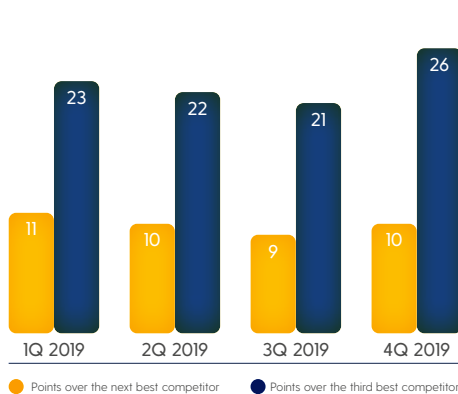
FIBER RESIDENTIAL

(Multiplay with TV)



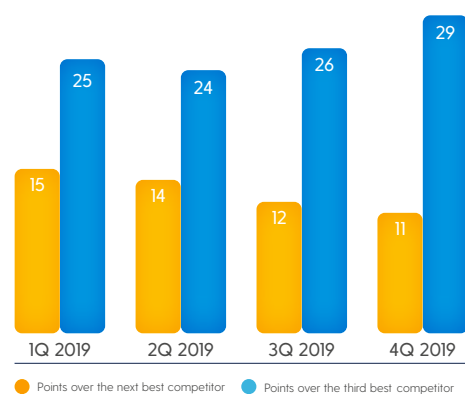
NET PROMOTER SCORE (NPS)

GAP WITH COMPETITION



NET PROMOTER SCORE (NPS) OF

4.5 USERS - GAP WITH COMPETITION



Gaming Packages from Turkcell for your never-ending game enjoyment

3 GB 9TL
Valid for PUBG Mobile
PLAY - 2200

5 GB 19TL
Valid for PUBG Mobile and YouTube
PLAY WATCH - 2200

PLAY WATCH - 2200

PUBG KRAFTON GAME UNIQ
Tencent Games LIGHTSPEED & QUANTUM



Within the framework of our cooperation with Tencent Games, the biggest game company in the world, we launched Gaming packages and provided internet access available only within a game to customers for the first time in Turkey.

As part of a joint infrastructure project contributing to Turkey's advanced technology transformation and development, Turkcell started serving its customers using Türksat's cable infrastructure. In addition, we boosted the number of households with fiber access through our fiber infrastructure sharing project with Vodafone Net. Turkcell continues to address the needs of its customers through a wide range of products and services with advanced technologies.

Turkcell maintains its position as the most recommended brand among customers thanks to its differentiating strengths in enabling uninterrupted connections, timely response to customer needs and high internet speeds.

DIGITAL BUSINESS PARTNERSHIPS

In line with our digital strategies, we are implementing innovative collaborations in various industries such as sports, gaming, education, and transportation.

We Digitize Universities.

Within the framework of our project to facilitate digitization of universities, we started to deliver high-speed internet service with Wi-Fi hotspots on more than 60 university campuses in Turkey. As part of this service, all on-campus operator customers enjoy 1 GB of free internet usage thanks to Fast Login technology. University students who prefer Turkcell postpaid youth packages get 10 GB free internet per month. To date, more than 200 thousand users have consumed over 180 TB data via Turkcell Wi-Fi network via more than 750 thousand connections.

Collaborations with Sports Clubs

Turkcell added Yeni Malatyaspor and Gaziantep Football Club to its list of collaborations that started with Galatasaray, Bursaspor and Trabzonspor to digitize sports clubs. With these various collaborations, sports fans embrace the digital world while supporting their favorite clubs. Thanks to the specially-designed digital packages we offer, customers can access the rich content of Turkcell digital services, while gaining 200 MB per week for each goal that their team scores and 1 GB per day for each match that their team wins. Furthermore, we create added value for customers with unique benefits such as gift match tickets, autographed sports balls, jerseys and training visits. The positive impact of these sports collaborations are reflected in the Positive Mention Score - one of the most important indicators of success in the sector.

Gaming Packages

By focusing on end-to-end player experience in the gaming industry, one of the most rapidly growing sectors of the country, we developed the Turkcell Gaming Ecosystem to meet all the needs of our gaming customers. Turkcell offered this unique experience to customers via Gaming packages that include internet use for mobile games and brand partnerships exclusive for the gaming world.

Within the framework of our cooperation with Tencent Games, the biggest game company in the world, we launched Gaming packages and provided internet access available only within a game to customers for the first time in Turkey. One of the two packages launched, the "Play" package provides Turkcell customers with 3 GB internet available at PUBG Mobile, the most played mobile game in Turkey. In the "Play and Watch" package, Turkcell provides 5 GB data available on PUBG Mobile and YouTube. Besides delivering a better gaming experience to players with data benefits, we also make Turkcell customers and gamers feel privileged in their every day lives with advantageous collaborations specially targeting their specific needs as part of our loyalty programs.

OUR CORPORATE BUSINESS

As the world's first digital operator, we established Turkcell Digital Business Services with the aim of supporting enterprises at every stage of their digitization process; hence, we took another major step in our 25th anniversary towards our goal of contributing to Turkey's digital ecosystem.



With "Support at Workplace" communication campaign, Turkcell embraced the idea "If SMEs grow, Turkey grows." Accordingly, we set out to accompany small and medium-sized businesses on their digitization journey.

TURKCELL: DIGITAL TRANSFORMATION PARTNER OF INSTITUTIONS

As the world's first digital operator, we established Turkcell Digital Business Services with the aim of supporting enterprises at every stage of their digitization process; hence, we took another major step in our 25th anniversary towards our goal of contributing to Turkey's digital ecosystem. With the aim to provide end-to-end IT services in line with our vision of being the digital business partner of companies, Turkcell Digital Business Services delivers numerous value-added services including cloud, cyber security, Internet of Things (IoT), big data, business solutions, system integration and artificial intelligence solutions.

SUPPORT AT WORKPLACE: TURKCELL FOR SMES

With "Support at Workplace" communication campaign, Turkcell embraced the idea "If SMEs grow, Turkey grows." Accordingly, we set out to accompany small and medium-sized businesses on their digitization journey. As part of our marketing communication campaign, which made use of television, radio, magazines and outdoor media, we introduced our wide range of innovative products and services to SMEs helping them in their integration journey to digital world to decrease costs, increase productivity and strengthen against competition. These included innovative products and services like E-Company Accounting, Supercam, Team Mobile, Turkcell Academy, and Secure E-Commerce.

FREEDOM IN COMMUNICATION: FREE PACKAGES AT WORKPLACE

Turkcell continued to launch innovative solutions for the communication needs of our corporate customers in 2019. Thanks to Free Packages at Workplace, launched in May, each company can create its own tariff for its employees. With this application, which eliminates the same tariff requirement for each employee, companies are free to choose minutes and data needs for their

staff. The new Free Packages at Workplace allows companies to create their own customized packages by choosing between 5 to 50 GB of data quotas and from 1 thousand to 10 thousand minutes voice call options for their employees.

All tariff options in Free Packages at Workplace include Turkcell's rich digital services such as Dergilik, fizy, TV+ and lifebox at no additional cost. In addition, those who prefer 18 GB and 25 GB internet options can benefit from Turkcell Platinum while those who prefer 35 GB and 50 GB can benefit from Turkcell Platinum Black privileges. Free Packages at Work also offers the opportunity to use the tariff content in 88 countries at no additional cost. As a result, employees can meet their communication needs from their package content in 88 countries for one day with 18 GB option, two days with 25 GB option, three days with 35 GB option and five days with 50 GB option at no additional charge.

A NEW ERA IN CONTRACT STRUCTURE: SUPPORT AT WORKPLACE PACKAGES

With Support at Workplace Packages, launched in January 2019, Turkcell ensures customers to experience its exceptional quality with free digital services and quotas with appropriate content specific to their needs. Featuring rich content, Support Packages at Workplace provides double internet benefits to customers with their commitment to internet quotas instead of price. Since all contract and non-contract customers benefit from the same pricing in new packages, Turkcell prevents different levels of billings with this package at the end of the contract periods.

Moreover, we offer gifts up to 5 GB for 12 months with the "Support at Workplace Gift Internet Packages" particularly to new customers who sign up to Support at Workplace Packages. In this respect, we continue to boost the data packages of new customers so that they can benefit from more advantageous offers of Turkcell.



In April, Turkcell organized Turkey's largest technology event with the theme "For You to Do It."



TURKEY'S TECHNOLOGY SUMMIT

In April, Turkcell organized Turkey's largest technology event with the theme "For You to Do It." Over the course of 31 sessions, the technology summit featured 78 experts who delivered speeches of over 1,060 minutes in total on topics of shaping the future, including robotics, artificial intelligence, Internet of Things and digitization. This mega event was attended by thousands of attendees and 10 thousand staff from Turkcell. Robotics scientist and inventor Rodney Brooks was the keynote speaker at the event. The summit brought Turkcell's corporate business partners together with leaders of the science and technology world.

The event, which boasted high participation, enabled Turkcell customers to experience many different products at 40 different experience areas. In addition, we reached over 3.5 million people through press coverage of the summit.

TECHNOLOGY LEADERSHIP IN ANATOLIA: TURKCELL TECHNOLOGY MEETINGS

In addition to customer events held in Istanbul, Turkcell organized the first of a series of events targeting corporate customers in Anatolia targeting issues which they looked for solutions. The initial Anatolian corporate customer event was held in February in Izmir. At the event, which was opened by Turkcell's Chief Marketing Officer, directors from various functions across the organization provided information on Turkcell's products and solutions. Corporate customers from Izmir and neighboring provinces showed great interest in the event, where Turkcell Support at Workplace tariff structure was also launched. The second round of the Anatolia-focused event was held in Ankara. Four hundred

corporate customers participated in the events in each of two provinces. Customers from the respective regions were informed in full detail about Turkcell products as part of the events.

CUSTOMIZED SOLUTION ADVISOR: SUPPORT AT WORKPLACE WIZARD

In February, Turkcell launched the Support at Workplace wizard, where digital products and solutions are offered depending on the needs of corporate customers. This effort aims to support Turkcell customers to make a difference by digitizing, growing and adding value to their business. We provided customer-specific product and solution recommendations to corporate customers over the respective website, where they could select their requirements grouped into four main categories associated with their business. The system is designed to provide ease of use and direct solutions to meet customer needs. Our relevant teams were directed to offer solutions and recommendations to customers who left their contact information.

TURKCELL REMAINS THE LEADER IN MARKET SHARE AND NET PROMOTER SCORE

By expanding its contribution to the corporates' digitization journey, Turkcell boosted both its market share and brand image. Particularly in the SME segment, we strengthened our competitive position gaining higher market share compared to our closest competitor. During this reporting year, while competitors' brand reputation and Net Promoter Score (NPS) were adversely affected because of the ongoing network problems, Turkcell widened the gap with the competitors on the basis of "Trusted Brand" and "Loved Brand" criteria. In 2019, we continued our NPS leadership among corporate customers. The NPS differential between the closest competitor and Turkcell reached 7 points.



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TURKCELL'S MARKETING COMMUNICATION ACTIVITIES

As the world's first and only digital operator, we differentiated through our successful marketing communication activities throughout the year focusing on solutions that enriched customers' lives, social responsibility projects, promotional campaigns and offers for special dates.



Turkcell, leading the digital transformation of Turkey, has touched hearts across the country with ads that reflect its human-oriented vision for quarter centuries. In the video "Sugar Engineer," we expanded on the Women Developers of the Future project, which aims to open the doors of the future equally for all by providing technology education to women. The film features a young girl who has aspired to become a Sugar Engineer since early childhood. She goes on to save her father's life with the technology which she created developing a computer code thanks to support she received from Women Developers of the Future. Our Sugar Engineer video ranked the first on YouTube Ads Leaderboard in August 2019. The ad campaign was recognized for its excellence on prestigious award platforms such as Felis and Crystal Apple.

As Turkey's Turkcell, we continued to strengthen our messages of unity and cohesion that we conveyed to Turkish society by focusing on days of special significance to the country, including April 23th, May 19th, July 15th, August 30th, and October 29th.

Turkcell launched the "Unreachable" initiative to draw attention to many people who are lost due to various reasons and to issues encountered by those people's relatives. In this respect, we raised awareness for the first time globally by transforming the message of "Unreachable" into a platform. We reached out some 4.5 million people in a single day with our key messaging on unreachable and accessed 11.5 million people with our campaign over media channels. Turkcell also took place in more than 100 print media publications with this effort. Most significantly, we implemented all these with zero media budget.

With our short-listed Unreachable project at Cannes Lions Festival, we received the Grand Prix Award in the "Voice" category at Golden Drum, one of Europe's biggest advertising competitions. In addition, we were presented with the Grand Prize at four international prestigious award ceremonies.

In customer-focused communications, Turkcell embraced the motto around "No Fair Usage Quota," bringing a fresh approach with the "Spilling Internet" concept. Our advertising campaign, where we emphasized the abundance of internet with Turkcell Fiber, received awards from Golden Effie, Felis and Crystal Apple.

As the world's first and only digital operator, we differentiated through our successful marketing communication activities throughout the year focusing on solutions that enriched customers' lives, social responsibility projects, promotional campaigns and offers for special dates. In 2019, as Turkcell, we were presented with 76 awards, at home and abroad. As a result, Turkcell received the highest number of marketing communication prizes in its history – an exceptional accomplishment in its 25th anniversary.

As Turkcell, we have carried out numerous projects since our foundation that have added value to every day life which is part of our core mission. One of our initiatives, "Look at the Road on the Road (Metin Oktay)," was designed to draw attention to and generate awareness about traffic accidents in Turkey. With one of the top causes of automobile accidents being mobile phone usage on the road, this was one of our most important campaigns of 2019. According to the IPSOS Adwatch June 19 Report, the Metin Oktay advert ranked among the "Most Remembered Ads". The hashtag associated with this campaign became a Trending Topic on Twitter and received 99% positive feedback. Reaching out a total of 12 million people, Metin Oktay campaign received four awards from the advertising world's most well-known platforms, including Felis and Crystal Apple.



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Adopting digital transformation in its communication strategy, Turkcell uses digital channels in the most efficient manner.

Turkcell never gives up being the pioneer of innovation while continuing to provide benefits to its customers through a wide range of offers and tariffs. In April, we launched the “So Clear” campaign with Lifecell to refresh the image of our dynamic, lively and abundant internet world. Simultaneously, we communicated our “Lifecell My First Line” package, designed for the first time to target the youth segment in this lively, colorful and abundant internet world. Our advertisement introduced the package to parents.

At Martech Awards 2019, where businesses are recognized for excellence in using marketing and technology, Turkcell won an award in the category “Best Technology Use in Loyalty Program Applications” with its BiP Surprise Point project. We were also presented with an award in the “Best Technology Use in Outdoor Units” category with our Lifecell Wi-Fi Outdoor project. At MIXX Awards Turkey, organized by IAB Turkey, we garnered the Bronze MIXX with our “Lifecell - Come If You Dare” campaign.

OUR DIGITAL SERVICES

With the aim of introducing the BiP Translation feature, Turkcell’s video featuring Shota, widely appreciated and admired in Turkey, boosted active use of BiP. Our film received awards from the Felis and Crystal Apple platforms.

The fizy High School Music Contest, winner of the World’s Most Successful Youth Organization award, was held this year under the sponsorship of fizy. Hundreds of high school students from every city across Turkey formed their own bands and applied to the competition. The bands competed with each other on the way to the finals. This year, we aimed to raise the interest of young people in the competition, to increase participation and also to boost the activity of fizy during voting period. With the 360-degree marketing communication, which we conducted before and during the contest, we achieved 62%

increase in new users and 78% more downloads of fizy compared to the performance during last year’s High School Music Contest. Our commercial won the Grand Prize at Felis and Crystal Apple.

With the aim of strengthening fizy’s exclusive content offering, we shot a videoclip featuring Serenay Sankaya, a popular figure in Turkey. The video was broadcasted exclusively on fizy to boost active users. As being the first ever videoclip of Alice Musical and Serenay Sankaya, the unique content attracted great attention and became the most viewed content on fizy for three weeks. The rate of fizy downloads during the respective communication period increased by 30%.

As part of the campaign, where lifebox’s benefits were explained with an insight-oriented approach and which targeted the youth audience, three videos were published, boosting both active users and downloads of lifebox.

Filmekimi, organized by Istanbul Foundation for Culture and Arts (İKSVA) in cooperation with TV+, was the most appreciated cinema activity during the fall season. With its program including movies that were shown at world festivals, received awards, attracted the attention of critics and audiences, and highly anticipated contents, Filmekimi brought movie fans together with the best and latest films of the year over a 10-day marathon in Istanbul between October 4-13, in Ankara between October 11-15, and Izmir between October 18-22.

We expanded Dergilik’s active users communicating special offers designed for the application, where we provide thousands of magazines and newspapers in hundreds of categories, from sports to magazines, fashion to decoration.

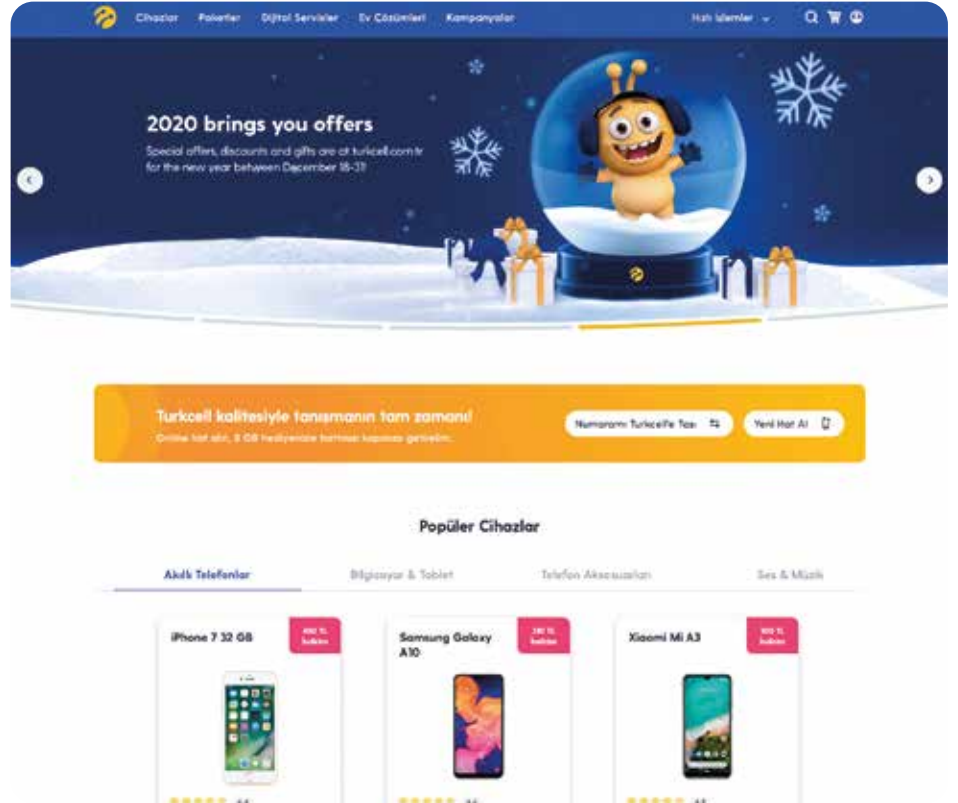
SOCIAL MEDIA

Turkcell, the world’s first digital operator, offers digital solutions to customers from a single point in line with its vision of being a digital infrastructure and technology provider. Adopting digital transformation in its communication strategy, Turkcell uses digital channels in the most efficient manner. On magazines, now considered a traditional communication medium, we provided interactive advertisements via the Dergilik application and guided customers to purchase the product directly. Similarly, Turkcell boosts its sales rates in the device and accessory categories by making direct sales via social media channels. By communicating events such as Mobile World Congress organized by GSMA, where we told our story

As part of our mission as Turkcell, we also put digital solutions in life with our people-oriented marketing communication efforts while continuing to contribute to Turkey's digitization.



Our website serves as the closest and most convenient Turkcell store, welcoming 27 million visitors on average every month. Equipped to meet all customers' needs on 24/7 basis, turkcell.com.tr has become more dynamic with its refreshed design and improved infrastructure updates.



of digital transformation to the entire world, Turkcell ensured that its customers experienced the whole story digitally via social media and digital channels instantly. Thanks to effective use of media channels, the hashtags of our communication activities #TeknolojiZirvesi and #GNCTalks, which ranked first on Turkey's agenda, also took place on the global agenda. We also carried out digital transformation in the area of social responsibility and uploaded dance lessons on Sign Language and Dream Companion applications specially designed for visually impaired and hearing impaired individuals. As Turkcell, we were very proud to be part of the event enabling visually impaired and hearing impaired to perform tango as a first worldwide. As part of our mission as Turkcell, we also put digital solutions in life with our people-oriented marketing communication efforts while continuing to contribute to Turkey's digitization.

TURKCELL RENEWED ITS WEBSITE: turkcell.com.tr.

In a digital world, where experiences vary widely and technology changes quickly, we renewed the turkcell.com.tr and its e-commerce section to enable visitors of our website the best experience. Our website serves as the closest and most convenient Turkcell store, welcoming 27 million visitors on average every month. Equipped to meet all customers' needs on 24/7 basis, turkcell.com.tr has become more dynamic with its refreshed design and improved infrastructure updates.

Delivering an efficient e-commerce experience, Turkcell provides customers with fast, easy and secure shopping opportunities. Furthermore, we offer a multi-channel experience to customers, who visited Turkcell stores but abandoned the



Turkcell put efforts to better analyze customer behavior and optimize marketing expenses based on detailed data analysis. Over the course of the year, our planning became more focused with the help of our analytical tools and we achieved successful results.

transaction on the tablets, by presenting those individual offers once again on the website. We provide an uninterrupted customer experience by including an artificial intelligence supported chatbot to visitors who cannot find the solution they search for.

Together with its renewed website design and functionality, our website provides more customization opportunities and facilitates to access remaining package content, pay bills and purchase additional packages. With the support of automation software, we boosted our capability to present personalized offers and campaigns to customers.

Visitors of turkcell.com.tr continue to access all products, services, digital services and campaigns offered by Turkcell to its customers, in a more customized way.

WE DEVELOPED EFFECTIVE MARKETING AND MEDIA PLANS USING ADVANCED TECHNOLOGIES.

Turkcell put efforts to better analyze customer behavior and optimize marketing expenses based on detailed data analysis. Over the course of the year, our planning became more focused with the help of our analytical tools and we achieved successful results.

With the digital operator campaign, Turkcell directed customers to perform their transactions via the application, reducing call rates to call centers.

At the launch of Platinum Black, we analyzed media consumption habits of Platinum customers and executed our TV, outdoor, digital and magazine media plans accordingly.

Turkcell also measured the impact of Google ads not only on online search, but also on store visits. We started using Smart Shopping advertising for the first time and achieved a three-fold increase on ROAS (return on advertising spend).

For the first time, Turkcell became a brand that uses "user targeting" on Yandex and showed ads targeting potential customers with the Yaani store button campaign.

In line with digital's ever-growing share in total media consumption habits, Turkcell continues to increase the share of its ad spend allocated to digital advertising. Besides using various measurement methods, Turkcell has also increased its control mechanisms. This year, we began to analyze visible and invalid traffic rates of our digital video and visual ads via reports from global tools and include them in our ad optimization studies.



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Turkcell boosted the effectiveness of its media planning efforts leveraging data obtained from its applications regarding radio listening from fizy, channel/program watching trends from TV+, magazines and newspaper reading from Dergilik.

TURKCELL CONTINUES TO REFINE ITS CONTENT STRATEGIES.

We have effectively used influencer marketing for various products and promotional campaigns. As part of a project implemented for the first time, seven influencers agreed to share content under a common hashtag simultaneously. As a result, Turkcell posted a 50% increase in online product demand rates seasonally.

Through the cooperation with sahibinden.com, Turkcell communicated the message "Turkcell Superonline Fiber" in locations with fiber infrastructure and "Superbox" in locations without fiber based on the online queries performed.

We performed integrations to the scenarios of the most watched TV series in line with the natural flow of the programs. After the broadcasts, Turkcell recorded a nine-fold increase in contact backup feature of lifebox, and ten-fold increase in first language selection of BiP Translate.

In line with higher levels of digital video views, Turkcell engaged in integrations with series and content of online platforms.

WE WERE AWARDED GLOBALLY AND LOCALLY ONCE AGAIN IN 2019.

In the Adwatch Survey published monthly by the IPSOS research agency, Turkcell was placed in top five brands whose ads were most remembered for a total of four months, and consequently for three months.

We were presented with the Silver award at MMA (Mobile Marketers Association) Smarties in EMEA and with Bronze at MMA Turkey with our "Translation" campaign facilitating the instant translation feature of BiP.

Turkcell earned the Bronze prize at the Mixx Awards with Lifecell campaign - "Come If You Dare."

Yaani's "May It Be Tree That You're Searching" campaign won a Bronze award in the category of "Mobile Calls" both globally and in Turkey at MMA Smarties.

Our Lifecell Influencer Roadblock app won the Crystal Apple in the "Excellence in Media App" category at the Crystal Apple Awards.

OUR DIGITAL SERVICES

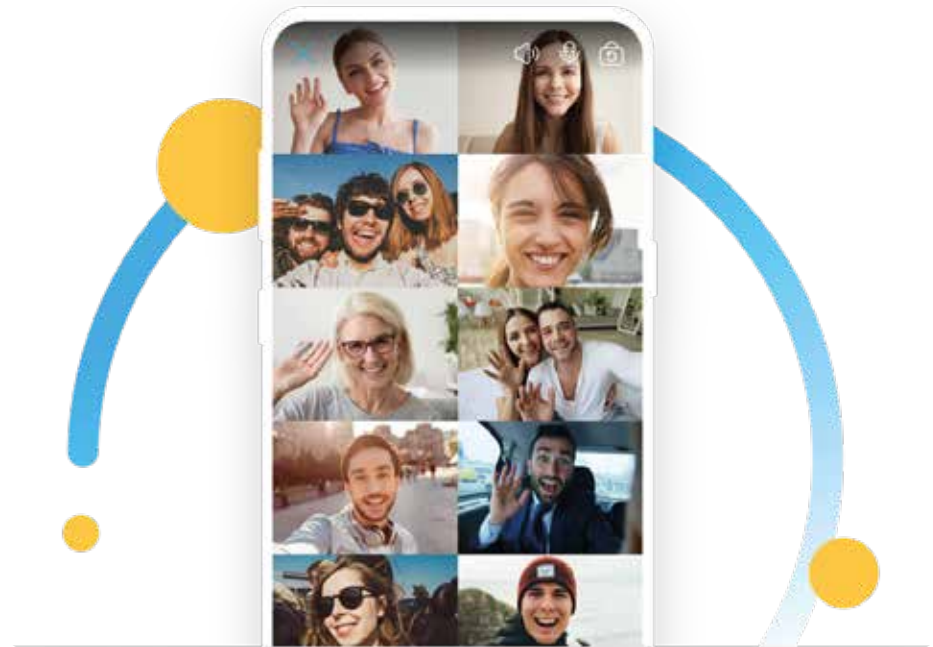
Having been downloaded 42 million times worldwide, BiP, Turkey's domestic and national communications and lifestyle platform, maintained its leading position as Turkey's most downloaded app as at the end of 2019.



BiP differentiates from other global players with several features including lost messaging, group video calls up to 10 users, fast and secure money transfer as if sending messages and also the option of using of two phone numbers on a single mobile phone, called Second Number at BiP.

2.5 billion minutes of voice calls

Reaching 11.1 million 3-month active users as of fourth quarter of 2019, BiP had 2.5 times usage increase with 90 billion messages sent and 2.5 billion minutes of voice calls.



BiP

Having been downloaded 42 million times worldwide, BiP, Turkey's domestic and national communications and lifestyle platform, maintained its leading position as Turkey's most downloaded app as at the end of 2019. BiP boosted its global penetration in 37 countries on the back of collaborations with seven operators. Reaching 11.1 million 3-month active users as of fourth quarter of 2019, BiP had 2.5 times usage increase with 90 billion messages sent and 2.5 billion minutes of voice calls.

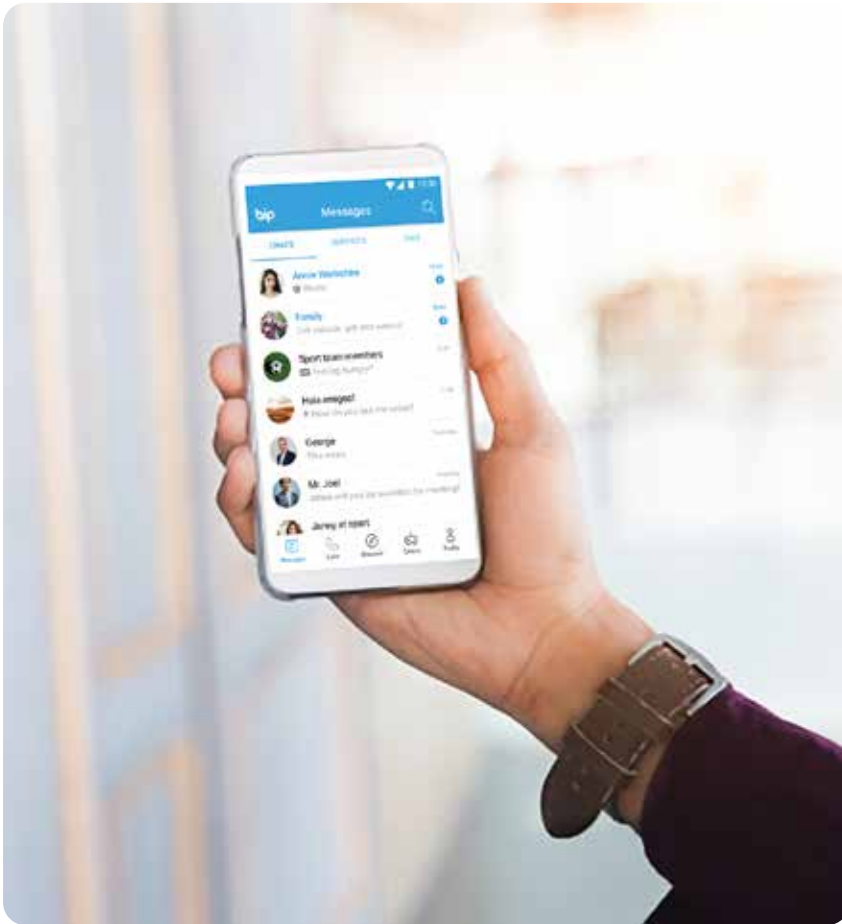
BiP Leads Competition via Innovative Features

Being utilized in Turkey and 192 countries around the world regardless of mobile operator, BiP provides uninterrupted communication service via secure messaging and calls. Turkey's most downloaded domestic and national application, BiP, competes globally with similar applications on the same platform. BiP differentiates from other global players with several features

including lost messaging, group video calls up to 10 users, fast and secure money transfer as if sending messages and also the option of using of two phone numbers on a single mobile phone, called Second Number at BiP.

In 2019, BiP provided several features to its customers which were not offered by competitors. BiP Translate removed language barriers by providing instant translation in instant messaging in 106 different languages which is a first in the world. Meanwhile, SMS Inbox (Android), which enables managing all messages via a single interface, was offered to BiP users at the beginning of the year.

BiP registered another first by enabling audio and video calls over the web. With this new feature, BiP users can send messages, make voice or video calls over their computers or tablets uninterrupted even if their mobile phones are switched off or have run out of battery.



Leveraging all of these new features as well as improvement and customization efforts, BiP boosted its Net Promoter Score by 8 points achieving 4.5 score on both application markets.

BiP in Global Arena: Global Penetration with Multicloud

While contributing to Turkey's digital transformation, BiP keeps all customer data within the country at Turkcell data centers and supports the objective of "Keeping Turkey's Data in Turkey." Additionally, BiP is committed to increasing its penetration among global operator users by conducting sales and marketing of domestic technology products at EU standards. BiP continued to make its name in the global arena with entering into collaborations with ALBtelecom of Albania, and Digicell in February. BiP is moving forward to becoming a brand in global scale through its alliances with seven operators abroad, mainly in Ukraine, Belarus and Moldova enabling its use in 37 countries.

BiP aims to expand its penetration strategy in global markets by offering ability to localize data leveraging the multicloud infrastructure it developed in 2019. The BiP Multicloud feature enables operators and enterprises abroad to develop their own digital communication applications by using BiP's infrastructure.

As a result, operators and enterprises can keep their communication data secure in their own countries/organizations. They can also customize their own services with the local Discover features and make revisions in brand and logo design. Furthermore, as part of this structure, all users either on BiP or any customized application infrastructure can continue to contact with each other uninterruptedly.

BiP Marketplace

In line with its Marketplace growth strategy, BiP's revenues registered strong growth thanks to its efforts to develop more than 200 services, new business ideas and models. With its payment infrastructure, which can be integrated with various payment options, and its flexible platform which enables services to be launched rapidly and easily, BiP market place created a technology-focused, innovative and rich ecosystem participated by more than 1,000 software developers and business partners.

While responding to user needs regarding news, technology, sports and healthy living on a much larger scale, BiP Discover has also become a major platform as a marketplace for software developers and content providers.



While contributing to Turkey's digital transformation, BiP keeps all customer data within the country at Turkcell data centers and supports the objective of "Keeping Turkey's Data in Turkey."

With its Channel feature, BiP provides users the opportunity to become an influencer and reach out millions of followers in a topic of their interest or expertise, and allows users to connect socially.

BiP developed the Emergency feature focusing on the critical need for uninterrupted communications in the event of emergencies, a necessity that sharply became evident after the Istanbul earthquake. BiP Emergency feature allows users to send their location and status to relatives and close friends simultaneously via BiP message and SMS, and also enables users to call their close contacts uninterruptedly through BiP over the internet. Moreover, BiP Emergency users can access 112 Emergency, 155 Police Assistance and 110 Fire Emergency with a single button.

In addition to differentiation from its competitors leveraging superior technological features, BiP undertook several activities throughout the year with a focus on improving user experience. Through the Personalized Main Menu (iOS) enabling users to customize BiP in accordance with their preferences and needs, selected BiP features can be moved to the main menu or removed entirely. Following technology trends, BiP introduced the Night Mode feature to users enabling both battery saving and improving the messaging experience.

fizy music archive, expanding every day with new audio and video content through the agreements made with leading content providers and distributors, includes more than 35 million pieces of music content.



In 2019, with the lyrics feature, offered exclusively to fizy Premium segment, users could follow the lyrics of the songs that they listened to. We continued our efforts throughout the year in order to increase the lyrics of the 35 million pieces of music content included in the rich catalog. fizy aims to become one of the world's richest music platforms in terms of lyrics content in 2020.

While the premium user base expanded rapidly on the back of ad displays within the application, fizy became one of the preferred channels where leading brands chose to show their ads. fizy.com started to serve as a separate payment channel to subscribe to fizy Premium memberships by enabling credit card payment option based on demand from customers.



In addition to enjoying ad-free music experience and high-quality sound, fizy Premium users can view song lyrics and listen to content offline.

fizy - TURKEY'S DIGITAL MUSIC PLATFORM

fizy, with its nearly 3.5 million 3-month active users and its rich archive of 35 million pieces, is one of the most popular and most preferred music platforms in Turkey. In 2019, fizy started to deliver a more customized music experience with recommendation lists while continuing to offer its enriched content archive to customers through private and personalized songs lists. Similar songs and artists offerings based on past usage trends were appreciated by the users and accordingly the number of songs listened on fizy rose 10% compared to previous year. Meanwhile, fizy Premium users exceeded 600 thousand, setting a record thanks to new features.

In addition to enjoying ad-free music experience and high-quality sound, fizy Premium users can view song lyrics and listen to content offline. Moreover, fizy differentiates from competition enabling premium users to benefit from fizy-specific brand collaborations and customer campaigns.

As part of the ambition to enhance user experience to perfection, fizy increased the number of customized recommendations in order to be able to offer private content based on user preferences. In addition, recommending most popular, followed, shared and listened songs to users, fizy achieved to increase the average music listening time on application by 12%.

fizy music archive, expanding every day with new audio and video content through the agreements made with leading content providers and distributors, includes more than 35 million pieces of music content. Both audio and video content and special fizy radio streams for fizy users are provided on the same platform. In this respect, we continue our efforts to further enrich the catalog/content.

In 2017, fizy opened its doors to the wider world with its launch in Ukraine, which was followed by Germany and Belarus, respectively, in 2018. While its existing operations were strengthened in these markets in 2019, efforts to expand into new countries were also pursued.



In 2020, fizy will continue to provide music experience to its customers at every platform with diverse collaborations and rich business models.



fizy continued its sponsorship of the High Schools Music Competition, which it has sponsored for three years. Thanks to marketing communication activities which started in January, 708 schools participated in the competition at the end of April where young musical talents demonstrated their skills. The competition attracted interest and attention across the country. Moreover, this year a new online competition platform called “Voice of the City” was created for students who would like to show their talents by participating personally. Participants were voted digitally and the winner in each city was selected accordingly. Winners came to Istanbul and received their awards during the finals of High School Music Contest.

Last year, fizy marked a first by becoming the title sponsor of a popular culture festival in Turkey, Istanbul Music Week. The event, which was held between November 4-9, included panels and concerts. Meanwhile, the fizy Music Awards of 2018 were presented to winners during festival week.

In 2020, fizy will continue to provide music experience to its customers at every platform with diverse collaborations and rich business models.

TV+

TV+ plays an important role in the journey of digitizing user experience, enabling users to access series, movies and television programs of their choice anytime, anywhere.

In 2019, TV+ customers' television viewing time from home, mobile phones, computer and tablets has increased to 96 minutes a day. In 2019, the 3-months active user base rose to 3.6 million. The TV+ bundle package offering television, fiber internet and fixed calls ranks among our most popular campaigns. In addition to TV+'s rich content and superior

technical features enabling user friendly experience, customers were offered a diverse range of new content offerings this year. We continued to enrich our national and local channel coverage by expanding the number of channels broadcasting in HD and UHD format. As a result, TV+ has become 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 popular football leagues; the UK Premier League, the most prestigious football league in the world; the NBA, home to the globe's best basketball players; and key motor sports events such as Formula 1 and MotoGP. The world's leading tennis tournaments, Wimbledon and Roland Garros were broadcasted exclusively on TV+ with 4K quality.

Hollywood's blockbuster and star movies met TV+ users immediately after cinema releases this year. Captain Marvel, The Avengers: Endgame, Toy Story 4, The Lion King, Lego Movie 2, Batman: Hush are just a few of the major films available to TV+ users. In a period where we expanded TV channel offerings and TV series on demand, we also introduced exclusive TV series to TV+ users. TV series such as Wild District, Victor Lessard, Beyond Appearances and The Son were only broadcasted on TV+. The “Hidden Worlds” series, a private production covering unknown lives and unseen places across the world in documentary format, was also only broadcasted on TV+. We started to broadcast the box office champions of Turkish cinema, the most beloved classics and major Turkish movies on TV+.

As part of its strategy to appear on every screen, TV+ engaged Apple TV, Android TV and Smart TV applications to be offered to household users and increased the number of screens where users can enjoy the new generation television experience. In addition, our users can also project broadcasts on their mobile devices to their TV sets using the projection feature of TV+.



TV+ plays an important role in the journey of digitizing user experience, enabling users to access series, movies and television programs of their choice anytime, anywhere.

Enabling secure storage and sharing of photos, videos, music and documents, lifebox offers a socialized experience to users with its latest features and also ensures easier and secure logins for users with new advanced security measures.



Dergilik, where hundreds of newspapers and magazines published in Turkey are provided digitally on a single platform, reached 3 million 3-month active users in the 4th quarter of 2019.

We launched a new TV+ mobile application to provide the best mobile TV+ experience to our users. During the technical and design planning, we prioritized user needs and preferences. The new TV+ was launched in October with distinctive features from the competitors such as ease of use and fast access to content.

Turkcell offers a unique TV and video viewing experience through infrastructure improvements that will enhance TV+'s performance and enable us to provide customized offers to users. By listening closely to our users, we take their changing needs, preferences and global trends into account. Our overarching aim is to improve the holistic TV+ experience every single day.

lifebox - THE BEST THING TO HAPPEN TO A PHONE!

Enabling secure storage and sharing of photos, videos, music and documents, lifebox offers a socialized experience to users with its latest features and also ensures easier and secure logins for users with new advanced security measures. lifebox, where more than 6.4 billion files are stored, enables users to easily back up photos and videos without being limited by their phone storage capacities. Offering users the option to backup contacts, lifebox differentiates from the competition. In 2019, more than 2.7 million users backed up their contacts at lifebox. As of fourth quarter, the 3-month active user base rose to 3.3 million.

With its new feature PhotoPick, which recommends photos that may receive more "likes" on social media among other photos uploaded to the platform, lifebox now provides users the opportunity to socialize. Utilizing this feature, which is based on artificial intelligence technology, users not only back up their photos but also share them with hashtags suggested by lifebox on social media.

Security measures for user access to lifebox accounts have been increased with the development of two-factor authentication feature. Users, who are particularly concerned about security, will have an easier and secure login experience by activating this feature.

Providing users with the opportunity to back up their content on different platforms in their accounts, lifebox enabled social media archiving, backing up Dropbox files as well as the ability to backup music lists from Spotify in 2019.

lifebox has users all around the world. This year lifebox added ALBtelecom to its existing global collaborations in Ukraine, Cyprus, Belarus and with Moldcell. In 2019, with the ongoing integration with Digicell, lifebox continues to expand by strengthening its presence overseas. Providing language support in Turkish, English, Arabic, German, Russian, Ukrainian, Romanian, Spanish, and Albanian, lifebox also started to provide French language support following the collaboration with Digicell in 2019 in order to further enlarge its global audience.

DERGİLİK - NEWSPAPER AND MAGAZINES AT YOUR FINGER TIPS

Dergilik, where hundreds of newspapers and magazines published in Turkey are provided digitally on a single platform, reached 3 million 3-month active users in the 4th quarter of 2019. In 2019, Dergilik improved users' experience in accessing digital publications while enhancing their magazine and newspaper download and reading performance, thus enriching the overall reading experience. In addition to the industry first features like personal articles, offline reading, downloading the current issue of the followed magazine automatically by a single instruction, the current issue notification of the magazines included in the favorite list, reading hundreds of magazines for the price of a single magazine, Dergilik will continue to add new features



Standing out with its features of understanding Turkish very well, generating most appropriate results for the content sought for and enabling Turkcell users a search experience including data usage, Yaani differentiates showing the closest locations to users as part of location-based searches.

that will enhance reading experience through advanced technologies. Accordingly, Dergilik plans to provide audio articles and personalized magazines, newspapers and articles offerings very soon.

Corporate Publications

Documents that institutions periodically deliver to their customers, such as corporate publications and sectoral catalogs, are now accessible over Dergilik. Through this model, enterprises will be able to offer a unique experience to their customers, while saving money and entering into digital broadcasting. The corporations that reach their customers through Dergilik will have dynamic pages rather than fixed print magazine pages and they will be able to interact with their customers. Users will access the catalog they want any time, regardless of place.

Our Positive Contribution to the Environment

In 2019, Dergilik recorded over 140 million newspaper and magazine downloads. That counts to roughly more than 7 billion pages. From this point of view, Dergilik users saved nearly 500 thousand trees in 2019 and led to production of over 35 thousand tons of

oxygen. The contribution to environment through Dergilik will increase each day with ever rising penetration of digital publishing.

Turkcell's Dergilik also introduced users to content from numerous publishers leading to growth in the digital publishing sector. Dergilik demonstrates leadership by creating equal opportunities for both small and large publishers of the sector and enabling them to coexist in its ecosystem.

YAANI - TURKEY'S MOBILE BROWSER AND SEARCH ENGINE

Yaani, Turkey's newest mobile browser and search engine, met users in October 2017. Standing out with its features of understanding Turkish very well, generating most appropriate results for the content sought for and enabling Turkcell users a search experience including data usage, Yaani differentiates showing the closest locations to users as part of location-based searches. In this respect, Yaani which received intense interest from users, reached 9.7 million downloads while its 3-month active users exceeded 3.7 million by end of 2019. The search engine ranked first in the list of most downloaded free apps in just two days after it was launched on both in App Store and Google Play.

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

Celebrating its second birthday on October 25, 2019, Yaani continues to add new features. The stores shortcut feature offers users the opportunity to reach their destination in the malls without getting lost with navigation provided on the map to the target store in the shopping mall. Users can monitor foreign exchange and currency movements with the exchange shortcut feature. The sports shortcut feature provides details regarding matches to be played, live or already played while users can view the standings table. The discount shortcut feature presents specific discounts for Yaani based on agreements made with e-commerce sites.

Under the Yaani domain, Turkcell launched 0.yaani, a content rich platform that users can access without using their data packages. While the content on the 0.yaani platform is growing day by day, users can also access the latest news and magazines, and follow the score of live matches without consuming their data. In the music category, users can listen to the radio via fizy without interruption, while watching video in the TV category, as much as they wish.

Fast Login, a customer ID authentication service provided through the use of mobile phone number, which is most securely protected information in personalized authentication, stands out as one of the most reliable solutions that Turkcell has introduced to this field.



personalized authentication, stands out as one of the most reliable solutions that Turkcell has introduced to this field. Compatible with Mobile Connect service provided by World Association of Operators (GSMA), Fast Login became the first global application to meet commercial sustainability criteria worldwide in 2018. The innovative service, which served as a role model for applications of other operators, was renewed in 2019 in line with the needs of end users and services.

With an aim to improve the end-user experience, Turkcell simplified Fast Login's corporate identity and interfaces to make them more user-friendly. The data sharing model with service providers, which is included in Fast Login infrastructure and which can be used following users consent, has been enriched with new features to share address, date of birth, gender, age range information based on service provider needs and also to obtain Electronic Commerce Code permission on behalf of service provider. In this respect, while end-users can easily and quickly subscribe to digital platforms, service providers can provide end-users with faster and more personalized services based on information for which users provide consent.



In 2019, Fast Login, reaching 23.2 million registered users, was used 490 million times with its easy, fast and secure mobile authentication service.

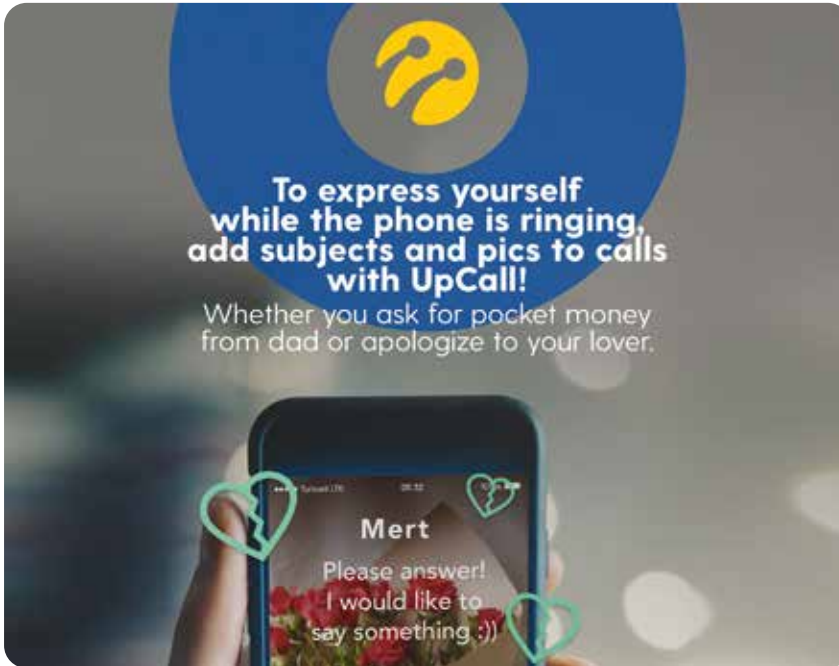
FAST LOGIN

With the increasing number and use of digital platforms, certain issues including authenticating identity on multiple platforms, wasting time, sharing more information than necessary and ensuring security of such information, have arisen.

Turkcell developed Fast Login to address these issues. This feature enables users to be authenticated through their mobile phone number and have them access services more quickly, securely and easily. Fast Login, a customer ID authentication service provided through the use of mobile phone number, which is most securely protected information in

Turkcell created Fast Login SDK (Software Development Kit) in order to facilitate integration with service providers and allow them to offer e-mail confirmation in addition to mobile number authorization to their users. End users now have the option of verifying their ID via their mobile phones or a personal e-mail address, and can access services faster and easier.

Fast Login is integrated to 60 Turkcell and 26 non-Turkcell applications with new technology upgrades. In 2019, Fast Login, reaching 23.2 million registered users, was used 490 million times with its easy, fast and secure mobile authentication service.



Beehive enables project owners to secure the financial resources they need to launch their products via the support of individuals across society, in large and small amounts, rather than relying on a specific person or institution. More than 6 thousand project applications have been submitted to Beehive to date.

GOLLERCEPTE - SPORTS AGENDA IS ON YOUR MOBILE DEVICE ANYTIME

GollerCepte delivers faster service with its systems infrastructure renewed in 2019. Over GollerCepte Live Score, GollerCepte 1903, GollerCepte 1905, GollerCepte 1907, GollerCepte 1967 applications, we offer the ability to follow flash news, special videos, live scores from the world, standings, league tables and live narrative of matches to users and particular highlights for fans of 4 big teams in Turkey. With the start of the Turkish Super League 2019-2020 season, GollerCepte three month active users expanded 38% compared to the same period of the previous year, climbing up to the 4 million level. "100 MB for Every Goal" game, which strengthens customer retention, is played 4.5 million times a month.

Through the Information League competition introduced in 2019, we aim to increase the time spent on application enabling users to have more enjoyable time. In addition to Information League, we plan to integrate new games to the platform in order to increase the number of active users and time spent on the application. Moreover, implementing the freemium model in 2019, GollerCepte displayed ads to the users of this model and translated the traffic over the platform into sustainable revenue sources.

UpCall – APPLICATION CHANGING THE CALLING EXPERIENCE

UpCall, which enhances and simplifies the calling experience of customers through numerous features, shows user the identity of the calling number which is not registered on the phonebook. Moreover, when starting a call, pictures and

stickers can be attached to make calls more enjoyable while conference calls of up to seven participants can be initiated with a single click through group calling feature. Without the need to turn-off phone, when the Do Not Disturb feature is activated, the callers hear the message that the number cannot be reached at the moment while users can monitor the incoming calls.

The UpCall application has the capability to access the number of an unknown person or place with inquiry over name feature, and also to identify unknown numbers.

With its renewed interface, UpCall allows users to monitor and effectively manage all notifications and settings with respect to mobile calls on a single screen. UpCall is also positioned as an additional channel where users can subscribe to Turkcell call services from Special Offers for You tab. UpCall, which currently enables subscription to call services including "Whocalled," "WhoCalled Extra," "PhoneisOn," "PhoneisOn Extra," "WhoisCalling" and "CallNow," also completed system integration of UpCall+, Ad Blocking and PaidCall services in 2019.

The UpCall application was made accessible to users in Turkish Republic of Northern Cyprus in fourth quarter 2019.

BEEHIVE - TURKEY'S CROWD FUNDING PLATFORM

Beehive enables project owners to secure the financial resources they need to launch their products via the support of individuals across society, in large and small amounts, rather than relying on a specific person or institution. More than 6 thousand project applications have been submitted to Beehive to date. 39 out of 73 selected projects successfully completed campaigns and raised funds exceeding TRY 5.6 million. Initiatives that successfully attracted funds and started mass production have already begun to make a difference in the world. These successful projects have brought global awards to Turkey with the unique added value they created. The domestic drone Ape X, which raised TRY 783,955 in 2018 and registered the Turkish record, was selected among the top 20 most innovative drones worldwide at the Drone Innovation Initiative competition.

The WeWALK smart stick, which successfully raised its target funds within 24 hours, won a Gold prize in the "Health and Wellness" category at the Edison Awards. WeWALK was also named one of the best inventions of 2019 by Time magazine.

Twin Science Set, one of the first three projects to raise funds on Beehive, was introduced to the world and represented Turkey at New Scientist Live 2019.

The My Sign Language application, facilitates communication between hearing impaired individuals and those who do not know sign language. My Sign Language includes sign language equivalents of over 3,500 words.



Turkcell's My Dream Companion is a free and all-access service for all operator subscribers that serve visually impaired people via a mobile application compatible with iOS and Android operating systems.



My Gem Inside is a mobile application that digitally supports education of children with autism spectrum disorder, down syndrome and learning difficulties and that can be used free of charge by all operator users.



Smart Mimic, a personal security solution that collected TRY 104,071 on Beehive, accessed the US market with an investment received from StartersHub. Smart Mimic took its place among initiatives representing Turkey in Silicon Valley.

Beehive aims to boost domestic technology development and increase awareness of supporting technology development across society.

Beehive, which quickly became the market leader in terms of fund size, created another opportunity for entrepreneurs. Turkey's first private marketplace for entrepreneurs launched an online store in order to continue to support entrepreneurs with product sales post-funding. Some of the enterprises successfully funded over Beehive also sell their products at turkcell.com.tr, Turkey's leading e-commerce platform.

MY DREAM COMPANION

Turkcell's My Dream Companion is a free and all-access service for all operator subscribers that serve visually impaired people via a mobile application compatible with iOS and Android operating systems.

MY SIGN LANGUAGE

The My Sign Language application, launched in August 2017, facilitates communication between hearing impaired individuals and those who do not know sign language. The application supports self-development of hearing impaired people.

Within the scope of innovative application, numerous services including simultaneous translator of texts and speeches into Sign Language, a digital dictionary including sign language equivalents of over 3,500 words, current news in sign language, content on personal and child development and Sign Language trainings are provided to users. The app can be downloaded free of charge by customers of all operators. Data used within the application is completely free for Turkcell customers.

With the systems integration in 2019, Turkcell's hearing impaired customers can obtain service from trained Call Center employees in Sign Language over the application.

MY GEM INSIDE

My Gem Inside is a mobile application that digitally supports education of children with autism spectrum disorder, down syndrome and learning difficulties and that can be used free of charge by all operator users.



The Hello Hope mobile application was introduced as one of the exemplary projects in the world at Global Refugee Forum held for the first time this year. The event was hosted by United Nations Refugee Organization (UNHCR) and the Swiss Government at the UN Geneva Office in December with the participation of the country presidents.

HELLO HOPE

Hello Hope mobile application, which was launched in September 2016 with the aim of supporting Syrian people in overcoming the language barriers, a major obstacle to their participation to social life in Turkey, today reached more than 1 million users.

The application enables users to benefit from immediate voice translation in Arabic and Turkish. The users of the application can also learn the 1,500 most common words and every day phrases used in Turkish, both written and verbally, and check their pronunciation skills. The innovative application delivers useful information on daily life in Turkey, news in Arabic, and Arabic Call Center access with a single button.

In 2019, in cooperation with the Ministry of Family and Social Policies and United Nations International Organization for Migration, written and visual content for work permits were added to the application.

The application was cited as a model in June by Tent Partnership for Refugees, which was founded by Hamdi Ulukaya, CEO of Chobani, to enable refugees to better integrate to the countries where they migrated and to the global economy.

The Hello Hope mobile application was introduced as one of the exemplary projects in the world at Global Refugee Forum held for the first time this year. The event was hosted by United Nations Refugee Organization (UNHCR) and the Swiss Government at the UN Geneva Office in December with the participation of the country presidents.

Hello Hope application can be used free of charge by customers of all operators.

WHIZ KIDS

The Whiz Kids project, carried out in cooperation with the Ministry of National Education since 2016, aims to bring talented students together with technology. The initiative is designed to attract students' curiosity to this important arena. Whiz Kids encourages students to develop their talent by identifying them at the early stages of their educational development. The mobile application of Whiz Kids was launched at Sanliurfa BILSEM, affiliated with the Ministry of National Education, in June 2019.

With the launch of mobile application of Whiz Kids, the archive of training materials has been expanded and made accessible to all children in Turkey free of charge.

DIGITAL INTELLIGENCE

Digital Intelligence training content, which is recognized as a world standard for children's digital literacy by the Organization for Economic Co-operation and Development (OECD), Institute of Electrical and Electronics Engineers (IEEE) and World Economic Forum (WEF), was introduced to children in Turkey via its mobile application and website.

The mobile application and web platform, which comprises 10 hours of training material, aims to enable children to acquire eight digital competencies; Digital Citizenship Identity, Screen Time Management, Coping with Cyber Bullying, Cyber Security Management, Personal Security Management, Critical Thinking, Digital Footprint and Digital Empathy.

Digital Intelligence mobile application is offered to children between ages 8-12 in Turkey for the first time and free of charge by Turkcell.

hesAppli, our cost management platform launched in September 2019 to offer privileged solutions to SMEs, enables them to get advantageous offers leveraging Turkcell Group's bargaining power.



Supercam sends instant notifications to our customers, who desire to protect their houses and workplaces from undesired situations, over their mobile phones. Video records of Supercam are stored securely in Turkcell cloud systems.

SUPERCAM AND SMART HOUSE

Turkcell has been offering Supercam to customers with internal and external camera options in order to provide security for houses and office spaces since third quarter of 2018.

Our smart camera product sends instant notifications to our customers, who desire to protect their houses and workplaces from undesired situations, over their mobile phones. Supercam enables users to monitor recordings backwards with the assurance of Turkcell while the video records are stored securely in Turkcell cloud systems. With the Supercam application, images can be viewed live or offline. While offering a solution that make a difference in camera technologies, Turkcell delivers customer support and technical services, as well as after-sales support and free of charge installation for the product.

Turkcell will provide security and comfort to its customers with diversified products in the upcoming periods with the aim of becoming a key player in the fast-developing smart home sector.

DIGITAL MESSAGING SERVICES AND MESSAGE BASE

In 2019, tens of thousands of companies reached their customers via Digital Messaging Services (DMS) and continued to differentiate from the competition.

Turkcell provides the fastest and most effective solution to meet the marketing needs of companies with its Digital Messaging Services. We enabled firms to make a difference in marketing communications with richer visual content through Rich Content Message (RCM) and reach out the right customer at the right time via location-based SMS.

We provided companies the capability to send SMS and RCM messages from a single platform and report them instantly via our Message Base service.

INDIVIDUAL ASSET TRACKING

Individual Asset Tracking solution, launched in 2016 to enable parents to reach their children at any time, became the choice of more than 40 thousand parents in 2019. This innovative offering enables parents to monitor their children from GPS positioning, and informs them in case of emergencies. They can also reach out their children through voice and video calls with Turkcell quality. Individual Asset Tracking solution, which is highly appreciated by parents, continues to expand its user base each year.

hesAppli - COST MANAGEMENT PLATFORM FOR SMES

hesAppli, our cost management platform launched in September 2019 to offer privileged solutions to SMEs, enables them to get advantageous offers leveraging Turkcell Group's bargaining power. Entering into its first cooperation with Petrol Ofisi, Turkcell enabled SMEs to earn at least 4% discount on fuel spending through the application free of charge. We also reduce the costs of SMEs while digitizing their business processes. Through hesAppli, SMEs can purchase fuel without receipts or invoices, and access detailed consumption reports on the platform.

Turkcell also plans to add modules to hesAppli to include major expense items of SMEs such as electricity, car wash, food, insurance, among others in the upcoming periods.



Every technology we developed
for 25 years is for you to;

#do

THE SHINING STAR OF TECHFIN: PAYCELL

The vision of Paycell is to be an enabler on financial inclusion with the combination of technology and financial services.



In this new digital era, where majority of the interactions are occurring over digital platforms, financial transactions of daily life are increasingly becoming digitized, too on the back of technological developments. While the world has been going through rapid a techfin transformation over the last decade, the penetration of techfin services and solutions has risen significantly. Techfin players in various geographies reached considerable scale with increasing transaction volumes and market capitalizations leaving behind the leading players of the banking industry on the back of innovative solutions that facilitate lives of customers. As Turkcell, we have been carrying out our techfin activities since 2015 believing in the significant potential of this area. With our Paycell brand, we take rapid steps towards the target of becoming the pioneering and leading player in techfin.

The Turkish market, where we have our operations, offers significant potential for the expansion of techfin services with its attractive internal dynamics. In particular; the high percentage of young people, the strong smartphone penetration, unbanked population of nearly 30 million, still high cash usage for transactions and increasing e-commerce volume are the prominent factors that have significant potential to enhance the use of techfin solutions. Moreover, regulatory environment, which have become more supportive following the introduction of recent legislations mainly on mobile POS usage, open banking, and e-money, also has the potential to positively impact techfin activities.

The vision of Paycell is to be an enabler on financial inclusion with the combination of technology and financial services. Accordingly, we introduce our services and solutions to our customers in various verticals including direct carrier billing, bill payment, money transfer and payment facilitation over our application, which we position as a Super App. In the fragmented techfin market in Turkey, where competition is focused on providing solutions in particular

verticals, Paycell differentiates and stands out with its strong positioning enabled by its wide portfolio of services as well as its access to Turkcell's deep technology expertise, large customer base and sales channel. As part of its go to market strategy, Paycell focuses on increasing the number of merchants through mobile POS and QR payment solutions while putting efforts to raise the number of Super App users.

2019 was a year that Paycell continued its strong growth. 7.3 million customers took advantage of using Paycell's financial services while Super App, Paycell application which has been improved with new functions throughout the year, reached 5 million downloads. The number of merchants reached 7 thousand and 3-month active users increased to 4.5 million by the end of the year. Total revenues of Paycell increased by 35% to TRY 252 million in line with its plans.

Paycell provided customers a variety of innovative services and solutions in 2019. Paycell users can conveniently top-up their public transportation istanbulkart on their mobile phones via the Paycell app, with the option of paying through their phone bills. Or they can transfer money 24/7 using their mobile phones without the need for IBAN or account number. Moreover, Paycell Card, which can also be used as "allowance card" for the kids, facilitates the lives of parents. This year, Paycell also became a member of VISA and BKM launching its card with BIN, and enabled top-ups and withdrawals at the ATMs of all banks. Our meal card business Paye Kart, is an accepted payment alternative across a wider network. Welcomed at over 7 thousand locations, Paye Kart also started to serve as a travel card for İstanbul. Payment of purchases at n11, one of Turkey's largest e-commerce companies, can be performed using the direct carrier billing option of Paycell. Following the recent agreement, payments at Burger King restaurants in Turkey can be conducted via using QR codes on Paycell.



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TURKCELL SALES CHANNELS

We bring our integrated Turkcell solutions to customers across all of our sales channels while striving to provide the same level of superior quality service at every sales point.



Turkcell delivers high quality services at more than 1,300 Turkcell stores, of which transformations were completed in 2018, and over 4,000 digital sales points as part of its retail channel.

CONSUMER SALES CHANNELS

OUR CHANNEL STRUCTURE

Turkcell, Turkey's leading communication and technology company, delivers all the advantages, campaigns, devices, services and facilities to its customers over its well-structured sales channel. We provide customer-focused services and develop innovative solutions in line with a customer-centric strategy via our Turkcell Stores, Alternative Sales Channels, Online Channel, Fiber and DSL Solution Centers, and Corporate Sales Channels.

We bring our integrated Turkcell solutions to customers across all of our sales channels while striving to provide the same level of superior quality service at every sales point.

OUR RETAIL CHANNEL

Turkcell delivers high quality services at more than 1,300 Turkcell stores, of which transformations were completed in 2018, and over 4,000 digital sales points as part of its retail channel. Closely monitoring the customer and retail trends, we have reflected, differentiated and customized the experience in our Istanbul Pera flagship

store reflecting the outlook of Istiklal Pera district. Incorporating the unique elements of iconic Istiklal Street into the store, Turkcell offered a distinguished atmosphere to surprise customers. With the exceptional design of this flagship store, Turkcell was one of the finalists at the Society of British and International Design (SBID) Association Awards competition.

With the use of in-store sales platform "GO," Turkcell offered its devices, tariffs and digital service products to customers in a visually rich, easy and comprehensible way. We enhanced our service model with the ability to provide customized offers and boosted customer satisfaction by improving their store experience. In addition to the benefits provided to customers with "GO," Turkcell accelerated the staff development by giving instant training to store employees during the sales process. We also improved employee loyalty and motivation with our award programs.

In addition to the rich product portfolio offered at Turkcell stores, we upgraded our systems infrastructure as part of the digital transformation process. This improvement enabled us to provide attractive offers to customers via numerous customized campaign models, including "Yellow Days," "Special Deal Campaign" and "Opportunity Garage" in 2019. We also offered hourly surprise campaigns under the name "Opportunity Hunt" to customers visiting our retail stores by using QR code.

In 2019, Turkcell continued its Store Employee Certification Program with a 94% success rate. By accelerating the certification process, we ensured that Turkcell staff members are certified within the first two weeks of employment. In 2019, we expanded the employee participation in our Advanced Certificate Program to 358 from 300. The program was prepared with the cooperation of Marmara University and Turkcell Academy to further improve performance of our store employees in retail sales. We also prepared a Finance Certificate Program in order to enhance the competency of our employees in finance. Nearly 5,000 of our store employees successfully completed the training and qualified to take the SEGEM (Insurance Training Center) Certificate exams.



We focused on delivering an uninterrupted and exceptional customer experience over Online Sales Channel enabling flexible models including product delivery within 24 hours, alternative payment options, and the option to receive product delivery at a preferred store.

1.8 million units sold
 1.8 million units of TV+, lifebox, fizy products have been sold over Alternative Sales Channels using big data in conjunction with our analytical models and machine learning.

Turkcell Portal system, which was launched in 2018, completed its expansion in 2019. On the back of this portal, Turkcell has enabled the standardization of the brand, product, quality and service of the products in the accessory category. With this system, randomly selected samples from the products that we offer to customers in our Turkcell stores, went through an additional special test procedure at world standards as part of a special cooperation with Turkish Standards Institute (TSE). Over the past year, Turkcell has made 10 thousand different products from over 40 brands accessible to its distributors and dealers through Turkcell Portal. We continue to add new brands and product groups to this platform each day.

In 2019, Turkcell targeted localization of its offers as well as communication as part of its customer focus. With the aim of boosting market share and customer loyalty, we developed tariffs and device offers specific to the selected provinces. These special deals included traffic plate-specific and district-specific offers.

OUR ALTERNATIVE SALES CHANNEL

Telesales, Chain, Bank Channels and Hypermarkets remain part of Turkcell's Alternative Sales Channel, which registered a sales volume of 12 million units in 2019. Moreover, we also developed sales competency and focus of chat based channels including Social Media, Web Chat and proactive chat, turning every point where we interact with our customers into a sales channel.

Alternative Sales Channels are now the main channel for Digital Services sales. 1.8 million units of TV+, lifebox, fizy products have been sold over Alternative Sales Channels using big data in conjunction with our analytical models and machine learning.

In 2019, thanks to the Environment Friendly Invoice subscription over the Telesales Channel, Turkcell reduced its printed invoice expenses saving TRY 7.5 million annually.

OUR ONLINE SALES CHANNEL

As part of its digitization focus, Turkcell made a strong start to 2019 with its Online Sales Channel and took significant steps to lead Turkey's e-commerce industry forward. Prioritizing our investments on new communication activities and sales models, we achieved steady growth in customer visits and accordingly registered visits over 1 million per day in 2019. As part of our phygital marketing strategy that we initiated in 2018, we continued our 360-degree marketing communication activities via campaigns such as Yellow Days, Opportunity Garage, while closely coordinating all our sales channels.

We focused on delivering an uninterrupted and exceptional customer experience over Online Sales Channel enabling flexible models including product delivery within 24 hours, alternative payment options, and the option to receive product delivery at a preferred store. As part of the new business models that we develop, we buy second hand handsets from customers and provide discounts for their new handset purchases.

We started to focus on hourly and late night promotional campaigns with an aim to leverage the time our customers spend on turkcell.com.tr to the most possible extent and interact with them as long as they remain active. On the back of multiple payment solutions, we created a journey where customers can make purchases and reflect the cost to their telco invoices. We also launched a new website where customers can complete the purchase process in just three minutes and find everything they are looking for.

CORPORATE SALES CHANNELS

As Turkcell, we have always been able to introduce firsts to Turkey over the last 25 years since the establishment of our company. As part of our journey, we have successfully transformed Turkcell from a classic telco operator into world's first digital operator. Taking into consideration the changing dynamics in the world and in Turkey, we have first completed our own digital transformation. We continue to add value to the lives of our customers over their digital transformation journey through our digital services.

As Corporate Sales channels of Turkcell, we provide services to public, strategic, large and small-scale corporate customers across Turkey based on segmented structure.

Turkcell continues to grow rapidly in the corporate market. We aim to position Turkcell as a one-stop shop offering connectivity, services around cloud and security solutions, integration of such services and IT related solutions.

Institutions in Turkey aim digital transformation to manage their costs efficiently, expand their customer base and enhance customer experience and loyalty. These institutions need strong business partners, who are capable of executing long-term projects rather than a long-term single project. They need strong solution partners that will accompany them on this long journey meeting all of their needs. In accordance with this vision, we established Digital Business Services.

DIGITAL BUSINESS SOLUTIONS

We provide end-to-end digital solutions to private sector companies and public institutions. Thus, we contribute to Turkey's growing digital economy offering value propositions which enable enterprises to grow revenues.



In line with our vision, we have implemented about 1,000 custom made projects to date and we continue to manage these projects.



Turkcell Digital Business Services was established in January 2019 to serve as the digital transformation partner of Turkcell corporate customers. The new company will meet corporate customers' needs leveraging Turkcell's brand power of 25 years, its extensive sales force covering public, strategic, large and small-scale customers, and its superior technology infrastructure.

We formulated a completely new business model to offer vertical solutions in transportation, finance, healthcare, education, logistics, production, retail, energy and in similar fields with the aim of meeting needs of all industries. Moreover, added value services will be developed based on advanced technologies such as artificial intelligence, Internet of Things, and big data while alternative financing models will be offered as part of this new business model. We provide end-to-end digital solutions to private sector companies and public institutions. Thus, we contribute to Turkey's growing digital economy offering value propositions which enable enterprises to grow revenues.

In line with our vision, we have implemented about 1,000 custom made projects to date and we continue to manage these projects. As part of these efforts, we analyze particular

needs of customers from various industries and identify the appropriate solution. With our expert project management team, we deliver several solutions and services on different fields including network, security and system management, application management, end user support, datacenter, digital transformation, IoT, mobile applications, mobile user support. We implement the most effective solution in accordance with specific business processes of our customers. We continue to offer end-to-end services to the healthcare industry through our projects where we provide digital solutions to five hospitals. Although established just at the beginning of 2019, Turkcell Digital Business Services company was awarded by HIMSS (Healthcare Information and Management System Society). We presented the digital infrastructure that we developed for the healthcare industry at HIMSS Eurasia 2019 Health Informatics Exhibition. We received HIMSS 6 award with Adana City Hospital and HIMSS 7 award with Yozgat City Hospital.

Turkcell Digital Business Services plays a leading role in Turkey's technological transformation with its robust technology infrastructure. We own a strong mobile network operating on the widest spectrum, 45 thousand km end-to-end fiber infrastructure and eight world-class data centers that enable us to provide superior quality



Through Turkcell Cloud services, we position corporates' whole information technology infrastructure within Turkcell data centers reducing their costs and providing a more flexible infrastructure.

services. As the largest datacenter operator in Turkey, we have this vision that "Turkey's data should remain in Turkey." In accordance with this vision, we lead the market in datacenter operations and pursue our efforts.

As the main operator of Turkey's cloud services, we provide cloud services to our enterprise customers. Through Turkcell Cloud services, we position corporates' whole information technology infrastructure within Turkcell data centers reducing their costs and providing a more flexible infrastructure. Our customers can purchase systems infrastructure and application services over the platform at the desired capacity and start using them within minutes, paying based on usage. This integrated platform with end-to-end automation also allows Turkcell Digital Business Services customers to manage their own resources. The latest technologies, which will ensure business continuity, can be used over Turkcell Cloud platform without incurring investment costs. We provide an uninterrupted service experience from fully backed up infrastructures at five different data centers in Istanbul, Ankara and Kocaeli through Turkcell Cloud platform.

We provide cyber security consultancy services to corporate customers at all levels which is a core component of digital transformation. We manage processes like analysis, infrastructure and testing for our customers. Turkcell Digital Business Services has registered its competency with FIRST (Forum of Incident Response Security Teams) certification, one of the most prestigious certificates in cyber security. FIRST works with accredited security operations centers around the world to ensure that measures are taken against potential threats, and provides access to the best resources for reactive/ proactive protection. We are the first company in Turkey with FIRST certification.

We continue to deliver end-to-end solutions to enterprises and our partners contributing to Turkey's digitization journey through our Digital Business Services company. In this context, Turkcell IoT Platform enables companies to remotely manage their devices and machines over cloud without incurring infrastructure investment costs. We also offer our business partners operating in the IoT ecosystem the opportunity to scale their solutions very quickly.

Through Big Data Services, which were launched in 2019 as part of Turkcell Digital Business Services, we help our customers to take strategic decisions, increase profitability and enhance efficiency by performing meaningful analyses on dynamic and real data. With these efforts, we continue to create value for customers across many sectors including retail, real estate (shopping center), transportation, finance, tourism, energy and finance.

One integral part of digital transformation is general device needs. In this respect, we launched the Enterprise Device Lease service to facilitate digital transformation of enterprises, simplify their operations and increase efficiency. Device leasing service enables companies to make crucial savings from device investment, which require upfront cash out flows and has long payback periods, and allocate more resources to their core business.

We also offer "Digital Transformation Financing" to customers willing to purchase software, servers, projects and services, which are among the most important requirements of digital transformation journey, via Turkcell group company Financell. Financing is also available to meet device purchases such as smartphones, computers and tablets. In this respect, customers can access customized devices prices, financing limits and interest rates while they have the option to extend their payments through instalments over time and benefit from flexible payment plans.

INTERNATIONAL SALE AND WHOLESALE

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.



Through collaborations with leading global operators, we have served as a bridge providing wholesale customers with uninterrupted access from east to west, at the speed of light.



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ISTANBUL, THE TRAFFIC EXCHANGE HUB OF THE REGION

As part of our wholesale data services, we have increased our international carrying capacity to over 8 Tbps. We have 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 encouraging content providers to offer their services from Istanbul.

WE EVALUATED 2019 ISSUES AT THE WHOLESALE INTERNATIONAL OPERATORS CUSTOMER EVENT.

As part of the event that we held in Istanbul on September 17, 2019, we discussed 2019 issues and evaluated new cooperation opportunities that have potential to contribute to the sector with nearly 200 top executives from more than 60 international companies in accordance with our mission of positioning Turkey as a regional digital hub and Istanbul as its technology center.

8 Tbps

As part of our wholesale data services, we have increased our international carrying capacity to over 8 Tbps.

TURKEY, MAIN INTERNET ROUTE

We have become the most important capacity and internet provider of many neighboring countries through the activities that we conducted since 2008 towards our vision of transforming the Silk Road into the Fiber Road, and our core strategy of positioning Turkey as the primary internet route, with Istanbul becoming a regional internet hub.

Through collaborations with leading global operators, we have served as a bridge providing wholesale customers with uninterrupted access from east to west, at the speed of light.



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



We continue to position the efficiency, which we gained through our cooperation activities with international operators from all over the world, as a benefit to our consumer and corporate segment customers' international tariffs.

INFRASTRUCTURE SHARING AND JOINT INFRASTRUCTURE

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

We have played a leading role in the initiation and progress of activities around establishing joint infrastructure solutions that will enable our country to reach information in the fastest, highest quality manner and with most accurate cost structure, 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.

eCALL, OUR MOBILE INFRASTRUCTURE SOLUTION FOR THE AUTOMOTIVE SECTOR

We are the first operator in Turkey that started to provide the communications infrastructure for "eCall," the emergency call system for imported vehicles.

This technological solution enables to locate the position of the vehicle in the event of an accident and allow paramedics get information about the health conditions of the passengers prior to arriving accident location. We had the privilege to lead this crucial project which has significant potential in preventing loss of lives due to traffic accidents.

TURKCELL CUSTOMERS ROAM LIKE HOME WHILE ABROAD.

We continue to position the efficiency, which we gained through our cooperation activities with international operators from all over the world, as a benefit to our consumer and corporate segment customers' international tariffs.

Roam Like Home package that started with 51 countries now covers 98 countries. Through this package, which enables our subscribers travelling abroad to enjoy benefits of their domestic tariffs, we meet all of their communication needs through advantageous offers.

CUSTOMER EXPERIENCE FOCUS

Our Digital Operator application, which we developed to respond to customer needs by most appropriate means, turned into the most preferred service and sales channel by Turkcell customers and reached 48.6 million downloads in 2019.



FAST LOGIN

By integrating Fast Login to Turkcell's numerous digital channels and applications, we improved the customers' login experience and resolved the issue of forgetting one's password. Fast Login, a customer ID authentication service provided via mobile phone number, operates over World GSM Association (GSMA)'s global solution Mobile Connect infrastructure and is supported by numerous GSM operators worldwide. Fast Login, providing facilitated access to digital channels and applications, has reached 23.2 million registered users.

DIGITAL OPERATOR

Our Digital Operator application, which we developed to respond to customer needs by most appropriate means, turned into the most preferred service and sales channel by Turkcell customers and reached 48.6 million downloads in 2019. The 3-month active customers of the application reached 21.2 million and Turkcell customers performed 800 million transactions per month over the application.

In addition to monitoring their remaining quotas over the application, customers can review and pay their bills, access packages, services and campaigns that are most suitable for their usage habits, and switch instantly between tariff options. We also help our customers to make the right choices at the right time with proactive notifications.

Furthermore, we offer affordable devices and accessories to customers via Digital Operator. With cargo tracking module, we display the status of products they purchase.

Customers can report their network connectivity complaints to Turkcell over the application by establishing automatic call connection from the "Help" feature. They can also easily make requests, which require documentation, by adding the images of the respective documents through the "Submit Request" feature. They can follow the

status of their complaints and requests through the "Notifications" feature. Moreover, customers can obtain support from Turkcell Assistant, an artificial intelligence solution, whenever they need to and perform numerous transactions easily without calling call center.

In 2019, Turkcell continued the Shake and Win promotional campaign with surprise gifts which varied on a weekly basis. With Shake and Win conducted every week, Turkcell offers customers internet packages and digital service subscriptions. In 2019, we gave away nearly 750 million gifts to customers via Shake and Win.

Our customers can manage all of their Turkcell subscriptions including fixed broadband and mobile lines from a single application by adding each to the platform via the "Add account" function. Nearly 300 thousand Superonline customers perform 2.7 million transactions on a monthly basis using Digital Operator.

With the addition of the Gift Pool feature to the Digital Operator this year, customers can view and track all of the gifts and privileges they have earned to date, and gifts and privileges they can potentially earn in the following periods, over a single platform. Turkcell combines all the gifts and opportunities it offers in the enjoyable and dynamic design of the Digital Operator application. Using Gift Pool, customers are able to learn, examine and review the benefits of various campaigns from Shake and Win to Surprise Point, and also the #senyapdiye gifts and periodic advantages before anyone else while they are directed to the channels where they can earn those benefits. Applications including Turkcell Platinum, GNC and Paycell, which offer privileges to customers, are accessible over the Gift Pool. Customers can also track the previous gifts earned in the last one year over the Gift Pool.

MY COMPANY

We enable corporate customers to carry out all respective transactions regarding their corporate lines over a single platform through My Company application, custom made for corporate customers. We forward developments regarding corporate lines to respective company officials through instant notifications. Turkcell provides speed and convenience to company officials enabling them to carry out transactions such



We enable corporate customers to carry out all respective transactions regarding their corporate lines over a single platform through My Company application, custom made for corporate customers.



Turkcell provides services in Turkish, English, Arabic, and Russian via its application consultant team for 16 different digital services. The application consultant team receives 45 thousand monthly requests through various Turkcell applications.

72%
We can resolve nearly 72% of customer contacts through our Chatbot technology.

as switching to appropriate offers and campaigns, SIM card changes, online and without paperwork. In 2019, 230 million transactions were implemented over My Company's web and mobile application platforms, which were used by 196 thousand companies.

APPLICATION CONSULTANT

Turkcell provides services in Turkish, English, Arabic, and Russian via its application consultant team for 16 different digital services. The application consultant team receives 45 thousand monthly requests through various Turkcell applications.

CHAT&CHATBOT

Turkcell enables customers to conduct transactions regarding Turkcell lines and utilize the unique benefits specially prepared for them over its Digital Operator, GNÇ and Platinum applications. Across all these applications and channels, Turkcell developed chat based service channels where customers can access us anytime and anywhere quickly and easily without having to perform a call.

Customers can contact Turkcell via instant messaging when they need to ask a question about their lines or our applications.. We provide average of 1.6 million chat sessions to customers per month. With artificial intelligence based Chatbot technology, Turkcell has increased the automation level of its instantaneous chat based services for its customers. We can resolve nearly 72% of customer contacts through our Chatbot technology.

We pursue AI-based Chatbot related activities expanding analytical models and keeping previous analysis live. Moreover, as part of these activities, we also monitor customer insights and make necessary updates enriching scenario and channel based analysis.

SOCIAL MEDIA

Turkcell connects with social media users 24/7 with a total of 54 accounts on Facebook, Twitter, Instagram, YouTube and LinkedIn. We respond to nearly 165 thousand comments of 50 thousand social media users per month. Turkcell initiates dialogues with users based on the nature of the social platform and in accordance with its brand positioning, and provides support for all of our digital applications.

UNINTERRUPTED SERVICE EXPERIENCE THROUGH MOBILE COMPENSATION SOLUTIONS

We activated the uninterrupted service structure targeting our customers whose disconnection exceeds 24 hours. We provide 4 GB mobile data support to these customers. Turkcell sent 509

thousand promo codes to 383 thousand customers to ensure uninterrupted service to its customer base in 2019.

EASE IN TV+

We eliminated the requirement to enter mobile phone number and password on the TV+ Home boot screen, after installation or resetting. With this modification, we shortened the installation experience and prevented complaints regarding this issue.

FIXED CAMPAIGN INTERACTIVE VOICE RESPONSE (IVR) SOLUTION

Turkcell started to recognize customers, who consumed their data quotas, over IVR while provided information and offering additional data package at first contact before connecting to customer representative.

VIDEO CALL CENTER

The Face to Face Customer Service channel of Turkcell and Superonline started to provide video services as of March 1 with the aim to foster social support. This innovation also facilitates the lives of hearing impaired customers. Customers can access the Face to Face Customer Service from Digital Operator, the Sign Language application, Turkcell and Superonline stores and receive service in sign language between 10:00-19:00 every day of the week. Hearing impaired customers can use the service free of charge. As part of the service model, external calls and call-backs to customers can be performed by call center representatives. Customers can reach out to Call Center by clicking the link in the message after an SMS is sent. Turkcell serves 2 thousand hearing impaired customers monthly over the Video Call Center. We meet the demands of 100 additional customers per month by performing external calls.

OPEN REQUEST/COMPLAINT QUERY IN INTERACTIVE VOICE RESPONSE (IVR)

Customers, who contact Turkcell Superonline Call Center for their unsolved requests/complaints, are now provided with instant and proactive information through the interactive voice response (IVR) system.

Through this improvement, Turkcell meets demands of its customers through IVR without waiting to be connected to a customer representative. We also provide dynamic announcements to customers through IVR according to five different units: Turk Telekom, Field operations, ICT (information and communications technology), Backoffice and Finance. By providing services to 6,000 customers per month through our IVR, we save TRY 410 thousand annually.

We conducted numerous projects to improve customer experience over Interactive Voice Response (IVR), a digital channel connecting Turkcell to its customers.



Turkcell's customer experience team receives and interprets customer's voice as part of the customer interactions across every contact point. Based on the feedback we get, we strive to enhance our services to our customers.

KIOSK TRANSFORMATION

Turkcell developed the Kiosk Transformation (Support Line) project in accordance with its digitalization strategies. With this effort, we eliminated the need for the physical kiosk (Support Line) in our stores improving experience with a digital solution in more than 1,300 of our stores.

The newly designed digital solution helps customers, who need to connect to the Call Center instantly; who want to receive Call Center service in Turkish, English, Russian or Arabic; or who want to be called by Turkcell regarding suitable packages and tariffs.

DIGITAL SOLUTION PROCESS TO FACILITATE THE LIVES OF CUSTOMERS IN TURKCELL STORES

If a Turkcell customer enters a store and wants to connect to the Call Center immediately, Turkcell creates a request by selecting the language based on the customer's preference. In this respect, the customer receives a special code and reach a customer representative without waiting.

INTERACTIVE VOICE RESPONSE (IVR) SYSTEM

We conducted numerous projects to improve customer experience over IVR, a digital channel connecting Turkcell to its customers.

We enabled customers to check their credit limits via IVR and complete their transactions over the digital channel without connecting to the Call Center. As part of this structure, some 39 thousand Platinum and individual mobile phone customers completed their credit limit check transactions over automated system.

Turkcell can proactively determine customers, who contact the Call Center for complaints regarding calling and internet experience, through real-time solutions and offer location reset service.

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

Turkcell's customer experience team receives and interprets customer's voice as part of the customer interactions across every contact point. Based on the feedback we get, we strive to enhance our services to our customers.

With an aim to improve ourselves and provide better service to our customers, we analyzed and interpreted customer feedback received through Call Center, Social Media channels as well as chat, application consultant and emails in 2019. Based on these analysis, we determine our development areas and action plan.

At the same time, we launched an online platform called Customer's Voice. This is a platform where we can listen to past conversations between our customers and our call center, which are cleared from personal data, and understand their experience more closely. Turkcell employees can share these conversations among each other with an aim to improve our service quality and customer satisfaction.



Turkcell designs its products, services and solutions understanding the needs of customers. Carrying out all of our activities with design-oriented thinking, we offer solutions that will make a difference in the lives of our customers.



In order to improve our products, services and business processes continuously, we receive feedback at every point of customer contact. Some 400 thousand customers share their experiences with us on a monthly basis and rate their experience. Based on this feedback, Turkcell aims to improve its service quality to ever higher levels.

We continue to integrate new technologies into our business processes to better understand our customers. At the beginning of 2019, we integrated artificial intelligence into our survey structure to interpret customer surveys instantly. We started to track trends by classifying received feedback under specific titles.

PEOPLE ORIENTED DESIGN

Turkcell designs its products, services and solutions understanding the needs of customers. Carrying out all of our activities with design-oriented thinking, we offer solutions that will make a difference in the lives of our customers. Turkcell listens to the needs of its customers, investigates the root causes of their problems and tries to discover the most appropriate solution to their problems. We prototype solutions that we discover, present them to our customers and prepare our products or services based on their feedback.

CUSTOMER ACTION

Turkcell encourages all employees to embrace an “I’m here for my customer” approach and awareness. In this respect, Turkcell initiated the Customer Action transformation program. As part of this program, all Turkcell employees are expected to take decisions, design products and services with an aim to make customers feel “Safe, Valuable, Happy.”

Providing an exceptional experience to customers is not only the responsibility of employees who come into contact with customers directly. This is also the responsibility of all Turkcell employees who design, develop and plan all products and services which are offered to our customers. Our strategic priority is to raise customer awareness among employees and make them feel as if our customers are together with us all the time as part of our business culture.

The customer action program includes all Turkcell employees without any distinction of their departments. As part of the shared objectives approach, all employees implement actions that will remove barriers in front of customers, provide experiences that make a difference, and make our customers say “I am glad that I am a Turkcell customer.”



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SUCCESSFUL FINANCIAL MANAGEMENT

As Turkcell Finance Team, we carried out activities to maintain Turkcell's robust balance sheet structure and profitability with timely measures taken in 2019.



In 2019, Turkcell continued to effectively utilize hedging tools against the volatilities in financial markets.



One of the major developments of 2019 was the transfer of our shares in Fintur Holdings B.V. ("Fintur"), in which we held 41.45% stake, to Sonera Holding B.V., the other shareholder of Fintur.



As Turkcell Finance Team, we carried out activities to maintain Turkcell's robust balance sheet structure and profitability with timely measures taken in 2019, where global growth slowed down significantly and financial markets faced uncertainties due to ongoing trade war disputes.

Our business model as Turkcell Finance, through which we determined our core priorities as pricing right, effective balance sheet risk management, strong free cash flow generation and efficient capital allocation, enabled Turkcell to register strong growth and profitability, and create value for shareholders despite challenging market conditions.

In 2019, Turkcell continued to effectively utilize hedging tools against the volatilities in financial markets. Despite the sharp increase in hedging costs, particularly in the first half of the year, we took appropriate steps at the right time choosing right instruments. In the beginning of fourth quarter of 2019, we entered into long-term hedging transactions leveraging the advantage of falling inflation and CBRT interest rate cuts.

One of the major developments of 2019 was the transfer of our shares in Fintur Holdings B.V. ("Fintur"), in which we held 41.45% stake, to Sonera Holding B.V., the other shareholder of Fintur. We completed this transaction, which confirms our "Asset Light" strategy to own physical assets in Turkey and drive international expansion via digital assets, on April 2, for final value of EUR 353 million. We generated TRY 772 million profits from the transfer of Fintur shares and generated a cash inflow of TRY 2.2 billion strengthening our liquidity and improving our leverage ratio.

We turned our limited short foreign exchange position in 2018 to a long position at the end of the first quarter of 2019. Our net foreign exchange position target that we determined for upcoming periods is neutral positive. We managed our balance sheet throughout 2019 in accordance with this target.

This year we continued to prioritize local currency trade as part of our payments to vendors with the aim to reduce our risk by diversifying our FX transactions and FX position. In order to finance trade in local currencies, we continued to make long-term utilizations of Chinese Yuan financing from existing credit facilities.



In 2019, we significantly reduced our leverage ratio with declining debt obligations led by strong revenue growth, solid EBITDA performance and robust cash flow generation.

In March, in order to finance infrastructure expenditures, Turkcell signed a 10-year loan agreement with the guarantee of the Swedish Export Credit Agency (EKN) amounting to USD 150 million. With this long-term and cost-effective loan that can be utilized until April 2021, we once again demonstrated the confidence that international banks have in Turkcell and Turkey during a period of increasing global uncertainties and risk premiums.

In May, we extended our sustainability efforts to our financing activities signing a "Sustainability Linked Loan" agreement of EUR 50 million with a maturity of three years. We strengthened our leading position in debt markets and continued to diversify our financing resources and methods with this loan, which is one of the firsts in its field. As part of this loan, we aimed to reduce our cost of funding as the interest rate applied to the borrowing is to be reduced subject to meeting sustainability based environmental objectives. We also became one of the founding members of the CFO Taskforce initiative, which is one of the largest corporate sustainability initiatives established by United Nations Global Compact, through participation of our CFO, Osman Yilmaz. The initiative aims to put forward the road map and principles of sustainable corporate funding.

We were awarded 6 titles this year at Bonds & Loans Awards Turkey, which is organized annually by GFC Media Group and where the best financing transactions of the year were rewarded, with three new financing transactions we carried out in 2019. Our USD 150 million EKN loan with 10-year maturity, EUR 50 million Sustainability Linked Loan with 3-year maturity and TRY 325 million sukuk issuances with different maturities were awarded two titles each reinforcing our leading position in debt and capital markets.



Digital transformation activities aim to increase the digital and process maturity of the Turkcell Finance Management function to the level of best practices by integrating the right technology and digital applications into relevant business processes.

In 2019, we significantly reduced our leverage ratio with declining debt obligations led by strong revenue growth, solid EBITDA performance and robust cash flow generation. We aim to further improve our leverage ratio in the upcoming periods and maintain our average debt maturity in the range of 4-5 years, as in previous periods.

One key development of this year was the introduction of the Inter-Operator Blacklist system in May with the aim to manage financial risk arising from collections effectively. This system enabled all operators to share customers with overdue payments over certain amounts and terms over a common platform, identify customers with high financial risk in the sector and to take preventive measures accordingly. The data sharing has been performed utilizing blockchain technology as part of this system, which was one of the biggest projects utilizing this technology. Moreover, this was one of the biggest partnerships established with the consensus of all three operators and considered as a positive step taken on behalf of our industry.

Furthermore, Finance Management embarked on a major digital transformation journey in 2019. This effort aims to increase the digital and process maturity of the Finance function to the level of best practices by integrating the right technology and digital applications into relevant business processes. Turkcell plans to reduce the time spent on operational processes and focus on value added analysis and decision support activities as a result of this transformation. Through the developments that we plan to implement in ERP infrastructure and increased automation, we target to boost quality and speed of our reporting structure. Turkcell has the potential to automatize 77% of its operational processes and 40% of its finance processes with robotic automation and other technologies. We aim to add value in different areas across the organization increasing efficiency in our processes. Accordingly, with the increased ability to analyze big data more effectively and provide reporting instantly in desired details, it will be possible to take more accurate decisions. The first phase of our efforts, detection process, is 70% complete. In this respect, 200 development recommendations, 30% of which has the potential to be automated by Robotic Process Automation, were made. The second phase will include efforts to execute these findings.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

We have positioned the power of technology, which creates equal opportunities for everyone, at the center of all of our social responsibility since our foundation. We have focused on projects to ensure equal opportunities for access to information as well as social inclusion.



The Turkcell Whiz Kids project, which is carried out in cooperation with Ministry of National Education, aims to introduce talented students to technology, discovering and developing their talents at early ages.

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TURKCELL FOUNDATION

In 2019, Turkcell Foundation remained committed to supporting development of science and technology in our country, increasing penetration of locally produced technologies in global arena, using technology in accordance with the needs of society, ensuring a secure usage of technology by society and developing sustainable projects that will meet the actual and potential future needs in the spiritual and social fields.

Turkcell Foundation supported young people of our country to present their projects in the areas of robotics, science and technology at national and international platforms, and created scientific development areas for schools with the Whiz Kids project. Furthermore, we made donations by providing technical equipment for visually impaired students enabling them to have equal opportunities in education. Scholarships were granted to numerous students in Turkey under the umbrella of Turkcell Foundation while scientific studies of undergraduate, Master's Degree and PhD students were supported.

TURKCELL WHIZ KIDS PROJECT

The Turkcell Whiz Kids project, which is carried out in cooperation with Ministry of National Education, aims to introduce talented students to technology, discovering and developing their talents at early ages. Whiz Kids Technology Laboratories, established as part of the project, provides students with laptops, 3D printers, smart boards, electronic and robotic coding sets, and tool kits.

Children receive training and develop projects on artificial intelligence, coding, space science, robotics, smart home and cloud technologies. Online trainings enabled by the new Whiz Kids training platform, which works over Open EdX infrastructure used by the world's leading universities such as Stanford, Harvard and MIT, together with online application will allow the project to reach out additional 20 thousand talented children by 2020.

As part of the project, we established a total of 33 classes in 27 cities. More than 2 hundred thousand hours of online training was provided to 6 thousand students face-to-face over the training platform while online training sessions were viewed more than 5 million times. Some 30 thousand students have met with the technology of the future at Whiz Kids classes to date. The Whiz Kids mobile application was launched this year to enable Whiz Kid trainings to every student which increased the reach of project to 50 thousand students.

DQ: DIGITAL INTELLIGENCE

The digital world and technology present extraordinary opportunities for our children today while they also possess real risks. Students use the power of the internet and mobile technologies to discover, communicate and learn like never before. However, this also raises several issues for families and educators, from cyber bullying and privacy concerns to uncertainty about the reliability of information on the Internet. We introduced Digital Intelligence to children aged between 8-12 free of charge to address these issues. This application aims to understand the time management skills of children on the internet and enable them to become conscious users of the digital world. Digital Intelligence has reached out nearly 50 thousand students to date.



We develop projects for women to have equal access to information and provide solutions to enable equal participation of women in social life.

WOMEN DEVELOPERS OF THE FUTURE

We develop projects for women to have equal access to information and provide solutions to enable equal participation of women in social life.

Women Developers of the Future project, which is conducted by the participation of TOBB (Union of Chambers and Commodity Exchanges of Turkey), TOBB Women Entrepreneurs Board and Turkcell, aims to train and support women in software and mobile application development, increasing women employment capacity and entrepreneurship in these key areas. The target audience of the project is high school and university graduates, and university students over 18 years old, who want to work in mobile technology industry or implement a business idea using mobile technologies. Participants receive in-class and online trainings that enable them to develop mobile software development capabilities while they are provided with mentor support to improve their entrepreneurship skills. In this respect, we provide women with the opportunity to implement their idea and get their initiatives started. Among the participants in trainings, 100 successful women were employed as test experts at Turkcell to conduct end-user tests. In the first year of the project, 1,359 women attended mobile application and entrepreneurship mentor training while in 2019, 1,510 women participated in the training program.

ACCESSIBILITY PROJECTS FOR DISABLED PEOPLE

People without Boundaries

As Turkcell family, we attach great importance to providing equal opportunities to all segments of society, which is essential for economic and social

development of our country, and take firm steps in this regard. In accordance with this vision, we offer solutions in various areas under the umbrella of "People without Boundaries" initiative to facilitate the lives of disabled people and increase their involvement in all areas of social life.

Education without Boundaries Program

As part of the Education without Boundaries program initiated in June 2015 under the auspices of the Ministry of National Education, we support disabled students' development towards education and employment with an aim to boost the competencies of disabled children in need of special education and ensure their active participation in society. As part of the program, we have reached out more than 30 thousand students in 104 schools through special classes and laboratories for the visually, hearing and mentally disabled.

At the 68 Special Education Center established in Turkey, students with mild mental disabilities are prepared for employment after school in vocational workshops. Students become ready for employment after school through workshops in various fields including accommodation and travel services, food and beverage services, handicrafts, music and visual arts.

The technology classes established at 16 schools for visually impaired students support their education towards various employment fields.

In technology classrooms set up at 20 schools for the hearing-impaired, students are provided with specialized training according to their particular interests which enable them to gain fundamental computer skills required for employment at public institutions and private companies.

For disabled children, who have not had the opportunity to experience the city they live in or neighboring cities, due to financial difficulties or disability, cultural trips were organized which were attended by 2 thousand students from 13 cities to date. These trips enabled students to discover cities by touching, feeling and hearing with their families.

Turkcell Dialogue Museum

"Dialogue in the Dark" and "Dialogue in Silence" exhibits, which were initiated in cooperation with Istanbul Social Enterprise, Istanbul Metropolitan Municipality (IMM) and Metro Istanbul with the aim of creating awareness for social problems, were transformed into a permanent museum under the name "Turkcell Dialogue Museum." The museum introduces visitors to a different world accompanied by visually impaired and hearing-impaired guides.

Within the scope of the project, nearly 50 visually and hearing-impaired individuals were employed in Istanbul with the support of Turkcell. Turkcell Dialogue Museum created awareness hosting nearly 220 thousand visitors to date.

Turkcell aims to create value for Turkey's future positioning access to equal opportunity vision at the core of its social responsibility projects. In this respect, Turkcell took another major step and initiated My Gem Inside project under the umbrella of Education without Boundaries activities.



The My Gem Inside project, which was successfully funded by Turkcell's funding platform Beehive, reaches out children with autism and their families in Turkey.



MY GEM INSIDE

Turkcell aims to create value for Turkey's future positioning access to equal opportunity vision at the core of its social responsibility projects. In this respect, Turkcell took another major step and initiated My Gem Inside project under the umbrella of Education without Boundaries activities. This project, implemented under the auspices of Ministry of Education, supports the education of children with autism all around Turkey through special classes established in schools and a free digital application

The My Gem Inside project, which was successfully funded by Turkcell's funding platform Beehive, reaches out children with autism and their families in Turkey. As part of the project reaching out children with autism over two main platforms, special classes have been established for students and a digital application has been developed. My Gem Inside has reached out nearly 1,000 students to date at 10 special education schools in Istanbul, Izmir, Uşak, Ankara, Karabük, Nevşehir, Osmaniye, Kilis, Çorum and Tekirdağ. The classrooms include architectural equipment, various training materials and tablet computers in accordance with the

needs of students. Training materials are designed specifically to foster receptive and expressive language development, self-care skills, large-small muscle development, and social and cognitive skills.

The My Gem Inside application, which was developed under the supervision of child psychologists and expert trainers, supports the mental, behavioral and emotional development of children in need of special education. Moreover, the application also provides instant reports and informative content for families and teachers to monitor the development of children. The application has 30 thousand users in Turkey and worldwide standing out as the most comprehensive application in use in this area.

MY DREAM COMPANION & MY SIGN LANGUAGE

We help individuals with disabilities to enable them to contribute to society discovering their potential, and gain autonomy in access to various social areas. Our "My Dream Companion" application is designed to serve visually impaired individuals. Meanwhile, "My Sign Language" acts as a bridge between hearing impaired people and their friends and families.



My Sign Language facilitates communication between hearing-impaired individuals and those who do not speak Sign Language. The application, which has the most comprehensive Turkish Digital Sign Language Dictionary, supports the personal development of the hearing impaired.



Carrying out solar panels and wind turbines projects in 2019, we took the first steps towards transformation of electricity supply. As part of this transformation, we aim to meet all our electricity consumption needs from renewable sources by 2030.



My Dream Companion enables the visually impaired individuals to receive updates from hundreds of news sources in various categories, including science and technology, health, sports, politics, and the economy. Users also gain access to current articles of more than 2,500 columnists, thousands of audio books, intellectual content such as training materials and magazines. Utilizing beacon technology, My Dream Companion application helps visually impaired individuals to get detailed information about retail stores they pass by in 28 shopping malls in Turkey. Users also benefit from navigation services through beacon technology in numerous malls, university campuses and museums. Audio description technology also helps the visually impaired to experience movies in all cinemas across Turkey without losing of visual detail.

My Sign Language facilitates communication between hearing-impaired individuals and those who do not speak Sign Language. The application, which has the most comprehensive Turkish Digital Sign Language Dictionary, supports the personal development of the hearing impaired.

HELLO HOPE

Turkcell developed the Hello Hope application to support Syrians under temporary protection in Turkey throughout their adaptation process and enable them to learn Turkish. Hello Hope provides free service to customers of all GSM operators in Turkey. The application, which has been downloaded more than 1 million times to date, includes sections under the headings; Learning Turkish, Voice Translation, Useful Information, Education and News.

SUSTAINABILITY INITIATIVES

As Turkcell, we see sustainability at the heart of our core business strategy. We issue Turkcell Sustainability Report since 2011 each year. Starting

from 2014, Turkcell has measured its carbon footprint as part of the Carbon Disclosure Project (CDP). We have been listed on the Borsa Istanbul Sustainability Index since 2015. Turkcell is proud to be the first mobile operator with ISO 50001 and ISO 14064 certification.

We take actions to reduce environmental impacts resulting from our operational activities. Accordingly, we improve our office applications and business processes in accordance with sustainability innovation principles. We include all our employees and their families, suppliers, investors and customers in our sustainability process.

Actions Taken at Our Offices

Through Turkcell Waste Management Center established within our company, we transform food waste collected from dining halls and office floors into soil-healing organic fertilizer.

We recycle paper used in our offices and try to prevent unnecessary paper consumption through centralized printing system. We use sensor lighting, energy saving bulbs, smart watch systems and smart lighting systems in all our offices.

We recycle unused electronic wastes of our employees, even the ones from their homes.

Business Processes and Use of Renewable Energy

Turkcell Group is undergoing a sustainable transformation of electricity supply. Carrying out solar panels and wind turbines projects in 2019, we took the first steps towards transformation of electricity supply. As part of this transformation, we aim to meet all our electricity consumption needs from renewable sources by 2030. Accordingly, we established Turkcell Group's first solar power plant in Northern Cyprus. Power plant project, which was initiated in December 2018 and completed in May 2019, has a power capacity of 900 KWp. Through renewable power plants to

We implement innovative sustainable products including Dergilik, Turkcell Filiz and Kopilot to promote the environmental sustainability of our customers and cities.



Turkcell targets to become a completely carbon neutral company by 2050.



be owned by this company and long-term capacity leases from other power plants in Turkey, electricity consumption of over 1 TWh will be derived from environmentally friendly sources in the respective time frame. Turkcell targets to become a completely carbon neutral company by 2050.

Sustainable Innovative Products for Customers

We implement innovative sustainable products including Dergilik, Turkcell Filiz and Kopilot to promote the environmental sustainability of our customers and cities.

Sustainable Projects

- A tree is planted with the Ministry of Agriculture and Forestry for every 100 searches conducted on Yaani.
- Base stations are made green to reduce carbon footprint resulting from fuel consumption in Turkcell and Superonline logistics operations.
- This year thousands of trees have been planted around base stations in cooperation with the Foundation for the Association for Solidarity of Environmental Organization (CEKUD).

- Turkcell started the “Recycle into Education” project in Turkey in conjunction with TUBISAD with the aim to recycle electronic waste. Electronic devices which are not used or has turned into waste, are left to “techno waste” boxes that can be found in Turkcell stores. Revenues generated from the sale of these products are donated to the Educational Volunteers Foundation of Turkey.
- 2019 was a year where we raised awareness about the problem of pollution in our seas. We organized a marine cleaning event in cooperation with WWF (World Wide Fund for Nature) and with participation of Turkcell Volunteers at the Turkcell Platinum Bosphorus Cup. We also exhibited artworks by Şinasi Yelkenci created with wastes collected from the sea and the winner of the race was presented with one of these unique works. In addition, we included disposable plastics in all areas, paying attention to recycling.
- Contestants took their steps during Turkcell Gallipoli Marathon to help plant new saplings. Turkcell Peace Forest was established by planting 30 thousand trees in the Güzelyalı and Cınarlı regions over recent years. In 2019, 100 thousand saplings were planted in this forest.



We organized a marine cleaning event in cooperation with WWF (World Wide Fund for Nature) and with participation of Turkcell Volunteers at the Turkcell Platinum Bosphorus Cup.



**You are in the very center of our
hearts with the confidence you entrusted with the youth**

Happy 100th anniversary of our 19 May Commemoration of Atatürk, Youth and Sports Day!

#100YıldırGenc



SPONSORSHIPS

As Turkcell, we have been contributing to the development of sports in Turkey for many years, and we continue our activities to support Turkish athletes and Turkish National Teams to be praised at the national and international arena.



In 2019, we extended our National Football Team sponsorship for 2 more years with a press conference with the participation of Turkcell, Turkish Football Federation (TFF) management, Turkcell employees and athletes.



OUR CONTRIBUTION TO THE DEVELOPMENT OF TURKISH SPORTS CONTINUES.

As Turkcell we have been contributing to the development of sports in Turkey for many years, and we continue our activities to support Turkish athletes and Turkish National Teams to be praised at the national and international arena. In 2019, we continued to support our National Teams in football, athletics, swimming, billiards, traditional sports and physically disabled sports branches.

Within the scope of individual sports, we continued our support in the jogging, fishing and sailing branches while also helped amateur sports branches having sponsored and named numerous organizations.

Turkcell, supporting Turkish sports since its establishment through sponsorships and also raising awareness, gathered all respective activities under the umbrella of its brand, TURKSPORU. Turkish athletes marked the year 2019 on the back of Turkcell's sponsorship activities. Turkish athletes raised the Turkish flag at international platforms achieving World and European Championships.

UNINTERRUPTED SUPPORT FOR FOOTBALL

Turkcell has been the main sponsor of the A National Football Team since 2005 and the "Official Communication Sponsor" since 2002. In 2019, we extended our National Football Team sponsorship for 2 more years with a press conference with the participation of Turkcell and Turkish Football Federation (TFF) management, Turkcell employees and athletes. We continue to support our A National Football Team. This year, we have shown once again our support to our National Team on the way to Euro 2020 with our song "Bi Sizi Konuşuruz," which is commonly known. Our #bisizikonuşuruz video was the 3rd in September 2019 in YouTube Ads Leaderboard.

WE SUPPORT THE DISABLED IN 18 DIFFERENT SPORTS AS PART OF OUR COOPERATION WITH TURKISH SPORTS FEDERATION FOR THE PHYSICALLY DISABLED!

In 2019, Turkcell continued its support of diverse activities to help disabled individuals engage more actively in daily life. As part of sponsorship efforts, we support all sports activities under Turkish Sports Federation for the Physically Disabled.



29 ATHLETES IN SIX BRANCHES QUALIFY FOR THE PARALYMPIC GAMES!

Our physically disabled athletes made us proud with European and world championships as well as with 94 gold, 77 silver and 69 bronze medals won in international tournaments in 2019. 29 disabled athletes have already qualified to attend 2020 Tokyo Paralympic Games in six branches and qualifying tournaments still continue for disabled athletes. Sümeyye Boyacı achieved a first for Turkey in disabled swimming branch and won the silver medal in the 50-meter backstroke competition at the Swimming World Championship held in the United Kingdom. In seated volleyball sport, which started to develop in the last years, we represented Turkey by earning the right to participate in the European Championship for the first time in our history.

WE PROVIDE THE GREATEST PRIVATE SECTOR SUPPORT TO AMATEUR SPORTS.

The Athletics and Swimming Performance Projects, which we started under the auspices of Ministry of Youth and Sports in cooperation with Athletics Federation of Turkey and Turkey Swimming Federation in 2013 with the target of 2020 Tokyo Olympics, possesses TRY 56 million of sports investment. Through these projects, we have provided the largest and longest support for amateur sports made so far in Turkey.

We have actively got involved in every stage of the project, which targets to increase the number of active athletes in athletics and

swimming and to become successful in the international arena. We are working in collaboration 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, and corporate and technological improvement.

In accordance with targets of Swimming and Athletics Performance efforts that we started in 2013, 11 athletes in athletics and four athletes in swimming qualified for the 2020 Tokyo Summer Olympic Games. Qualifying tournaments will continue until the end of June 2020.

We continue to be proud of talented athletes whom we started to support starting from the beginning of their career. At the U23 European Championship held in Sweden in July, our athletes won two gold and three silver medals. In the European Youth Games Championship, Beril Böcekler ranked first in the 400 meter free style category. Meanwhile, our Mixed Swimming Flag Team took third place at the European Youth Championship.

Our cooperation with Athletics Federation of Turkey and Turkey Swimming Federation continued to bring important achievements. Turkcell Chief Marketing Officer Ömer Barbaros Yiş and federation presidents welcomed 4th time European Cross-Country Champion Yasemin Can, European Short Course Swimming Championships silver medalist Aras Kaya and bronze medalist Ümitcan Güreş on their return to Turkey.



Our physically disabled athletes made us proud with European and world championships as well as with 94 gold, 77 silver and 69 bronze medals won in international tournaments in 2019.

Turkcell, the biggest supporter of TURKSPORU (Turkish Sports), is the official sponsor of the Turkey Athletic Talent Screening and Orientation to Sports Project.



of Education and continues to raise the champion athletes of the future. We completed the second training module of four months for 47 thousand athletes selected among 423 thousand students as part of the first stage screening initiated in May 2018.

As part of the second stage of the biggest infrastructure project in Turkish sports history, we conducted screening of 803 thousand students. The second training module of the 100 thousand students, who had participated in screening and were recognized as prone to sports was started. Physical data of more than 1 million children has been screened to date. We reached 1.2 million students after two stages of screening. At the end of the two stages, the project covered 957 districts and 14,578 schools in 81 provinces and 146 thousand children were identified.

TURKCELL ENRICHED turksporu.com.tr



As the first and only website in Turkey positioned as the meeting point of sports, TURKSPORU website was fully renewed to better promote activities carried out under the TURKSPORU brand and facilitate sports fans' access to content about the national team in the digital world.

TURKCELL GALLIPLI MARATHON IN ITS 5TH YEAR

Turkey's first thematic marathon, the Gallipoli Marathon, was held for the 5th time on October 6, on the Gallipoli Peninsula in the unique atmosphere of the Morto Bay, with the participation of about 5,000 athletes.

We enabled participants to register for the marathon through the channel opened exclusively for the marathon over BiP, and communicated marathon-specific information to all participants. On the marathon day, we provided free fizy access for all runners with chips enabling them to listen to the local/foreign running lists we prepared specially for this event.

FUTURE OF TURKSPORU IS SHAPED BY ATHLETIC TALENT SCREENING PROJECT.

Turkcell, the biggest supporter of TURKSPORU (Turkish Sports), is the official sponsor of the Turkey Athletic Talent Screening and Orientation to Sports Project. The project is executed in collaboration with the Ministry of Youth and Sports and Ministry

Turkcell renewed the TURKSPORU website with the aim to support sponsorships to Turkish sports and collaborations towards digitalization of sports clubs.

As the first and only website in Turkey positioned as the meeting point of sports, TURKSPORU website was fully renewed to better promote activities carried out under the TURKSPORU brand and facilitate sports fans' access to content about the national team in the digital world. Designed to be a reference source with ongoing updates, the TURKSPORU website features valuable information including biographies of our athletes who proudly carried the Turkish flag, sports events, current news, race calendars, records and achievements, glorious moments on a daily and monthly basis and sports terms for different branches.

The TURKSPORU website received the Jury award in the Sports category and the People's Favorite award in the "Magazine & News & Blog" category at the Golden Spider Competition. In addition, our Turkey's application website won the Jury award in the Information & Technology category at the Golden Spider Competition.



WE SET SAIL FOR FREEDOM WITH TURKCELL PLATINUM BOSPHORUS CUP!

Around 100 boats from all over the world participated in Turkcell Platinum Bosphorus Cup 2019, held on September 28-29, 2019 for the 17th time this year, which is one of Turkey's most important sports organizations in the international arena. 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 WENT FISHING IN ÇEŞME WITH TURKCELL PLATINUM.

Turkcell Platinum Tuna Masters Alaçatı Fishing Tournament was held between October 10-13, in Port Alaçatı. The tournament, which has become an international event with great interest from foreign participants since its first day, hosted many competitors from around the world this year as well.

CULTURE AND ART

We deem culture and art among Turkey's most important values. We continued our activities in 2019 to promote and uphold art and culture.

Zorlu PSM

As part of Zorlu Performing Arts Center's main sponsorship, we welcomed 650 thousand people to our Turkcell Stage and Turkcell Platinum Stage in 2019. We reached more than 1 million people with our advertising and branding areas within Zorlu PSM throughout the year.

Turkcell Starry Nights

With the Turkcell Starry Nights, which took place between July 19 and August 7, 2019, music lovers

enjoyed magnificent summer concerts series. 120 thousand people watched our concerts at Harbiye Open Air Theatre.

As part of the marketing communication activities over social media platforms, Instagram stories received 2.7 million views and 2.5 million accesses. Turkcell Starry Nights, which has become a classic now, brought together all music lovers outdoors during the summer months.

Turkcell Platinum Istanbul Night Flight

We hosted 8 thousand persons with seven concerts in the magical environment of Hagia Eirene Church under the main sponsorship of Turkcell Platinum between May 25 and October 29, 2019. This was the third edition of the special concert series.

Turkcell provided access to 1.5 million people through marketing communication activities over social media at concerts where world-famous local and foreign artists performed.

Sakıp Sabancı Museum

We have supported Sakıp Sabancı Museum as a Communication and Technology Sponsor since 2014. We offer visitors various experiences at the museum by integrating our technologies that make life easier.

fizy High School Music Contest

The 22nd edition of the High School Music contest was held under the sponsorship of fizy. 708 high schools from 49 cities competed and 27 thousand people participated in the popular event. The fizy High School Music Contest platform was visited by 4.6 million users. The videos of the competition received over 553 thousand votes over a three-week period.

At the event where 35 high schools competed on the final day, Private Moda Mimar Sinan Fine Arts Anatolian High School and Private Kadıköy Evening High School won first place in the competition.

fizy Music Awards and fizy Istanbul Music Week

The music awards in 10 different categories, the winners of which were determined based on the number of songs listened over Turkey's popular music platform fizy in 2019, were presented on November 4 at Volkswagen Arena.

Following the fizy Music Awards, the second edition of fizy Istanbul Music Week, organized for the first time in Turkey, brought Turkish popular music and popular culture together under the same roof. The event was held between November 4-9. More than 30 artists met with music lovers at various venues across the city, including Volkswagen Arena, IF Performance Hall Beşiktaş, Moda Kayıkhanesi and Kadıköy Sahne. Panels held as part of fizy Istanbul Music Week set the music agenda of Istanbul and Turkey.



We deem culture and art among Turkey's most important values. We continued our activities in 2019 to promote and uphold art and culture.

HUMAN RESOURCES

As Turkcell Group Human Resources, we established our organization structure over a flexible and agile foundation. 2019 was a year where we improved our organizational structure even further in terms of agility.



As part of FLEXSourcing, a new workforce management model, Turkcell employees can voluntarily devote up to 20% of their working hours to innovative projects that require a variety of different perspectives, expertise and competence.



WE BOOSTED OUR AGILITY.

As Turkcell Group Human Resources, we established our organization structure over a flexible and agile foundation. 2019 was a year where we improved our organizational structure even further in terms of agility. Aiming to make full use of the talent and experience of our employees, we doubled our agile team numbers from 85 to 169 this year.

FLEXIBLE ORGANIZATION THAT GENERATES END-TO-END VALUE

As part of FLEXSourcing, a new workforce management model, Turkcell employees can voluntarily devote up to 20% of their working hours to innovative projects that require a variety of different perspectives, expertise and competence. More than 200 employees of Turkcell took part in over 40 projects, ranging from artificial intelligence to added value efforts, in areas such as gamification, data analytics, mass funding, among others.

FlexTalent: YOU ARE MUCH MORE!

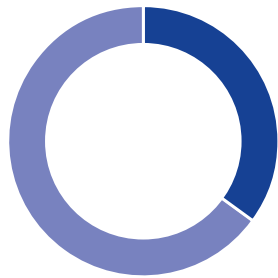
FlexTalent, which we initiated in 2018, has become a digital pool of Turkcell capabilities. Turkcell employees can share their professional experiences, talents, projects they participated in and information about themselves using this platform.

With the CV creation tool added this year, Turkcell employees can now apply for different career opportunities within the organization with FlexTalent CVs. Moreover, users have the ability to create a BiP messaging group so they can easily form social groups. Turkcell's new goal is to make FlexTalent accessible from anywhere. Employees are able to leave their digital footprints in Turkcell over FlexTalent, mobile version of which will be available soon.

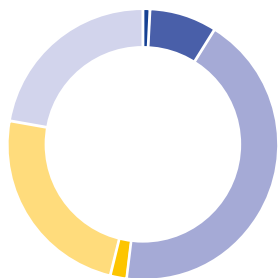
TAKING A BREAK FROM EXPERTISE TO WORK AS AN APPRENTICE

In 2019, 115 employees voluntarily participated in Turkcell's Apprenticeship program. As part of this program, employees strengthened their empathy muscles and explore working in new business lines while boosting their understanding of new functional

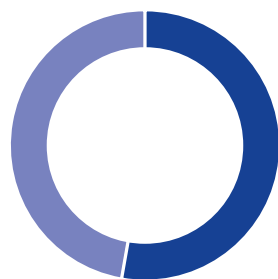
EMPLOYEE PROFILE



■ Female Manager 35%
■ Male Manager 65%



■ PhD 0.1%
■ Master's Degree 8.6%
■ Undergraduate 43.6%
■ Two-year Degree 22.7%
■ High School 24.1%
■ Other 0.9%



■ Female 53%
■ Male 47%

The demographic information presented above indicates the data of Turkcell Turkey companies..



Turkcell employees reached 4,060 and Turkcell Group employees reached 21,813 as of December 31, 2019.

areas. Employees, who participated in this program, gained week-long work experience in different business functions, such as Network, Finance, Law, Marketing, Human Resources and Customer Experience. Program participants also brought their own unique vision and perspective to the teams they worked with.

FLEX PERFORMANCE: MORE FLEXIBLE, MORE SUCCESSFUL

With the aim to make Flex Performance system more effective and monitor employee development more closely, Turkcell launched Flex Interim Assessment interviews in 2019. This effort is designed to measure employees' performance in the most accurate way. Thanks to Flex Interim Assessment sessions, Turkcell employees received more feedback from their managers. Meanwhile, the Human Resources team and managers began to more closely follow the development journey of Turkcell employees.

CONTINUOUS FEEDBACK AT TURKCELL: REFLEX

One of the most valuable aspects of working at Turkcell is that we have many tools to support our feedback culture. ReFlex is Turkcell's main one-on-one digital feedback mechanism for employees. Through ReFlex, employees can give feedback, appreciate each other and make constructive suggestions in connection with the main targets and sub-targets of their performance cards at any time, from anywhere.

ReFlex is accessible both from mobile and the HRLife web platform. We plan to introduce Visual ReFlex to increase its use among employees.

EVEN HIGHER WITH YUPO

This year, Turkcell launched the YUPO (High Potential) program for talented employees, who demonstrate exceptional performance, independent of their grade. YUPO is designed to transform high potential employees' capabilities into high performance in accordance with Turkcell's culture and values. This program targets those who are leading the way forward at Turkcell. After a long and detailed evaluation, Turkcell's YUPOs will have the opportunity to improve themselves further in 2020 with a specially designed development program and various networking opportunities.

TURKCELL BEHAVIOR MODEL: CREATE VALUE FOR YOUR COUNTRY, CUSTOMER AND TEAM!

The Turkcell Behavior Model, which has been developed to enable employees to see the big picture in each activity they conduct, guides

Turkcell's workforce in their daily lives. After launching the Behavior Model effort in 2018, we started the "Turkcell Customer Action" in 2019 where employees further strengthened the existing customer focus.

The Customer Action aims to ensure that customers, Turkcell's most valuable asset, feel safe, valuable and happy. For this purpose, at Turkcell, we say "I am here for our customers!"

DIGITALIZATION WITH DATA-BASED ANALYTICS PERSPECTIVE

As part of our efforts in Human Resources analytics, we pioneer a culture of data-based decision making in Turkey inspiring the industry.

In 2019, we started to utilize the third version of HR Dashboard, which had been initiated in 2018 to observe various metrics with respect to employees, organizations and the whole company in different dimensions. HR Dashboard allows not only Human Resource managers and professionals but also managers in other functions to monitor the HR metrics of their teams, make comparisons and access detailed analysis.

HR Data Warehouse, which collects all employee data in a single source, was enriched in 2019 with new data sets related to the organization and the employee.

2019 saw Turkcell develop simulations and take steps towards a more automated future with the help of machine learning with the aim to focus on the answer to "What will happen?" rather than "What happened?" with a human resource analytics perspective.

EVERY CANDIDATE IS DEEMED FIRST AS A TURKCELL CUSTOMER.

This year, as part of the recruitment process, Turkcell adopted the understanding that each of our employee candidates is first our customer. With this perspective, we renewed our interview processes, which is the first phase of recruitment, from end to end. As part of this process, in accordance with the "Generating Value for Your Country" principle of Turkcell Behavior Model, Turkcell now offers interview training to the candidates prior to the meeting. Turkcell also administers a personality inventory to employee candidates and shares the results with them.

Anyone, who is a candidate to work at Turkcell, can access the portal that is specially prepared for them within the Turkcell Career Platform. The customized portal includes position details, interview participants and CVs, and all kinds of information about the recruitment process. Following the interview, regardless of whether the interview was positive or negative, Turkcell likes to thank its candidates for their interest by presenting a gift card that includes fizy, lifebox and TV+ from our digital products.

GNCYTNK, Turkcell's university graduate employment program, has been the most comprehensive young talent recruitment effort in Turkey since its launch in 2016.



We hope to empower the Turkcell Family with an even better-quality workforce in 2020 with the "Introduce Your Candidate" initiative which benefits not only the employees but also Turkcell as a whole.



In 2019, hundreds of visually impaired individuals opened their eyes to life as part of the "Open Your Eyes to Life with Turkcell" initiative executed in cooperation with Yeryüzü Doktorları (Doctors Worldwide).

OUR DIGITAL CAREER PLATFORM IS ONLINE.

Recruitment specialists can now perform all interviews and archive them digitally over the Turkcell Career Platform. Our Career Platform enables the candidate, recruitment specialist and the executive, who wants to fill an open position, to track the recruitment process over computer and mobile devices. Interview notes, which previously were limited to those analog ones taken during the meetings, can now be archived and accessed for years. Turkcell Career Platform completely eliminates the need for paper use and fosters environmentally conscious Turkcell employees.

CANDIDATE FEEDBACK SESSIONS

Recruitment process for candidates for open positions does not always result with a positive outcome. As Turkcell Human Resources, we hold Candidate Feedback Sessions in order to make such outcome more understandable for the candidate. During this session, we provide the candidate with detailed feedback on why we cannot continue the process.

As part of this process, we aim to raise candidate's awareness and enhance overall recruitment experience for candidates.

INTRODUCE YOUR CANDIDATE AND RECEIVE A GIFT!

As Turkcell Human Resources we believe in the idea that "The Best Brings the Best." "Introduce Your Candidate" initiative, which is established over this idea, encourages employees to recommend talented external candidates to vacant positions that are announced on HR Life.

We also offer a small thank you gift through Paycell to employees, who have been identified appropriate candidates for any of the vacant positions, accessible over the HR Life portal.

We hope to empower the Turkcell Family with an even better-quality workforce in 2020 with the "Introduce Your Candidate" initiative which benefits not only the employees but also Turkcell as a whole.

EYES OPEN TO LIFE WITH TURKCELL

In 2019, hundreds of visually impaired individuals opened their eyes to life as part of the "Open Your Eyes to Life with Turkcell" initiative executed in cooperation with Yeryüzü Doktorları (Doctors Worldwide). Within the scope of "Open Your Eyes to Life with Turkcell" effort, which is the most meaningful way we celebrate the birthdays of our employees, Turkcell sponsors eye surgery of an individual with vision problems every day of the year in various African countries. Hence on the birthdays of our employees, those special days when our employee open their eyes to life, we provide the gift of sight to visually impaired individuals in another part of the world.

GNCYTNK, DREAMS WILL COME TRUE WITH TURKCELL!

GNCYTNK, Turkcell's university graduate employment program, has been the most comprehensive young talent recruitment effort in Turkey since its launch in 2016. This year, GNCYTNK was launched on Turkcell's own digital platform. Tens of thousands of Turkcell candidates competed with each other over various tests and applications to become part of the Turkcell family. Some 153 young exceptional talents, who were selected among many thousands of candidates with utmost scrutiny, became members of the Turkcell family. Our 2019 GNCYTNKs joined the Turkcell workforce in the fall by completing orientation programs that included field visits, educational games and cultural training.

For the GNCYTNK 2019 advertising campaign, we composed a rap song under the leadership of our Internal Communications and Employer Brand Division, using our creativity. We completed



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1,667 talented young people applied to our Cyber Camp, which aims to raise awareness on cyber security and provide training to exceptional young candidates.

our song together with the 2018 GNCYTNKs shooting a video clip at Turkcell studios using our own internal resources. This effort contributed to the exponential increase in the number of applications we received. Moreover, the GNCYTNK 2019 advertising campaign attracted great interest of juries at domestic and international communications contests. The GNCYTNK 2019 advertising campaign won seven awards at creative competitions in the UK, Germany and USA.

WHITE SHADOW PROGRAM IS NOW DIGITAL

The White Shadow program through which our colleagues serves as a guide to new hires on key issues such as Turkcell corporate culture, working environment and team dynamics, is now available in the digital environment. The application operates over the BiP channel. White Shadow has provided guidance for new Turkcell employees on many issues ranging from benefits, working hours, getting corporate phone and computer to general information about Turkcell.

CYBER CAMP 2019

As Turkcell we organize cyber security training programs as the importance of cyber security is growing in Turkey and globally and since there is shortage of trained human resources in this key area. This year, 1,667 talented young people

applied to our Cyber Camp, which aims to raise awareness on cyber security and provide training to exceptional young candidates. Four participants, who successfully completed the lengthy and challenging training process, started to work full time at Turkcell.

EMPLOYEE JOURNEY

Turkcell is a big family. As employees, we experience the most precious moments and milestones of our lives while at Turkcell. In order to make those moments at Turkcell memorable, we accompanied our employees either on good or bad days through our 2019 Employee Journey program. Throughout the year, Turkcell presented its employees with gifts as part of 330 military service send-offs, 210 new born baby welcomes, 155 weddings and 18 promotions.

Turkcell also presented its employees with the maternity leave guide and a recipe book on Mothers' Day. This special publication was compiled from recipes of employee's mothers.

DYNAMISM IN INTERNAL TRANSFERS

At Turkcell, we actively support the specialization of employees in several areas and encourage them in their career moves. Turkcell employees can apply to vacant positions over the in-house human resources portal HRLife. They can participate in the application process without a prerequisite, and switch to their new function should the candidate assessment concludes with a positive outcome. Through this initiative, Turkcell aims to increase transfers of employees within the organization and increase penetration of different skillsets and know-how in various teams.

TogetHeR, EVERYWHERE

As Turkey's Turkcell, we provide our services nationwide. "We are TogetHeR" is a Turkcell Human Resources established on-site visit program that we implemented to keep in touch with all our employees across our large organization. Under this effort, we conducted nearly 550 face-to-face meetings with Turkcell employees at 30 different locations. In order to listen to Turkcell people face-to-face, we held one-on-one meetings with approximately 4,850 employees during the year. These meetings shed light on understanding our employees' feelings and thoughts more closely and helped us to identify key focus areas for the future.

OUR EMPLOYER BRAND SHINES BRIGHTLY.

Turkcell has always been a "lovemark" for both consumers and employee candidates. Behind this success is our authentic communication activities that do not distinguish Turkcell from Turkcell employees and in effect uniting employees with the company.

We held numerous cheerful activities, where employees came together simultaneously across our offices. Accordingly, we enabled employees to enjoy cooperation and strengthen their communications.



Turkcell maintains its success at the highest level not only because we work intensively with a goal-oriented approach but also because of the fact that we know how to celebrate our achievements and enjoy being together.



In 2019, Turkcell was active in several sports branches including football, basketball, volleyball, tennis, table tennis, swimming, sailing, running, cycling, rowing, and chess with our men and women teams. We won numerous awards at both national and international competitions.

In 2018, we launched Flex Chats where we continue to listen to Turkcell from Turkcell people and discover the inspiring stories of this big family and share them with employees. Throughout the year, we organized more than 20 Flex Chat sessions and listened to Turkcell's exemplary activities from business owners.

Under Turkcell Advantage Club, we continue to give advantageous discounts and offers to our employees from 300 different companies on average per month. Through Turkcell Active Club, we carried out regional activities offering nearly 40 discounted tours throughout 2019.

Our competitions in the BiP Intcom channel continue apace. More than 500 employees won various surprise gifts from over 50 competitions held throughout the year.

TEAM WITH STRONG COMMUNICATIONS

Turkcell maintains its success at the highest level not only because we work intensively with a goal-oriented approach but also because of the fact that we know how to celebrate our achievements and enjoy being together. We firmly believe that teams that communicate well work more efficiently and with a higher motivation. In this respect, Turkcell organizes various activities designed to increase communications among teams. This approach is central to our internal communications.

We held numerous cheerful activities, where employees came together simultaneously across our offices. Accordingly, we enabled employees to enjoy cooperation and strengthen their communications. Voice of Managers (VOM) event was specially organized for mid-level managers, where we fostered an environment to guide Turkcell's strategies among them under the leadership of the strategy team and gave them the opportunity to strengthen bonds among each other. Meanwhile, Voice of Directors (VOD) organized

in conjunction with the strategy team, targeted director-level managers and included uplifting events where directors had the opportunity to know each other better and enhance the culture of doing business together. During events organized for Deputy General Managers, we toured our offices and sales channel across Turkey and received feedback from the field teams. At our traditional iftar dinners during Ramadan, we came together as Turkcell employees from across Turkey, and we shared holiday blessings together.

Turkcell did not forget Turkey's special days: On April 23, we hosted children of our employees in dozens of Turkcell offices and presented a memorable experience for them full of fun. Turkcell also did not forget its teams working overtime. As Turkcell Human Resources, we also worked overtime with them to deliver them cuisines from around the world to make their long nights at office memorable.

EACH YEAR, MORE SPORTS

In 2019, Turkcell was active in several sports branches including football, basketball, volleyball, tennis, table tennis, swimming, sailing, running, cycling, rowing, and chess with our men and women teams. We won numerous awards at both national and international competitions.

Turkcell BiP Super League was a shining star among other Turkcell sporting activities this year through its size, which was comparable to national leagues, and different classifications including the women, men and veteran. As part of the BiP Super League organization, 75 teams established by our employees across Turkey competed in three different leagues. Nearly 1,000 Turkcell employees played exactly 140 matches. The tournament participated by teams from 21 cities in Turkey lasted 3 months. We have already started training for our 2020 league and competitions!



1,100 Turkcell employees

In 2019, 1,100 Turkcell employees received awards in recognition of their activities that led to a difference. The awards were presented personally by Turkcell's General Manager & Deputy General Managers.

ACHIEVEMENTS ARE REWARDED.

In 2019, 1,100 Turkcell employees received awards in recognition of their activities that led to a difference. The awards were presented personally by Turkcell's General Manager & Deputy General Managers. Instant Reward, the Mobile Platform of executives, enable them to send instant rewards to employees for their hard work. Our wide range of gifts, which are offered instantly, became one of the most popular and appreciated platforms of the year.

EMPLOYER BRAND COMMUNICATION AND DIGITAL MATURITY IN OUR MEDIA

Launched in 2018, Turkcell's Instagram account @turkcelldehayat has become a colorful and rich social media showcase with visually rich posts, stories and updates. The reach of @turkcelldehayat has expanded rapidly without any advertising spending in a completely organic way. The account has over 7 thousand followers to become the Turkcell communication channel that gained the biggest follower base in the shortest time. Turkcell employees share moments from their every day lives on @turkcelldehayat. The account has also become a reference for employee candidates, where they can understand the work environment at Turkcell, especially at the decision point.

Meanwhile, Turkcell's dynamic news portal @trkcll features content that employees browse every day to keep a close watch on the technology industry and remain aware of innovations that are developed by Turkcell.

In 2019, Turkcell brought all its offices to the same level in terms of communication. Making sure that LCD screens across all our offices

work in proper way and feature the best content, we continue to utilize this key platform with content that attracts the attention of our employees.

THE GREATEST GROUP OF VOLUNTEERS IN TURKEY: TURKCELL VOLUNTEERS

In 2019, Turkcell Volunteers undertook many initiatives and activities to support Turkey's future, children in need. As one out of every five Turkcell employees is a Turkcell Volunteer, we launched a unique assistance campaign with our numerous volunteers.

Throughout the year, Turkcell Volunteers focused on children and education and responded to requests for help from all across Turkey. We undertook projects in 10 different provinces including Izmir, Trabzon, Hatay, Kayseri, Urfa, Erzurum, Konya, Van, Antalya, and Muş and provided support and assistance where needed.

Moreover, we organized a large-scale Foster Family Seminar for Turkcell employees who wanted to become a foster family but need more information on this issue. We created an environment for them to direct their questions to the right resources.

Turkcell Volunteers also provided support to children with down syndrome. In order to accompany young people with down syndrome in their every day working life, we visited numerous restaurants, where these young people are employed, and tasted the delicious food they prepared. As part of these visits, we also had the chance to encourage them with face-to-face contact and communications.



In 2019, Turkcell Volunteers undertook many initiatives and activities to support Turkey's future, children in need.

Turkcell Academy leads the way in corporate training and development in Turkey through its pioneering and exemplary practices.



TURKEY'S LARGEST SOFTWARE PLATFORM: TURKCELL DEVELOPERS OF THE FUTURE

As Turkcell we continued our efforts to help Turkey become one of the leading countries in software development. In this respect, we aim to improve the lives through technology, enable all segments of society to reach out their dreams, remove inequalities, financial difficulties and inadequate resources. Through Turkcell Developers of the Future Platform, we strengthen Turkey by offering an integrated training and development solution in numerous projects that add value to the society, which are primarily Women Developers of the Future, Tester Women and Children.

Python training sessions were launched with the introduction of Microsoft SQL Server, Data Literacy, Data Science and Introduction to Artificial Intelligence in the Developers of the Future platform in 2019. Furthermore, 2D Mobile Game Production with C#, Data Visualization, Data Manipulation, Data Preprocessing, Statistics for Data Science, Big Data and Data Science Project Management training were published in Unix Game Engine by the year-end. In addition to technology training, Turkcell provides everyone with the opportunity to develop with Digital Literacy Training independent of age and know-how level.

Over the Developers of the Future Platform, 6 million users from 100 different countries to date utilized the training in Turkish targeting adults and children on new technologies including mobile and web programming. 23 thousand individuals who successfully completed the online training on the Developers of the Future platform, which has 230 thousand registered users, were awarded 50 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.

"THE FUTURE WILL BE FIRST SHAPED BY PEOPLE AND LEARNING ORGANIZATIONS."

Scientific, accurate, reliable source of information that will add value to the business environment in Turkey together with 21st century competencies and technologies form the basis for our focus areas.

Turkcell Academy, established in 2006, is committed to developing solutions that boost Turkcell's corporate performance. We continue to expand our activities each year with ever-growing responsibilities and areas of influence in the learning world. Turkcell Academy leads the way in corporate training and development in Turkey through its pioneering and exemplary practices. We create innovative solutions for our customers by establishing collaborations with institutions and organizations in Turkey that are innovative and forward-looking.

In 2019, Turkcell Academy conducted exceptional efforts to equip more than 55 thousand employees and business partners in Turkcell ecosystem as well as the overall society with competencies to meet the needs of the future.



In 2019, Turkcell Academy conducted exceptional efforts to equip more than 55 thousand employees and business partners in Turkcell ecosystem as well as the overall society with competencies to meet the needs of the future.



Following the launch of the Women Developers of Future initiative at the Presidential Congress and Cultural Center with the esteemed participation of Mrs. Emine Erdoğan, over 1,600 projects were submitted from 64 provinces across Turkey.



WE BOOST FEMALE EMPLOYMENT IN TURKEY WITH WOMEN DEVELOPERS OF THE FUTURE PLATFORM.

Following the launch of the Women Developers of Future initiative at the Presidential Congress and Cultural Center with the esteemed participation of Mrs. Emine Erdoğan, over 1,600 projects were submitted from 64 provinces across Turkey.

Turkcell supported women in developing mobile applications via software training over a six-month period. In order to provide more comprehensive software development training program, we increased the 36-hour in-class Mobile Application Development training time to 84 hours. Turkcell enabled an Assistant Instructor to accompany primary Instructor during in-class training. In addition to software training, we also provided consultancy support for business model and entrepreneurship development.

235 out of 640 women, who completed in-class and remote Mobile Application Development training, developed mobile applications as part of 141 project ideas. At the end of the semi-finals and final stages, the top three most successful projects were presented with awards.

Women, who successfully complete the training program in the Women Developers of Future project, are also offered the opportunity to become a test specialist for end-user tests of Turkcell products and services. 100 trained female professionals from 21 different cities across Turkey have contributed to the development of Turkcell products and services with thousands of

findings by working remotely as end-user testers. The Women Developers of the Future Awards Ceremony took place in December 2019 with the honored participation of Mrs. Emine Erdoğan. The top three projects selected among the finalists and project worthy of a special jury prize were recognized with awards.

WE EQUIP CHILDREN WITH 21ST CENTURY SKILLS.

Turkcell continues to teach computer coding to 660 children aged between 7-18 in an entertaining way via Code.org, Scratch and App Inventor training developed by Massachusetts Institute of Technology. We are very excited to train future developers with our Turkish language support for the MIT Scratch 3.0 coding platform, which is used by 33 million children worldwide to actively develop games, animation and create stories.

WE TRAIN FUTURE LEADERS.

As part of the Leadership Development Program in 2019, we aim to adopt a human-oriented approach in designing our work and business processes in a changing world, develop ourselves in various fields from big data to innovation and new business models to get prepared to future, harness trends of the future and shape business accordingly.

These programs are implemented by focusing on the development of approximately 700 Turkcell Group Leaders from six different leadership levels, from substitutes of executives to C-Level.



As part of the Leadership Development Program in 2019, we aim to adopt a human-oriented approach in designing our work and business processes in a changing world, develop ourselves in various fields from big data to innovation and new business models to get prepared to future, harness trends of the future and shape business accordingly.

Digital Business Transformation Training, which was provided to executive level employees in 2017 and 2018 to support vision of becoming a Digital Operator, has been given as online training in four different modules to all Turkcell employees in 2019.



The Turkcell Finance Masters Program aims to instruct employees in basic financial issues, increase their financial literacy and give a financial perspective on Turkcell. The program also introduces participants with the techfin world to enable them to develop Turkcell products and services with a digital economy perspective.

The Leaders of the Future program was designed and implemented in collaboration with International Institute for Management Development (IMD) for the target audience of director and director substitutes. The five-day program aimed to develop the target audience in various focus areas of the digital world including new business models, platform economies, customer-oriented approach, innovative thinking and value creation based on big data.

Turkcell's digital transformation journey, which started in 2015, was prepared by IMD Business School as a case study under the title "How to Respond to Digital Disruption." The case study is taught in the world's leading universities.

The "Building Leaders" Certificate Program was prepared in collaboration with Koç University for manager substitutes and new management prospects. The program aims to develop participants in strategic thinking, strategic marketing, finance and digital transformation. Two alternative programs, Selection and pre-determined Package, were designed for the target group of experienced managers who have worked for three years or more.

Digital Business Transformation Training, which was provided to executive level employees in 2017 and 2018 with an aim to support vision of becoming a Digital Operator, has been given as online training in four different modules to all Turkcell employees in 2019. The training focused on Customer Focus, Digital Innovation, Digital Demolition and Digital Business Transformation in the Digital World.

As part of The "Leaders as Teachers" mentor program, young talents, new executives and director substitutes are positioned as mentees while directors and experienced executives act as mentors.

TURKEY'S FIRST COMPREHENSIVE CORPORATE FINANCIAL EXPERTIZE PROGRAM IS TURKCELL FINANCE MASTERS.

The Turkcell Finance Masters Program aims to instruct employees in basic financial issues, increase their financial literacy and give a financial perspective on Turkcell. The program also introduces participants with the techfin world to enable them to develop Turkcell products and services with a digital economy perspective. The innovative training program, which will continue in 2020, is set to target raising experts in line with Turkcell's needs.

Trainings in a range of relevant topic areas including Corporate Finance, Budget, Financial Analysis, Feasibility, Financial Mathematics, Risk Management, Techfin, and Blockchain were delivered in cooperation with Rice University and Boğaziçi University as part of the Turkcell Finance Masters Program. Some 2,283 employees have applied to the Masters program. About 2,000 of them, who completed the distance learning program of Rice University, were awarded a certificate. Some 1,283 participants attended Boğaziçi University and the Capsim Finance Simulation. 824 employees completed the program and received the qualification certificate from Boğaziçi University.



Turkcell Academy offers a custom made one-year training program for young people, who are employed within the scope of GNCYTNK Program, launched by Turkcell to hire talented young people.

LONG-TERM TRAINING, DEVELOPMENT JOURNEY: TURKCELL ACADEMY GNCYTNK PROGRAM

Turkcell Academy offers a custom made one-year training program for young people, who are employed within the scope of GNCYTNK Program, launched by Turkcell to hire talented young people. The first phase of the program includes four steps which are namely; Turkcell, Customer, Technology and Culture. Orientation program is provided with various teaching methods accompanied with digital learning, experiential learning and face-to-face learning. As part of Turkcell step, GNCYTNKs met Turkcell leaders and listened to our Company's strategic initiatives; and then, in the customer step, they toured all around Turkey to provide service to our customers at the customer contact points for seven days. They came up with around 1,800 action proposals to improve customer experience. In the culture step of the program; they participated seminars regarding civilizations, psychology and leadership styles.

In order to improve the technology vision of GNCYTNKs, training programs were organized with the corporate universities of technology companies such as Huawei, Oracle, Cisco, Ericsson, Nokia and HP. 87 of our young talents, who successfully completed all training materials, earned the opportunity to get training at the headquarters of corporate universities.

"IMD & Turkcell Young Talent Business and Innovation Program" designed specifically for our young talents was launched. Our GNCYTNKs received five days of training on customer orientation, innovation, leadership, agility, and digital transformation. After a special and intensive training program where the content and

in-class applications were blended together, the selected project teams were entitled to participate in bootcamps around the world.

ACADEMY TRAINERS

Within the scope of the Academy Trainers program, Turkcell employees voluntarily provide training during office hours on issues and topics of their expertise in accordance with Turkcell's corporate strategies.

This year, we conducted the Academy Trainer Development Program, which includes more than 400 instructors, in cooperation with Marmara University Continuing Education Center. We provided training to our volunteer instructors in Learning Psychology, Teaching Models and Methods, Measurement Tools and Methods, Teaching Material Development. After these trainings, Observation and Feedback sessions were held to help the instructors further improve their skills.

TURKCELL PRIMARY OBLIGATORY TRAININGS

All Turkcell employees have received six different trainings pursuant to primary obligatory training program. The program includes trainings on "Occupational Health and Safety," "Information Security Training," "Business Continuity Training," "Bribery and Corruption," "Competition Law" and "Turkcell Common Values and Business Ethics Rules." We observe the positive impacts of these trainings in internal and external audit processes each year.

IP (INTERNET PROTOCOL) EXPERT PROGRAM

Turkcell conducted the IP Expert Program to improve the IP knowledge level of Turkcell Network employees required to design IP based area infrastructure services and solutions. Some 200 employees applied to the program in two categories, intermediate and advanced. The training program was completed with a 100% success rate. Participants were assessed through exams at the completion of training. Certificates were granted to participants after they successfully passed the learning assessment tests.

HAP+

In addition to face-to-face learning through seminars and in class trainings, HAP+ trainings benefit Turkcell employees in their personal development. Accordingly these trainings expand their vision introducing new perspectives to our employees through methods such as experiential learning and distance learning methods. We provided training in 90 different titles in four different categories and covered a total of 5,000 people.

Turkcell aims for its marketing teams to offer solutions that make a difference. Marketing teams are expected to identify appropriate customer insights and promote Turkcell activities to customers in an optimal way.



In addition to the basic certification program implemented at Turkcell corporate and individual stores, we continue to invest in staff development throughout our workforce.

123,000 hours of training
 Within the scope of Technology Development Program, we provided 123 thousand hours of training for 2.5 thousand employees through online training platforms and in-class trainings.

CX LAB

“The CX Lab Customer Experience Development Program” was designed for Turkcell customer experience teams to develop customer-oriented design perspectives. This program encompasses five projects in the mobile, fixed, finance, entertainment/communication and loyalty categories. As part of the fixed category, a brand-new modem and service model emerged as a smart home assistant with Turkcell Evim 360. In finance category, a new service was developed to track joint expenditure and savings within the Paycell Wallet solution. In the communication category, Turkcell has implemented numerous projects to support its product services.

MARKETING DEVELOPMENT PROGRAM

Turkcell aims for its marketing teams to offer solutions that make a difference in a rapidly developing and changing marketing world. Marketing teams are expected to identify appropriate customer insights, improve insights via experiential marketing and promote Turkcell activities to customers in an optimal way.

In this respect, the Marketing Development Program includes in-class training on key topics such as insight hunting, experiential marketing, case studies, comparative assessment. Moreover, the training is enriched with international benchmarks. Under the program, participants implemented 13 projects for Turkcell.

TECHNOLOGY DEVELOPMENT PROGRAM

Within the scope of Technology Development Program, we provided 123 thousand hours of training for 2.5 thousand employees through online training platforms and in-class trainings.

As part of the CIT Training & Development Program, 1,731 individuals supported their functional development through in-class trainings under 150 topics. Meanwhile, 758 individuals received online training under 77 different topics. In addition

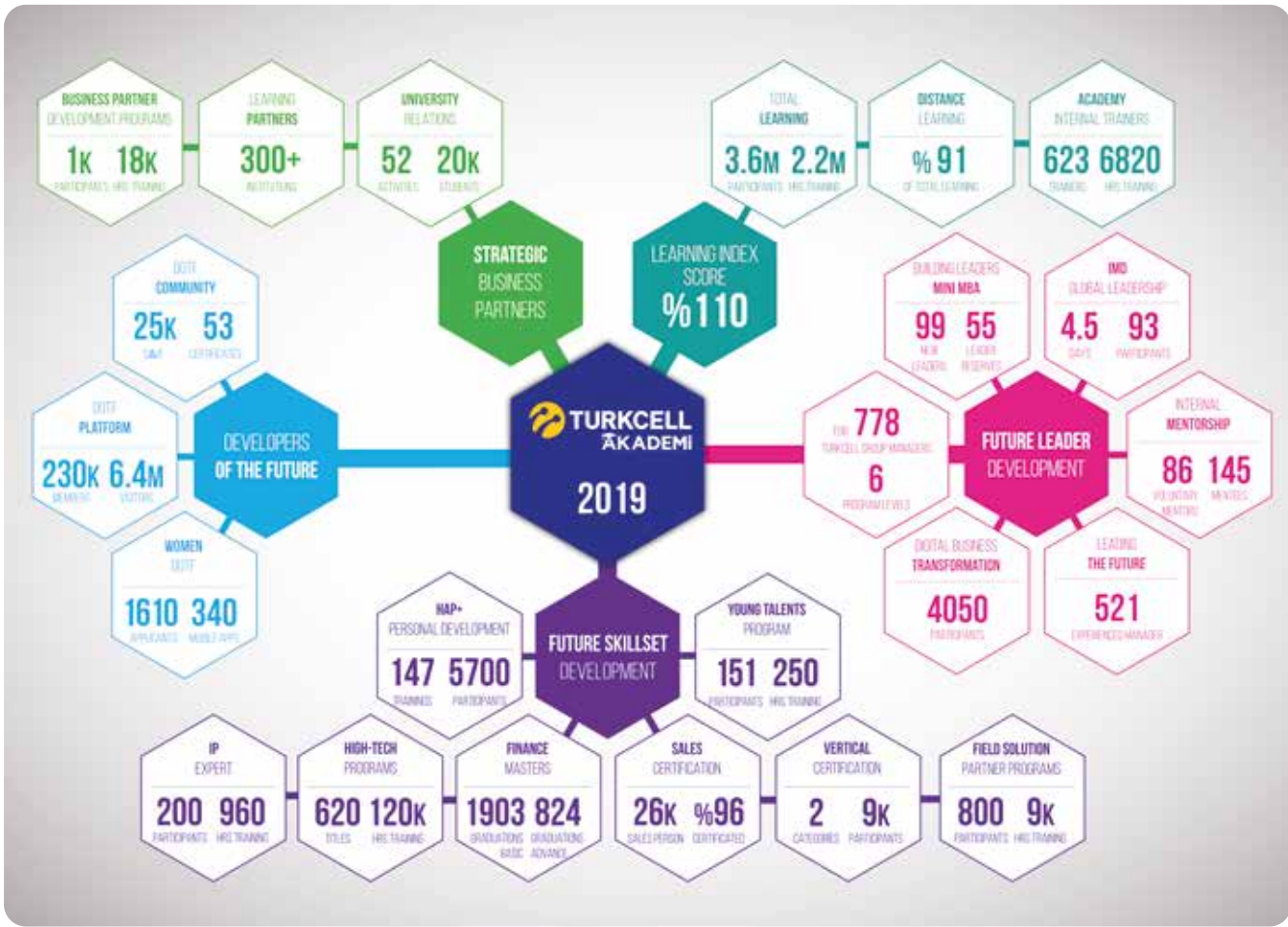
to the focus on big data and 5G technologies, training and development was provided in artificial intelligence, data science and management, and software.

WE DEVELOP TURKCELL STORES WITH VARIOUS CERTIFICATE PROGRAMS IN TECHNOLOGY RETAIL.

25 thousand Turkcell employees - 15 thousand in Turkcell stores, 4 thousand in corporate solution centers and 6 thousand in fiber solution centers - have successfully completed Turkcell certification programs. Turkcell launched these programs in 2016 to train an advanced workforce for the technology retail sector and make them competent and specialized in their profession. Having used diversified training solutions, Turkcell focused its training efforts in line with its 2019 business strategies. With this approach, Turkcell contributed to the success of its employees while achieving its corporate goals.

Turkcell measures the competence level of each employee with Online Evaluation Center inventories, which are prepared with real customer scenarios under this program. This effort aims to boost the service quality provided to customers and deliver the best customer experience.

In addition to the basic certification program implemented at Turkcell corporate and individual stores, we continue to invest in staff development throughout our workforce. Similar to prior year, 500 store employees who passed the Advanced Certification exam, went on to complete the Advanced Certificate Program offered in collaboration with Marmara University and Turkcell Academy. We continue to create value on customer satisfaction and market leadership focus of Turkcell with our program designed to deepen the expertise of our store employees.



In 2019, Turkcell Academy's Educational Development Program won awards from various international organizations in recognition of their business excellence.

WE TRAIN QUALIFIED PEOPLE IN TECHNOLOGY FOR INDUSTRY.

Instructors from Turkcell Academy prepared Turkcell's Mobile Communications Software Testing course in cooperation with Turkey's most reputable universities. As part of this course, we introduce Turkey's young people to technology sector and support them with the know-how of our employees. Turkcell provides scholarship support to the research of PhD students having studies in the field of artificial intelligence. We also play a major role in bringing thousands of students to the IT sector as qualified labor force through certificate programs through which we transfer our know-how at Turkey's leading universities.

WE ALSO DEVELOP THE EXPERTISE OF OUR DISTRIBUTORS.

Under the leadership of Turkcell Academy, we continue to implement digital and in-class training solutions for 900 employees of KVK and GENPA as part of the certification program specifically designed for their needs. The training programs focus on leadership, sales, product management, corporate culture and functional focus areas.

TURKCELL AKADEMI'S AWARDS

In 2019, Turkcell Academy's Educational Development Programs won awards from various international organizations in recognition of their business excellence. First, Turkcell Academy received the most prestigious award in the sector at the Global Mobile Awards with its Women Developers of the Future project. The innovative effort was presented with the United Nations' Call to Action award for its value and sustainable business model, and was cited as one of the best examples in the world.

Brandon Hall, one of the largest international educational development assessment institutions, presented two Gold awards to Turkcell Academy in the "Program that Best Contributes to Business Transformation" and "Best Contribution to Business" categories for its "Turkcell Academy Digital Transformation Program." The "Building Leaders Mini MBA Program," in collaboration with Turkcell Academy and Koç University, earned the Bronze award in the "Leadership Development Programs" category. Turkcell Academy General Manager Banu İşçi Sezen received the Most Successful Female Leader award in the HR and World Telecommunication competition at the HR World Congress.

OUR SUBSIDIARIES

lifecell has 7.4 million three-month active, 8.9 million registered customers and keeps its position as the market leader in Ukraine in terms of smartphone penetration which reached 80% in 2019.



lifecell continues to provide its customers with Turkcell's leading digital services that include BiP, lifebox, fizy, My lifecell, Dergilik.

lifecell lifecell

lifecell started its operations in Ukraine in February 2005. The company has 7.4 million three-month active, 8.9 million registered customers and keeps its position as the market leader in Ukraine in terms of smartphone penetration which reached 80% in 2019.

lifecell was the first operator in Ukraine to launch 4.5G services on 2.600 MHz frequency band in 2018 followed by a successful launch also on 1.800 MHz within the same year. lifecell has a population coverage of 93.42% (GSM, 3G+ and 4.5G) and geographical coverage of 95.54%. In 2019, number of three-month active subscribers using 3G+ and 4.5G exceeded 4.3 million while mobile data usage per user grew by 62%. lifecell's revenue in TRY terms increased 42% and reached TRY 1,316 million.

lifecell, other leading operators of the country and the Prime Minister of Ukraine signed an agreement in October to provide LTE services on 900 MHz as well as providing the fourth-generation mobile internet at main roads.

Mobile Number Portability (MNP) was introduced in May. lifecell demonstrated the best positive port-in/port-out performance in the market. The

company was also the first among all operators to provide free online registration option to its customers via Bank ID.

Closely monitoring the global technology trends, lifecell was the first operator in Ukraine to offer eSIM to its customers in November. Moreover, lifecell strengthened its digital services portfolio with Mobile ID, its offering for corporate customers. With the aim of enriching its customers' digital experience, lifecell also launched public transportation SMS-ticket in four large Ukrainian cities with plans to expand this service to other cities soon.

lifecell deployed first segments of NB-IoT networks running successful pilot projects with public and private companies in energy sector which demonstrated the advantages of the LTE based solutions. Together with a partner, lifecell also built LoRaWAN networks, which successfully served as a platform to deliver smart solutions to retailers, developers, energy and agriculture companies in Kyiv and other cities.

lifecell continues to provide its customers with Turkcell's leading digital services that include BiP, lifebox, fizy, My lifecell, Dergilik. Experimenting new sales channel models, lifecell also introduced the first "digital kiosks" in major shopping malls in Kyiv, that allowed customers to purchase sim-cards 24/7.

lifecell and Ericsson Ukraine deployed first 5G network demo segment in May and introduced the advanced capabilities of the fifth-generation mobile internet technology at the Sweden-Ukraine Business Forum in Kyiv. The 5G speed test was conducted with the participation of state officials, regulatory authority and the media where 25.6 Gbps of download speed was achieved on 28Ghz ultra-high frequency band.

For the past four years, lifecell has been the technology sponsor of the National Football Team of Ukraine that successfully qualified to the EURO 2020, the Premium Sponsor of FC Dynamo Kiev, and the official technology partner of the Ukrainian National Paralympic Committee.

191 cities/towns/ settlements

BeST started to offer 4G services in August 2016 through LTE infrastructure established by beCloud.

BeST provides 4G LTE services across all regions and major cities of Belarus, around 191 cities/towns/settlements.



Kuzey Kibris Turkcell continued its efforts on corporate system integration projects throughout the year. The company aims to be the leader in this segment with its end-to-end digital business solutions.

lifecell sponsored the 6th IT Arena event, one of the leading IT and technology conferences in Eastern Europe, and shared cyber security expertise of Turkcell with the participants and local IT community. lifecell also opened “lifecell lab,” the cyber and information security lab in Kharkiv National University of Radio Electronics.

BeST

Having joined Turkcell Group in July 2008, BeST (Belarusian Telecommunications Network) was the first mobile operator to offer 3G services in Belarus in November 2009. As of 2019 year-end, BeST had 1.5 million subscribers, with a population coverage of 99.9% and geographical coverage of 97.7%.

BeST started to offer 4G services in August 2016 through LTE infrastructure established by beCloud. BeST provides 4G LTE services across all regions and major cities of Belarus, around 191 cities/towns/settlements. Share of 4G subscribers already reached 54.6% of 3-month active subscriber base in 2019 fostering mobile data consumption and digital services usage. Enhanced 4G services penetration led to growth in average monthly data consumption per user to 7.0 GB in 2019. 4G network already serves 57% of total data traffic as of 2019.

While converting subscribers to 4G users, BeST continues to transform itself from a communication services provider to a digital operator by offering diversified digital services portfolio in accordance with Turkcell's strategy. While its tariff plans including data and terminal bundles drives ARPU growth, BeST enriches customers' experience by bringing connectivity and content together. BeST already included BiP, fizy, lifebox, Magazines, TV+, Games Platform to its digital services portfolio. The digital tariff plan “Play,” bundling all digital services was launched in 2019. Share of subscribers using at least one digital service already reached 27.8% of 3-month active subscribers base in 2019.

Growth in 4G services penetration and increasing data usage helped BeST's revenues to grow by 8% in local currency, reaching BYN 135 million in 2019. On TRY basis, the Company's revenues increased 25% to TRY 365 million.

lifetech was established as 99.9% owned subsidiary of BeST to serve in the fields of telecommunication and infrastructure solutions, information and communication technologies, software development and security systems.

lifetech successfully provides IT based solutions to Turkcell Group and other customers and carries out software development projects both in Belarus and other countries.

KUZEY KIBRIS TURKCELL

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.

With its infrastructure covering 100% of the population and a subscriber market share of 64% according to 2019 third quarter data of Information and Communication Technologies Authority, Kuzey Kibris Turkcell continues its operations as the leading operator of Turkish Republic of Northern Cyprus (TRNC).

Entering the fixed broadband market in TRNC with Lifecell Digital Ltd. in 2018, Kuzey Kibris Turkcell has become the second player in the market.

Kuzey Kibris Turkcell continued its efforts on corporate system integration projects throughout the year. The company aims to be the leader in this segment with its end-to-end digital business solutions.

Kuzey Kibris Turkcell also serves customers in TRNC with its digital services portfolio; BiP, TV+ including local TV channels, lifebox and Dergilik which offers local newspapers and magazines.

BiPBOX, which is accessed over BiP discover, commenced first digital interactive communication in TRNC, offering various kinds of benefits, bargain products and brand collaborations. Kuzey Kibris Turkcell made its way to the Loyalty Magazine Awards finals with BiPBOX in the “Best Loyalty Program in the Telecoms Sector” category.

In 2019, Kuzey Kibris Turkcell registered revenues of TRY 222 million on 23% annual growth.

Turkcell Global Bilgi offers new generation services in customer experience closely following the digitalization trends and leveraging 20 years of experience in customer services.



Turkcell Europe was founded in 2010 as a Mobile Virtual Network Operator (MVNO) in Germany. The company serves nearly 170 thousand customers under a marketing partnership with Deutsche Telekom.

8,400 women employees
Turkcell Global Bilgi leads the sector and creates value with 8,400 women employees, which make up 60% of the total workforce.

TURKCELL EUROPE

Turkcell Europe was founded in 2010 as a Mobile Virtual Network Operator (MVNO) in Germany. The company serves nearly 170 thousand customers under a marketing partnership with Deutsche Telekom. Turkcell Europe provides services under Turkcell's lifecell global brand since 2018. lifecell Europe aims to enrich customer experience leveraging digital offerings and expand Turkcell's digital products and services across Germany.

BiP, Turkey's most innovative communications and lifestyle platform became a new communication channel for lifecell Europe where customers can receive services and support. Moreover, first month Super XL package gift campaign was launched particularly for SIM card orders given over "lifecell customer services" in BiP discover section.

lifecell Europe became a representative of fizy in Germany, which registered major accomplishments in Turkey through significant contributions to music sector with its rich content archive. Customers use the fizy service free of charge with the periodic and special campaigns.

lifecell Europe will utilize its stores and field teams more effectively to promote enriched and unique experience of digital services to its customers. In this respect, lifecell and digital services concept areas were established within retail stores. lifecell Europe field teams were also trained to use and master digital services. Furthermore, a selected group of lifecell Europe dealers were hosted at Turkcell headquarters and they attended a panel discussion on lifecell Europe's contribution to the digitalization of customers' lives.

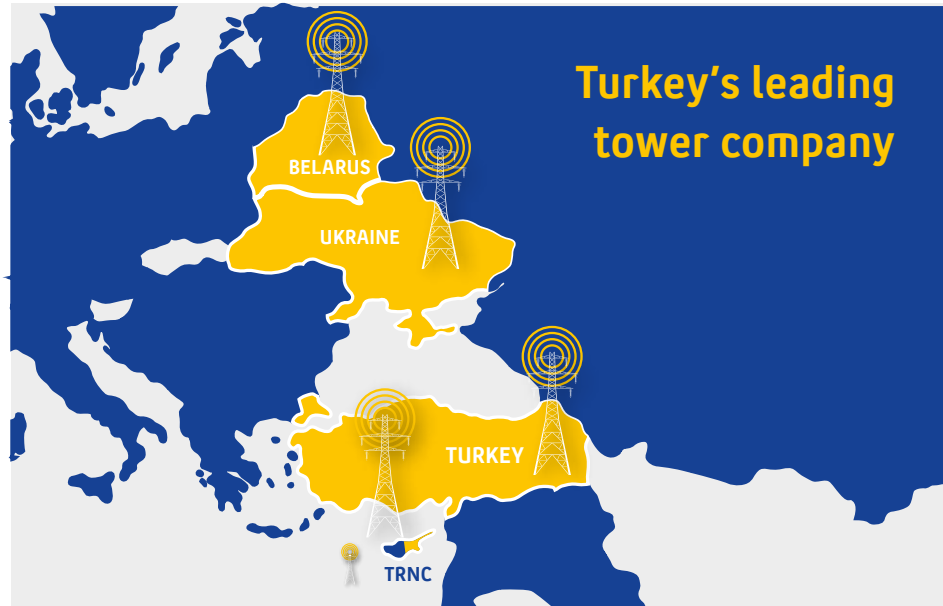
TURKCELL GLOBAL BILGI

Turkcell Global Bilgi offers new generation services in customer experience closely following the digitalization trends and leveraging 20 years of experience in customer services. Turkcell Global Bilgi aims to enhance customer satisfaction and consequently its revenues creating customized solutions for more than 70 companies including Turkcell itself. The company continues its activities acting as strategic business partners of its customers.

Turkcell Global Bilgi employs nearly 14 thousand people in 25 locations; 19 in Turkey and 6 in Ukraine as at the end of 2019. The company leads the sector and creates value with 8,400 women employees, which make up 60% of the total workforce.

Turkcell Global Bilgi made its first technology investment in eastern part of Turkey with Erzurum Call Center. Turkcell Global Bilgi is also the first and only Turkish customer experience center serving abroad with its investment in Ukraine. Turkcell Global Bilgi, which is among the first 500 information technologies companies in Turkey, ranked first in "Best Customer Experience" category at the world finals of "2018 Top Ranking Performers" awards of "ContactCenterWorld," the largest worldwide event in the call center industry.

Turkcell Global Bilgi manages various communication channels including face-to-face, phone, voice and video response systems (IVR and IVVR), e-mail, web chat, next-generation customer experience platform BiP and social media while contacting customers. The company creates customized solutions analyzing the service model of its customers with an aim to create a unique customer experience.



GLOBAL TOWER  GLOBALTOWER

Global Tower, Turkey's leading tower company, today operates in four countries. Global Tower provides telecommunications infrastructure services including tower leasing, tower build & sell, contract management, maintenance services to mobile operators, radio and TV broadcasters, internet service providers, energy companies and public institutions. Global Tower also provides satellite services and solutions to its customers in accordance with its end-to-end services approach. The company currently offers closed circuit satellite services over 2 thousand points from its own infrastructure with geographic redundancy. The company aims to enrich product and service diversity by following industry trends.

Global Tower's total revenues grew by 27% and reached TRY 431 million while its EBITDA grew 30% and reached TRY 290 million in 2019.

Global Tower operates a portfolio of 10,726 towers as at the end of 2019;

- Turkey: 8,636 (owned: 4,129, right of use: 2,304, contract management: 2,203)
- Ukraine: 1,141 (owned)
- Belarus: 834 (right of use)
- TRNC: 115 (right of use)

Global Tower closely follows the transformation process of the global telecommunication infrastructure sector, from tower management to infrastructure management, and plans to introduce new emerging services in the industry with its customers. It is also observed that mobile operators in Turkey have a positive attitude towards infrastructure sharing and consolidation model which is pioneered by Global Tower, in parallel to recent global trends. A critical step can be taken in terms of operational savings and resource efficiency with new regulatory developments.

TURKCELL FINANCE  financell

Established in March 2016, Turkcell Finansman A.Ş. provides financing solutions to corporate and individual customers as part of their purchases of technology-based services and products under the "Financell" brand.

Financell serves its customers through more than 1,300 Turkcell stores, 2,092 DSN+ (digital sales points) stores and digital sales channels in Turkey.

Turkcell Finansman which has an asset size of more than TRY 3 billion as at the end of 2019 has granted TRY 14.5 billion in loans to around 5.1 million customers to date and became one of the most important players in the Turkish financing sector. Financell extended its services into the corporate lending market with its digital transformation loan. Through the credit risk and digital systems transformation projects carried out in 2019, Turkcell Finansman performs credit application assessments more rapidly and continues to manage its credit risk effectively.

The company recently established a new techfin initiative, Turkcell Sigorta Aracılık Hizmetleri A.Ş., and started providing insurance agency services under the "Güvencell" brand. Having almost completed the systems-related infrastructure in fourth quarter of 2019, Güvencell started to deliver innovative solutions in risk management area with fast and easy-to-access products. Customers can easily access and purchase insurance products from all Turkcell channels including the call Center, digital channels and dealers.



Global Tower, Turkey's leading tower company, today operates in four countries.

While the number of customers who benefitted from Paycell's financial services reached 7.3 million, Paycell application, enriched with new functions, reached 5 million downloads in 2019.



As one of Turkey's largest and most competitive R&D centers with more than 900 R&D engineers as at the end of 2019, Turkcell Teknoloji marked numerous achievements on both national and international arena.

TURKCELL PAYMENT SERVICES AND ELECTRONIC MONEY 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. The company achieved significant progress in 2019. Paycell aims to make lives of people easier by allowing them access to financial services without the need of a bank account. As a techfin company specialized in diverse verticals, Paycell takes firm steps towards becoming the leader techfin platform in Turkey.

While the number of customers who benefitted from Paycell's financial services reached 7.3 million, Paycell application, enriched with new functions, reached 5 million downloads in 2019.

The physical and virtual cards activated as part of Paycell Card, which in particular targets users under 18, exceeded 1 million in 2019.

Another fast-growing function of Paycell has become the bill payments. In 2019, the number of institutions, for which bill payment can be performed over Paycell, reached 275 while nearly 7.7 million invoices were paid using Paycell throughout the year.

In addition to digital content payments, direct carrier billing became an available option for payments in other industries in 2019. The Istanbulkart top-up payments, purchases at n11, one of Turkey's largest e-commerce companies, can be performed through direct carrier billing feature of Paycell. The new use cases of this payment option were supported with campaigns in order to increase active users.

As part of the focus to increase the number of merchants, product developments regarding QR

payments and POS solutions were conducted while partnerships were established with large accounts for rapid penetration of such solutions in the market.

TÖHAŞ has launched Turkey's first meal and transportation card, Paye Card, in partnership with PTT and BELBİM.

TURKCELL TEKNOLOJİ



As one of Turkey's largest and most competitive R&D centers with more than 900 R&D engineers as at the end of 2019, Turkcell Teknoloji marked numerous achievements on both national and international arena. Turkcell Teknoloji aims to develop innovative technologies in communications and in the areas of its impact. The company also targets to be a leader, pioneer and role model in Turkey by employing the most talented human capital in R&D industry to the most possible extent. With the experience accumulated throughout the transformation of Turkcell from a technology-oriented network provider to a service-oriented experience provider, Turkcell Teknoloji strives to be an R&D center with innovative solutions developed for domestic and international markets

In accordance with the strategy of Turkcell to penetrate its product and service offerings in domestic and international markets, Turkcell Teknoloji develops and commercializes digital and ICT (information and communications technologies) services at global standards based on the latest technology and market requirements, and helps Turkcell Group to expand its footprint.

Turkcell Teknoloji focuses on roaming solutions, big data processing, business intelligence applications, smart cloud platform and platform-developed solutions, location based services and platforms, customer relationship management and solutions, network management solutions, next generation value added services, mobile financial systems, music and entertainment services, IPTV services, mobile marketing solutions, Internet of Things

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



The postgraduate and PhD programs, which are designed to improve the technical knowledge base of Turkcell Teknoloji employees in line with the requirements of the sector, are continued since 2014.

(IoT), geographic information systems, voice identification, AR/VR, 5G infrastructure projects, mobile communication solutions, campaign management systems, smart Sim card solutions, digital identity technologies, image and video processing based on artificial intelligence, text analysis (NLP), suggestion engines, voice analytics, robot assistants, robotics process automation, mobile analytical platforms, artificial intelligence in health, learning and education applications solutions, e-mail and search engine solutions, digital broadcast solutions, CDN (Content Delivery Network) solutions, Over-the-Top (OTT) and blockchain solutions.

Turkcell Teknoloji aims to become a global technology company with its national and international patent application efforts. The patent application process helps Turkcell Teknoloji to develop differentiated and competitive services. Moreover, this process enables the products of Turkcell Teknoloji to have export potential. The company continues its efforts to increase awareness regarding patent application process and shares its experience and know-how with universities, startups, SMEs and other business partners. Turkcell Teknoloji is the leader in the telecommunications sector in Turkey with 1,605 national and 128 international patent applications since 2008. Leading the development of new technologies, Turkcell Teknoloji issued many academic and technical publications on national and international platforms in 2019 which positively impacted the increased use of technology.

The postgraduate and PhD programs, which are designed to improve the technical knowledge base of Turkcell Teknoloji employees in line with the requirements of the sector, are continued since 2014. As part of these programs, courses are instructed at Turkcell Teknoloji R&D Center with an aim to encourage academic research and bring the research results into practice within the organization of Turkcell Teknoloji.

Turkcell Teknoloji enriched and diversified its cooperation with universities in 2019 via joint R&D projects determined based on needs, Master's and PhD programs, training and conferences conducted at universities enabling technology transfer, and the Young Talent program implemented to recruit talented young people. Moreover, Turkcell Teknoloji developed products in collaboration with startup companies at technoparks, supported products/ services and technologies developed by these companies. The company also helps startups to increase their recognition including such firms in European Union projects in which it participates in. Turkcell Teknoloji plans to focus more on these collaborative R&D activities in the coming years.



lifecell Ventures is a 100% owned Turkcell subsidiary established in the Netherlands. Entering into collaborations and business partnerships, lifecell Ventures helps telecom operators in other countries with their digital transformation strategy.

Turkcell Teknoloji aims to advance current technologies, adapt this vision among its employees and enhance the commercial potential of future technologies. In this respect, the company plays an active role in the technology ecosystem on various platforms. Turkcell Teknoloji sits on the board of directors of ITEA and Celtic Next cluster programs under the EUREKA umbrella program in order to collaborate closely with companies competent in advanced technology and innovation areas. As part of this responsibility, Turkcell Teknoloji plays a key role in creating new project ideas to increase use of information, communication, infrastructure and network technologies in all smart verticals, and participates in R&D projects in accordance with its strategies. In projects under the EUREKA umbrella, funding support is assessed by competent authorities, TÜBİTAK-TEYDEB. This gives us an opportunity to work closely with TÜBİTAK decision-makers. In recent years, Turkcell Teknoloji has been successful in increasing the number of project applications as part of the Horizon 2020 main program and subprogram, which provide direct and large grant support from the European Commission, on platforms offering a more competitive and selective environment for proposing project ideas. These projects enabled Turkcell Teknoloji to carry out studies and improve its technology closely working with prominent industrial enterprises, SMEs, reputable universities and research institutes, valuable academicians and startup companies. In this respect, Turkcell Teknoloji aims to expand this valuable ecosystem leveraging it effectively.



lifecell Ventures is a 100% owned Turkcell subsidiary established in the Netherlands. Entering into collaborations and business partnerships, lifecell Ventures helps telecom operators in other countries with their digital transformation strategy.

Leveraging Turkcell's know-how and experience that accumulated throughout its digital transformation journey initiated in 2015, lifecell Ventures is taking firm steps towards achieving Turkcell's vision of expanding digital services (OTT) and technology solutions (ICT) to international markets.

The vision of lifecell Ventures is to offer applications based on digital communications and content including entertainment, music, TV as well as technological solutions in the global markets. In 2017, the company launched its first international digital solution partnership with the Eastern Europe operator Moldcell with its "BiP" and "lifebox" products. lifecell Ventures expanded digital solution partnerships in 2019 through the launch of "BiP" and "lifebox" with ALBtelecom, the Albanian mobile operator. In February 2019, lifecell Ventures signed an agreement with Digidigicell, which operates in Jamaica and the French West Indies, at Barcelona Mobile World Congress. lifecell Ventures expands its international digital solution partnerships portfolio through sound business partnerships all over the world.

Enerjicell became one of the most important free-market electricity suppliers in Turkey in terms of the number of registered counters in 2019 serving its retail and corporate customers.



TOGG, aiming to develop new generation electric and connected cars and to create a mobility ecosystem around those, communicated the progress achieved in design and engineering work to public.



Turkcell Digital Business Services formulated a completely new business model to offer vertical solutions in transportation, finance, healthcare, education, logistics, production, retail, energy and in similar fields with the aim of meeting needs of all industries.

TURKCELL ENERJİ **enerjicell** **ÇÖZÜMLERİ VE ELEKTRİK SATIŞ TİCARET A.Ş. (TURKCELL ENERGY SOLUTIONS)**

Having commenced its operations in 2018 with the "Enerjicell" brand, Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş., became one of the most important free-market electricity suppliers in Turkey in terms of the number of registered counters in 2019 serving its retail and corporate customers. Enerjicell, which will focus on corporate customers in 2020, aims to change practice towards creating customer experience in the industry through its superior service quality.

Continuing its retail electricity service business, Enerjicell also expanded its business into renewable energy generation in 2019. Throughout the year, Enerjicell pioneered renewable energy investments in Turkcell's buildings with self-generated electricity consumption model. The company engaged in and completed rooftop solar panel projects, including the one in newly established Ankara datacenter. Planning to continue its renewable energy investments in the coming years, Enerjicell aims to transform Turkcell into a company, which will have carbon free emissions and generate electricity from environmentally friendly resources.

In 2019, Enerjicell also accelerated its efforts to develop digital products and services designed for the electricity market leveraging Turkcell's technology.

TURKCELL SALES AND DIGITAL **dijital** **BUSINESS SERVICES**

Turkcell Digital Business Services was established in January 2019 to serve as the digital transformation partner of Turkcell corporate customers. The company meets corporate customers' needs

leveraging Turkcell's brand power of 25 years, its extensive sales force covering public, strategic, large and small-scale customers, and its superior technology infrastructure.

Turkcell Digital Business Services formulated a completely new business model to offer vertical solutions in transportation, finance, healthcare, education, logistics, production, retail, energy and in similar fields with the aim of meeting needs of all industries. Moreover, added value services will be developed based on advanced technologies such as artificial intelligence, Internet of Things, and big data while alternative financing models will be offered as part of this new business model. Turkcell Digital Business Services provide end-to-end digital solutions to private sector companies and public institutions. Thus, the company contribute to Turkey's growing digital economy offering value propositions which enables enterprises to grow revenues.

TÜRKİYE'NİN OTOMOBİLİ GİRİŞİM GRUBU SANAYİ VE TİCARET A.Ş.**

Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (TOGG) was established on June 25, 2018 within the framework of Turkey's Automobile Project implemented through the coordination of The Republic of Turkey Ministry of Industry and Technology and The Union of Chambers and Commodity Exchanges of Turkey. As one of the founding partners of this company with a 19% shareholding, we aim to be involved in fields promising great potential such as connected vehicles, smart cities and intelligent transportation. TOGG, aiming to develop new generation electric and connected cars and to create a mobility ecosystem around those, communicated the progress achieved in design and engineering work to public and introduced the C-SUV concept vehicle along with C-Sedan model at the unveiling ceremony in December. We will continue to support the electric powered and brand-new automobile platform which is also in-line with our sustainability focus.

*Our Company's subsidiaries Turkcell Bilişim Servisleri A.Ş., Global Bilgi Paz. Dan. ve Çağrı Servisi Hizm. A.Ş. and Turkcell Satış ve Dijital İş Servisleri A.Ş. signed a binding termsheet on January 14, 2020 to transfer their total shareholding of 55% in Inteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("Inteltek") including all rights and liabilities to the other shareholder of Inteltek, Intralot Iberia Holding SAU. The respective transaction is expected to be completed within the first half of 2020 once the final share sale and purchase agreement ("SPA") is signed and necessary legal approvals are obtained. The final value of the transaction will be determined based on IFRS net book value of Inteltek and no material impact is expected on our financial statements

**Turkcell has 19% minority interest in TOGG company.



Turkcell made a mark on its 25th anniversary with the awards received.



Having left 25 years behind, Turkcell got more than 100 rewards in 2019 at the highly prestigious award ceremonies at home and abroad.

JANUARY

Webrazzi Awards

Our Company topped the category, The Most Digital Brand of the Year, at Webrazzi Awards.

Prida Awards

“Women Developers of the Future” rewarded at Prida Awards in the category of Projects that Contribute to the Society.

Deloitte Technology Fast 50 Award Ceremony

TÖHAŞ was included this year, too in Deloitte Technology Fast 50 Turkey 2018 Program organized by Deloitte, offering Turkey’s fastest-growing technology companies expansion opportunity to Europe and the globe. Furthermore, TÖHAŞ was one of the three techfin companies included in the program.

FEBRUARY

Customer Experience Management in Telecoms Global Summit

Our Retail Store Evaluation solution created over Huawei NT CEM service deemed worthy of the grand prize in Best-in-class Example of ROI in Customer Experience Management in Telecoms Global Summit held in England.

Media Excellence Awards

We were rewarded for the Customer Touch Point Platform in Analytics/Data category at the Media Excellence Awards in the USA.

GSMA

At the Global Mobile (GLOMO) Awards held in Barcelona, we received the Industry Leadership Award in the “Technology for Women” category for our social responsibility project “Women Writing the Future” carried out to increase women’s employment in technology. Besides, GSMA (World Mobile Operators Association) presented Turkcell with the Pioneering Award for its efforts in the Internet of Things (IoT) security. Turkcell was the only telecommunications company representing Turkey in the finals at the GLOMO Awards.

Bonds & Loans Awards Turkey

Turkcell received four awards at the Bonds & Loans Awards Turkey, which is held annually by GFC Media Group headquartered in London and where the best finance transactions are rewarded:

- 144a/RegS Bond Deal of the Year
- Corporate Debt Deal of the Year
- Structured Loan Deal of the Year
- Islamic Finance Deal of the Year

Steive Awards

Turkcell rewarded for Customer Touch Point Platform in Analytics/Data category.

HR World Congress

Turkcell Academy General Manager Banu İşçi Sezen rewarded as “Women Leader in Telecom and Internet Industry” at Human Resources World Summit organized in India. Thus, Banu İşçi Sezen received the leadership award for the third time.



Turkcell was rewarded in the "Best Telecommunication Brand" category at the award ceremony held by Marketing Türkiye on April 4.



"Technology Summit", which we organized last year at Haliç Congress Center and which is the biggest technology event of Turkey, was deemed worthy of the Grand Prize in the "Best Event of the Year" category at "Ace of Mice", the most prestigious organization of the event sector in Turkey.

MIXX Awards Turkey

At MIXX Turkey Awards, organized by IAB Turkey for the ninth time this year, winners were rewarded at the ceremony held in Four Seasons Bosphorus Otel. Turkcell garnered the Bronze MIXX with the "Lifecell - Come If You Dare" campaign.

MARCH

Smart Transportation Summit Awards

Kopilot made its mark at the Smart Transportation Summit held by AUS-Turkey under the auspices of Transportation and Infrastructure Ministry. The success of the Kopilot application, developed by Turkcell engineers with the mission to ensure driving safety, was rewarded at the Summit. Kopilot deemed worthy of the "Wisdom to Contribute to the Industry Award."

Şikayetvar.com Awards

Turkcell came in first in the GSM category at A.C.E. (Achievement in Customer Excellence) Awards held by Şikayetvar.com - Diamonds Awards.

Other awards granted at the competition based on assessments on customer satisfaction:

- Runner-up prize with Turkcell Superonline in ISS category: "Gold Awards"
- Third prize with Turkcell TV in digital platform category: "Silver Awards"

Hacettepe University Crystal Deer Awards

As Turkcell, we were rewarded in the Best Telecommunication Communication Company category at the 2nd Crystal Deer Awards held by Hacettepe University.

Marketing Türkiye - Good Life Brands Awards

Turkcell was rewarded in the "Best Telecommunication Brand" category at the award ceremony held by Marketing Türkiye on April 4.

Eventex Awards

The first booth that we opened in Barcelona, GSMA 2018 booth, won the first prize in Exhibition Experience category at Eventex, which is known as the Oscar ceremony of the event sector.

Martech Awards

Our Company was rewarded for Lifecell Wifi Outdoor Turkcell project in the Best Use of Technology in Open Air Units category and Surprise Point project in the Best Use of Technology in Turkcell Loyalty Program application category at Martech Awards.

APRIL

Ace of Mice

"Technology Summit", which we organized last year at Haliç Congress Center and which is the biggest technology event of Turkey, was deemed worthy of the Grand Prize in the "Best Event of the Year" category at "Ace of Mice", the most prestigious organization of the event sector in Turkey.

The Most Effective 50 CFO of Turkey Award

The results of "50 Most Effective CFOs" research, held for the fourth time this year and carried out in collaboration with Fortune Turkey & Data Experta were announced. Our CFO Osman Yılmaz was shown among 50 Most Effective CFOs in Turkey and rewarded at the ceremony held at Hilton Istanbul Bomonti on April 18.

Gold Compass

Celebrating its 46th anniversary in the communications sector, the Turkish Public Relations Association (TÜHİD), rewarded winners of the Golden Compass Turkey Public Relations Awards in its 18th occasion this year. Turkcell was deemed worthy of awards for Women Developers of the Future and Turkey Athletic Talent Screening and Orientation to Sports Project.

ETİKA Turkey Ethics Awards

The Turkcell Group Internal Audit team won the ETİKA 2018 Turkey Ethics Award, as part of the Ethical Values Center Association (EDMER) Turkey Ethics Awards, which evaluates institutions' business ethics and related commitments. Our Company was deemed worthy of the award by the Ethical Values Center Association (EDMER) for the second time.

Turkcell was rewarded as the “Retail Employer of the Year” becoming “The Best Employer of the Year around the World” at “World Retail Awards” where all the retailers around the globe compete in various categories.



Digital operator Turkcell was rewarded the grand prize for “Surprise Point” in the Gamification category at the Loyalty Magazine Awards, where the most successful projects around the world in marketing field are evaluated. GNÇ Çatlat was crowned champion of the Middle and Eastern Europe region.

MAY

Effie Turkey Awards

We won the Gold award at Effie Turkey Awards in the Telecommunication category with our project “No Fair Use Quota at Turkcell Fiber.”

Social Media Awards Turkey Awards Ceremony

Turkcell won the 1st prize in the Best Telecommunication Company category and 3rd prize in TV+ and Digital TV Platforms at Social Media Turkey Awards Ceremony.

Next Generation Optical Networking Global

Our Core Transport Network team returned from Next Generation Optical Networking Global Conference, held in France, with Best Global Optical Service Provider award. We proved that we have the best optic network on the international platform by our Transport Network projects carried out with Middle East, Asia, the Arabian Peninsula operators that positioned Istanbul as the new regional internet hub, as per our strategy of transforming the historic Silk Road into the new Fiber Road.

Network Virtualization & SDN Europe

Turkcell ranked number one by the Data Optimization project in the “Best NFV/SDN Solution” category at Network Virtualization & SDN Europe organized in Berlin, capital of Germany.

2019 World Retail Awards

Turkcell was rewarded as the “Retail Employer of the Year” becoming “The Best Employer of the Year around the World” at “World Retail Awards” where all the retailers around the globe compete in various categories.

Kızılay

Our Company received platin medal for the support and donations to Kızılay at the award ceremony held for Kızılay benefactors. Turkcell Board of Directors Chairman, Ahmet Akça, received the medal from our President Recep Tayyip Erdoğan.

World Procurement Awards 2019

Our Company was rewarded in the “Talent and Development” category at World Procurement Awards held on May 16th in London for the development journey project created for our young procurement officers.

JUNE

Loyalty Magazine Awards

Digital operator Turkcell was rewarded the grand prize for “Surprise Point” in the Gamification category at the Loyalty Magazine Awards, where the most successful projects around the world in marketing field are evaluated. GNÇ Çatlat was crowned champion of the Middle and Eastern Europe region.

JULY

Campaign Agency & Brand of the Year Awards

Turkcell deemed worthy of the gold award in the Telecom category at Campaign Agency & Brand of the Year Awards held for the second time in Turkey.

Mobile Operators Association 2019

Our Company received the m-TOD Cross-Operator Blacklist Project Success Award at Mobile Operators Association 2019 Meeting for Blockchain applications developed in collaboration with all operators to manage collection risk effectively.

CIPS MENA 2019

Talent management in the supply chain function and development of purchasing officers in the first two years brought reward in CIPS MENA “People Development” category.



We received three excellence awards at Brandon Hall Excellence Awards, one of the most prestigious global events, for the Digital Transformation Program and Leadership Development Program developed by Turkcell Academy.

AUGUST

Brandon Hall Awards

Digital Transformation Program and Leadership Development Program developed by Turkcell Academy received three excellence awards at Brandon Hall Excellence Awards, one of the most prestigious corporate organizations around the globe:

- The Digital Operator Journey: The Digital Business Transformation Program garnered a Gold award in Best Learning Program Supporting a Change Transformation Business Strategy category.
- Turkcell Akademi & IMD Business School: Turbocharging a Digital Business Transformation training program received a Gold award in Best Unique or Innovative Learning and Development Program category.
- The "Building Leaders Mini MBA Program," created in collaboration with Turkcell Academy and Koç University, garnered the Bronze award in the "Best Advance in Leadership Development" category.

SEPTEMBER

IPRA Golden World Awards

We won two Gold awards at IPRA (International Public Relations Awards) organized in Armenia for fizy High School Music contest in the Sponsorship category, and Tango without Borders project in Digital Media Relations category.

CIPS Supply Management Awards 2019

Our Supply Chain Process Development Team received an award at the London Grosvenor House in the Technology Innovation category.

Stevies Awards

Thanks to our GNCYTNK employment program and campaign communications, we garnered three awards in total in Achievement in Recruitment HR and Best Youth Employment Strategy categories at Stevie's that rewards the most successful employers around the world.

OCTOBER

SAP Executive Summit

Turkcell garnered the "Intelligent Enterprise of the Year" Quality Award at SAP Executive Summit with the project IPOS (Integrated Retail Automation System) that automatizes and digitalizes the supply management processes of our sales channels.

Golden Drum

Turkcell's "Unreachables" project received the Grand Prix Award in the "Voice" category at Golden Drum, one of Europe's biggest advertising competitions.

The Loeries

Turkcell's "Unreachables" project garnered the Gold award in Media category as well as a Silver award in the "Branded Content" category.

W3 Awards

Our 2019 GNCYTNK video and Flex Chats video series project were rewarded by the Academy of Interactive and Visual Arts headquartered in New York in the Social Content & Marketing - Corporate Communications category of W3 Awards.

Digital Impact

At Digital Impact Awards which rewards excellence in digital communications and is held by Communicate Magazine headquartered in London;

- Our #BirKalpMama project carried out by MarCom and Event teams deemed worthy of Gold award in Social Responsibility Project, Silver award in Viral Campaign and Platin Award in Online Video category.
- GNCYTNK 2019 advertising campaign conducted by our IntCom & Employer Brand team was rewarded by the Silver award in Social Media category, Bronze award in the Online Video category. Flex Chats project was evaluated as "Highly Commended" in the Digital Employee Communication category.

Red Dot

The opening performance of our 2019 Technology Summit was selected as Brands & Communication Design Winner in the live performance category at Red Dot Awards, one of the biggest design competitions with its creative content and outstanding quality around the world.

Turkcell returned with 11 awards from MMA Turkey & MMA EMEA 2019 competition of MMA, which operates in more than 50 countries around the globe and rewards the most prestigious projects of the mobile marketing world annually.



- Silver Award for MMA EMEA BiP “Bi Sohbet - It’s Just a Chat” in Social Impact/Not For Profit category
- Gold Award for MMA Turkey BiP “Who Wants 1 GB? - Newest Way to Entertain” in Mobile Social category
- Gold Award for MMA EMEA BiP “Who Wants 1 GB? - Newest Way to Entertain” in the Messaging category
- Silver Award for MMA Turkey BiP “Who Wants 1 GB? - Newest Way to Entertain” in the Messaging category
- Bronze Award for MMA Turkey BiP “Win Win - Be Aware, Have Fun” in Messaging category

NOVEMBER



Turkcell was rewarded as the “Best E-Commerce Customer Experience Provider” company price in the Telecommunications category by the public survey at ECHO Summit 2019.

TAPOST TestHackaton

Our Test Automation team came in second at TAPOST 2019 TestHackaton competition organized by Accenture to assess the technical test automation know-how of companies.

MMA Smarties Awards

Turkcell returned with 11 awards from MMA Turkey & MMA EMEA 2019 competition of MMA, which operates in more than 50 countries around the globe and rewards the most prestigious projects of the mobile marketing world annually:

- Silver Award for Media MMA EMEA BiP Translate in Product/Services Launch category
- Bronze Award for Media MMA Turkey BiP Translate in Product/Services Launch category
- Bronze Award for Media MMA Turkey “Yaani - Let Tree be What You Search for” in Mobile Search category
- Silver Award for MMA Turkey BiP “It’s Just a Chat” in Social Impact/Not For Profit category
- Gold Award for MMA Turkey BiP “It’s Just a Chat” in Messaging category
- Silver Award for MMA EMEA BiP “It’s Just a Chat” in Messaging category

Marketing Turkey - Cool Brand Awards

According to Marketing Turkey’s “COOL Brands Preferred by Youngsters” index research, Turkcell was selected as the “COOL Brand of the Year.”

ECHO Summit 2019

Turkcell was rewarded as the “Best E-Commerce Customer Experience Provider” company price in the Telecommunications category by the public survey.

HIMSS Eurasia

Turkcell Digital Business Services showcased the digital infrastructure established for the health industry at HIMSS Eurasia’19 Health IT Exhibition. We garnered HIMSS 6 for Adana City Hospital and HIMSS 7 for Yozgat City Hospital at the event.

IDC AI, Advanced Analytics & RPA Conference 2019

Turkcell received two awards in Innovation and AI & Advanced Analytics categories for artificial intelligence projects at Technology Awards held as part of IDC AI, Advanced Analytics & RPA Conference 2019.



Turkcell was selected as the most loved brand in the GSM operator category at Lovemarks award ceremony held by Mediacat in November 2019.

Global Glotel Telecom Awards

With our Customer Focused Fault Management application, we were rewarded at the 2019 Global Telecom (Glotel) Awards, the reputable competition of the telecom industry held for the 7th time in London, in the Fixed Network Development category.

Productivity Award

Our new application OneDesk, that enables us to manage our demands at our company through a single point, rewarded at the Productivity Awards competition organized by the Ministry of Industry and Technology.

Buyer Network Istanbul

Our Purchasing and Supply Chain Management department was rewarded at the "Purchasing and Supply Chain Management Conference" organized by Buyer Network for the 13th time this year and participated by more than 500 companies and managers. The department garnered awards for the SCM Digital Transformation Journey story in Supply Chain Management and Young Purchasing Manager category.

Mediacat Felis Awards

Turkcell received 19 awards at Felis 2019 which rewards the most successful works in the categories: Outdoor, Press, Digital, Mobile, Media, Health Communication, Social Responsibility and Sustainability and Creative Utilization of Data.

Lovemarks Award

Turkcell was selected as the most loved brand in the GSM operator category at Lovemarks award ceremony held by Mediacat.

Golden Spider

The TURKSPORU site received the Jury award in the category "Sports" and the People's Favorite award in the "Magazine & News & Blog" category at the 17th Golden Spider Competition. Moreover, our website on Turkey's application garnered the second Jury award in the "Information & Technology" category.

DECEMBER

Top 30 Successful Marketing Executives of Turkey

Capital Magazine conducted the top 30 successful marketing executives of Turkey research for the 19th times. Chief Marketing Officer of Turkcell, Ömer Barbaros Yiş, was one of the names standing out by marketing projects making difference in 2019. Moreover, our Company was the most appreciated one in marketing, communications and sales strategies.

IDC Cloud and Data Center Awards

Turkcell came in first in the Private Cloud category with Special Cloud Automation project as well as SaaS - Cloud Software Service category with Turkcell Data Science Platform project.

Istanbul Marketing Awards

Our Company garnered six Golden awards at Istanbul Marketing Awards, organized taking into consideration the marketing processes of corporations and brands in the Turkish business world: Did You Notice? / My Gem Inside project in Consumer Communication category; Tango without Boundaries and Metin Oktay projects in Social Responsibility Projects Communication category; Sugar Engineer and He/She Projects in Social Gender Inequality Communication category and the Cat Drops off from Upstairs project in the Traditional Brand Communication category.

Turkey Golden Brand Awards

Turkcell named as the Communication Brand of the Year at the 3rd Turkey Golden Brand Awards and Career Summit participated by the top people of the Turkish economy, business, press and television world.

Crystal Apple Awards

Our Company garnered a total of 29 awards -11 Crystal, 9 Silver, and 9 Bronze- at Crystal Apple, almost a festive event hosting the most significant names of marketing and communications since 2013.

As the only Turkish company listed on both the BIST and NYSE, Turkcell became the 7th largest company trading on the BIST as of December 31, 2019 with a market capitalization of TRY 30.4 billion.



Turkcell's institutional investors constitute 77.8% of the shareholder base. Moreover, 36.6% of institutional investors are located in North America, 35.3% in the United Kingdom and Ireland, 19.5% in Europe (including Turkey).

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 at the BIST, and under the TKC ticker at the NYSE as American Depositary Shares (ADS). Two ADSs represent five shares.

Turkcell's issued capital has a nominal value of TRY 2,200 million and includes 2,200 million shares each with a nominal value of TRY 1. As the only Turkish company listed on both the BIST and NYSE, Turkcell became the 7th largest company trading on the BIST as of December 31, 2019 with a market capitalization of TRY 30.4 billion.

The size of Turkcell's American Depositary Shares reached 69.5 million by the end of 2019.

On October 15, 2015, Turkcell issued bonds with a nominal value of USD 500 million and a maturity of 10 years. On April 11, 2018, Turkcell issued bonds with a nominal value of USD 500 million, maturity of 10 years, coupon rate of 5.80% and also traded on the Irish Stock Exchange (Euronext Dublin). In 2019, our subsidiary Superonline issued three sukuks in total of TRY 325 million at February 13, June 14 and October 8.

Turkcell's institutional investors constitute 77.8% of the shareholder base. Moreover, 36.6% of institutional investors are located in North America, 35.3% in the United Kingdom and Ireland, 19.5% in Europe (including Turkey). While 54.2% of institutional investors are "value" focused investors, 90% of them are invested in Turkcell for more than a year. (Source: IPREO, January, 2020) The share of foreigners in Turkcell's free float was 87.19%. In the same period, the foreign share in BIST was 60.82%.

SHARE AND BOND BUYBACK

Turkcell 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 was raised to TRY 300 million in 2017. Within this context, 16,077,517 shares (for TRY 170.2 million) and bonds with a nominal value of USD 43.5 million have been purchased since 2016. Of these bonds, USD 18 million and USD 10 million nominal value were sold in 2017 and 2019, respectively.

OUR BUSINESS PRINCIPLES

We Adopt Corporate Governance Principles.

The basic working principles of Turkcell's Investor Relations Department include accessibility, rapid feedback to stakeholders, and informing stakeholders transparently, consistently and on a timely basis. In this respect, all shareholders are regularly informed over platforms including primarily the Turkcell Investor Relations website, LinkedIn and Twitter.

Each member of Investor Relations team has deep understanding of the company and sector dynamics, and are proactive in communicating the company's story comprehensively. While Turkcell Investor Relations team has an accurate understanding of the company and analyzes the business model and opportunities, the team also makes a difference by effectively



We organized the Capital Markets Day meeting in London on November 12 to present Turkcell's strategic priorities and medium-term targets.

communicating company's strategies to the investors. The team aims to establish long lasting relationships with investors. The questions and requests of investors and analysts are responded in the fastest and most accurate manner within the framework of related legislation and regulations. As the Investor Relations Department, throughout 2019:

- We performed 415 meetings with institutional investment funds.
- We participated in 15 investor conferences and 1 roadshow.
- We shared our financial results in 4 teleconferences during the year.
- We shared our strategy and medium-term outlook on the Capital Markets Day that we organized in London on November 12 with around 80 participants.
- Over a thousand phone and email requests were received throughout the year, and we replied all of them.

The top 10 topics of questions most frequently asked to Turkcell Investor Relations in 2019:

- Medium-term financial expectations
- Regulations and tax arrangements
- Impact of macroeconomic conditions on Turkcell business model and financials
- Change of CEO and its effects on strategy
- Competitive environment, our pricing policy and operational data trends
- Potential 5G license auction, roadmap and effects on Turkcell
- Hedging instruments and their use
- Strategic focus areas and priorities
- International operations
- Shareholder structure and dividend policy

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 scope, 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, will create a difference that add strategic value to the companies and contribute to the Turkish Capital Markets.

We organized the Capital Markets Day meeting in London on November 12 to present Turkcell's strategic priorities and medium-term targets to our stakeholders in detail and to disclose three-year guidance. During the half-day meeting attended by nearly 80 institutional investors, analysts and business partners in total, participants had the opportunity to ask questions directly to Turkcell's management team to better understand management's perspective. We organized a similar meeting for analysts and portfolio managers based in Turkey at Turkcell headquarters on December 16.

Turkcell has been included in the Borsa Istanbul Sustainability Index since the date of the creation of the Index. Turkcell, meeting the necessary criteria set, has been entitled to be included in the Sustainability Index for the period covering November 2019–October 2020.



Specially for our 25th year anniversary, we held our first quarter announcement meeting with the opening session gong ceremony in Borsa Istanbul. During the meeting with journalists, we discussed our 2019 outlook and quarterly performance in detail.



WE MAKE A DIFFERENCE WITH OUR COMMUNICATION.

Turkcell believes in simultaneous and open communication with its stakeholders. In order to provide comprehensive, accurate and timely information to our investors worldwide, as Turkcell Investor Relations we actively use communication channels such as our website and the Public Disclosure Platform.

Specially for our 25th year anniversary, we held our first quarter announcement meeting with the opening session gong ceremony in Borsa Istanbul. During the meeting with journalists, we discussed our 2019 outlook and quarterly performance in detail.

WE ATTACH IMPORTANCE TO SUSTAINABILITY.

In 2014, Borsa Istanbul launched the Sustainability Index. The index indicates each company's approach to vital sustainability-related issues for both Turkey and the wider world which include global warming, depletion of natural resources, water scarcity, healthcare, safety, and employment among others. In this respect, the index enables the activities and decisions of companies to be assessed from an independent perspective, and subsequently to be confirmed by Borsa Istanbul. Turkcell has been included in the

Sustainability Index since the date of the creation of the Index. Turkcell, meeting the necessary criteria set, has been entitled to be included in the Sustainability Index for the period covering November 2019–October 2020. In January 2020, Turkcell's Sustainability rating was graded 'A' by MSCI (Morgan Stanley Capital International). Turkcell is the only telecommunications sector company to receive this grade in Turkey. Moreover, Turkcell is the only Turkish telecommunications company in the FTSE's FTSE4Good Emerging Markets Index, which measures and integrates the ESG (Environmental, Social and Governance) performance. FTSE is an independent organization in partnership with the London Stock Exchange and the Financial Times.

WE STRENGTHENED OUR LEADING POSITION IN DEBT MARKETS OBTAINING "SUSTAINABILITY LINKED LOAN".

We firmly believe in the importance of contributing to sustainable growth with the aim to transfer natural resources to future generations. Through the EUR 50 million "Sustainability Linked Loan" agreement with BNP Paribas with 3-year maturity, which we signed in May, we expanded our sustainability efforts to the financing activities. As part of the loan agreement, while we will fulfill our responsibility for environment decreasing our carbon footprint we will also be able to reduce our financing costs. As Turkcell we aim to pioneer the increasing use of similar funding resources.

SHARE INFORMATION*

TCELL (TRY)	2015	2016	2017	2018	2019
Lowest	7.98	7.17	7.56	9.41	10.80
Highest	10.92	10.04	13.85	15.09	14.57
Closing	7.98	7.86	13.85	11.74	13.80
TKC (USD)	2015	2016	2017	2018	2019
Lowest	6.76	5.14	5.38	3.66	4.48
Highest	11.58	8.72	9.14	9.97	6.78
Closing	6.85	5.57	9.14	5.42	5.80

*Share prices are adjusted for dividend payments.

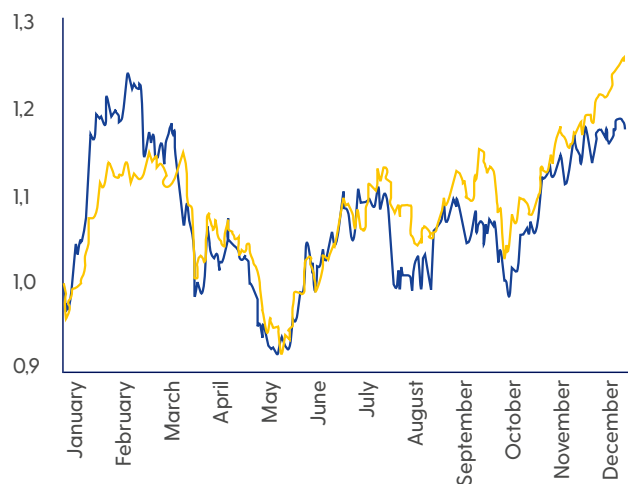
Source: Bloomberg

STOCK EXCHANGE SYMBOLS

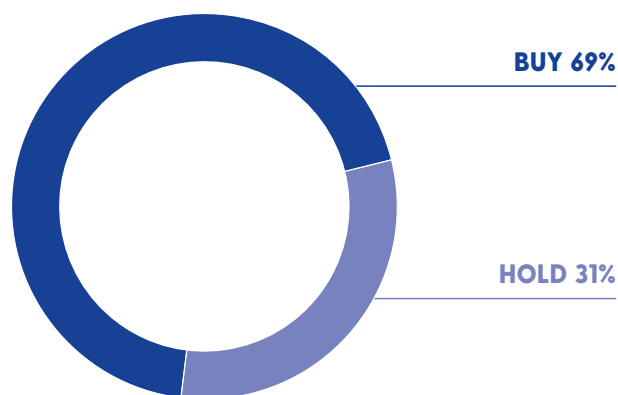
Country	Stock Exchange	Ticker Symbol
Share	Borsa Istanbul	TCELL
ADR	NYSE	TKC
Bond	Irish Stock Exchange	ISIN: XS1298711729
Bond	Irish Stock Exchange	ISIN: XS1803215869

SHARE PERFORMANCE (RELATIVE) (2019)

— TCELL — BIST 100



ANALYST RECOMMENDATIONS



Turkcell is actively covered by 26 brokerage houses, half of which are foreign institutions. As of the end of 2019, there were 18 analysts with a "buy," 8 analysts with a "hold," and no analysts with a "sell" recommendation.

CREDIT RATINGS

Turkcell, Superonline and Turkcell Finans receive ratings from leading international credit rating agencies.

TURKCELL:

	Long-term Credit Rating	Outlook	Date
S&P	BB-	Stable	August 2018
Fitch	BB-	Stable	November 2019
Fitch Ulusal	AA+ (tur)	Stable	October 2019

SUPERONLINE:

	Long-term Credit Rating	Outlook	Date
JCR-ER	BBB-	Negative	May 2019
JCR-ER Ulusal	AA (Trk)	Stable	May 2019

TURKCELL FİNANSMAN:

	Long-term Credit Rating	Outlook	Date
Fitch	B+	Stable	December 2019
Fitch Ulusal	AA- (tur)	Stable	December 2019

INVESTOR RELATIONS CONTACT INFORMATION

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Address : Turkcell Küçükyalı Plaza, Aydınevler Mahallesi İnönü Caddesi No: 20 B Blok Küçükyalı Ofispark, 34854 - Maltepe/İstanbul

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

15.01.2020

Announcement Regarding the Signing of a Binding Termsheet to Transfer Inteltek Shares

Our Company's subsidiaries Turkcell Bilişim Servisleri A.Ş., Global Bilgi Paz. Dan. ve Çağrı Servisi Hizm. A.Ş. and Turkcell Satış ve Dijital İş Servisleri A.Ş. signed a binding termsheet on January 14, 2020 to transfer their total shareholding of 55% in Inteltek İnternet Teknoloji Yatırım ve Danışmanlık Ticaret A.Ş. ("Inteltek") including all rights and liabilities to the other shareholder of Inteltek, Intralot Iberia Holding SAU. The respective transaction is expected to be completed within the first half of 2020 once the final share sale and purchase agreement ("SPA") is signed and necessary legal approvals are obtained. The final value of the transaction will be determined based on IFRS net book value of Inteltek and no material impact is expected on our financial statements.

11.02.2020

Announcement Regarding the Prepayment of the Loan Agreement

Our company has decided to prepay the loan, which was utilized under the credit agreement disclosed on September 17, 2015 and which is to mature on September 16, 2020. Accordingly, the last two principal payments of the loan, which are due in June 2020 and September 2020 as per the credit agreement and which in total amount to EUR148.4 million and US\$166.7 million, will be performed on March 23, 2020. The transaction will be conducted in accordance with our long-term financing strategies on the back of our strong balance sheet and strong cash balance, and will increase the average borrowing maturity of Turkcell İletişim Hizmetleri A.Ş. to 5 years from 4 years currently. Our company differentiates positively from its peers in the sector with its 1.0x Net Debt/EBITDA ratio as per the latest financial statements disclosed publicly.

21.02.2020

Announcement Regarding the Change in Organizational Structure

Our Customer Experience Management Division, which is managed under Customer Experience and Information Technologies function, is organized under different functions of our company. Mr. Serkan Öztürk who has held the customer experience responsibility in addition to his existing role since July 25, 2017, will continue to serve as Executive Vice President of Information and Communication Technologies.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

21.02.2020

Announcement Regarding the Capital Increase in Lifecell Ventures

The capital of our 100% owned subsidiary Lifecell Ventures Coöperatief U.A. ("Lifecell Ventures") is increased by EUR 12,000,000. Our Company's pre-emption rights with respect to the capital increase is fully paid.

04.03.2020

Announcement Regarding the Incorporation of Lifecell Dijital Servisler ve Çözümler A.Ş.

Lifecell Dijital Servisler ve Çözümler A.Ş., which is 100% owned by our Company's subsidiary Turktell Bilişim Servisleri A.Ş., has been incorporated with a capital of TRY100,000. The company was registered on February 28, 2020 and its announcement was completed today. The company will develop digital services, solutions and products.

The public disclosure regarding the incorporation of the company was postponed by respective board decision since it could have impacted investment decision of investors and stock price.

Board Decision Date for Acquisition	30.01.2020
Were Majority of Independent Board Members' Approved the Board Decision for Acquisition	-
Title of Non-current Financial Asset Acquired	Lifecell Dijital Servisler ve Çözümler A.Ş.
Field of Activity of Non-current Financial Asset whose Shares were being Acquired	Development and provision of digital services, solutions and products
Capital of Noncurrent Financial Asset	TRY 100,000
Acquirement Way	Establishment
Date on which the Transaction was/will be Completed	Completed following registration and announcement
Acquisition Conditions	Timed
Detailed Conditions if it is a Timed Payment	¼ of capital subscribed as per the articles of association of the company is paid before registry, remaining ¾ will be paid in the following 24 months after registry
Nominal Value of Shares Acquired	-
Purchase Price Per Share	-
Total Purchasing Value	-
Ratio of New Shares Acquired to Capital of Non-current Financial Asset (%)	-

Total Ratio of Shares Owned in Capital of Non-current Financial Asset After Transaction (%)	-
Total Voting Right Ratio Owned in Non-current Financial Asset After Transaction (%)	-
Ratio of Non-current Financial Asset Acquired to Total Assets in Latest Disclosed Financial Statements of Company (%)	-
Ratio of Transaction Value to Sales in the Latest Annual Financial Statements of the Company (%)	-
Effects on Company Operations	-
Did Takeover Bid Obligation Arised?	No
Will Exemption Application be Made, if Takeover Bid Obligation Arised?	No
Title/ Name-Surname of Counter Party	-
Is Counter Party a Related Party According to CMB Regulations?	No
Relation with Counter Party if any	-
Agreement Signing Date if Exists?	-
Value Determination Method of Non-current Financial Asset	-
Did Valuation Report be Prepared?	Not Prepared
Reason for not Preparing Valuation Report if it was not Prepared	Not required by the legislation
Date and Number of Valuation Report	-
Title of Valuation Company Prepared Report	-
Value Determined in Valuation Report if Exists	-
Reasons if Transaction wasn't/will not be performed in Accordance with Valuation Report	-

2019 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").

In parallel with corporate governance efforts established with the creation of the Investor Relations Department at the time of the IPO, and gained momentum in 2003, corporate governance mechanisms are being implemented 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 2019, our company has given great importance to achieve full compliance to the mandatory corporate governance principles set forth in the annexes 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 2 members sitting in the board of directors beside the independent members were elected by the general assembly in the ordinary general assembly meeting. 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 incompatibilities 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 2019, necessary explanations are provided in the annual report; (i) the Corporate Governance Compliance Report ("CGCR") and (ii) the Corporate Governance Fact Sheet ("CGFS") and (iii) other relevant sections of the annual 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 partnership.

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		Results of general assembly meeting has been shared with the media through press release.
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.

2019 FINANCIAL YEAR CORPORATE GOVERNANCE PRINCIPLES 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 2019.
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				Parts of corporate web site which are related to public interest are available in English, Arabic and Russian language in addition to that Investor Relations page is provided both in Turkish and in English.
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					

2019 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 is separate.
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 of 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 2019.
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.

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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 2019, Investor Relations Department attended 15 investor conferences and 1 road shows, and organized Capital Markets Day and held 415 meetings in total with analysts and corporate investors.

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/corporate-governance/general-assembly-information>

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 transactions 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 has 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/517918>

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 2019.

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 2019.

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
12.09.19	0	80.2%	0.01%	80.2%	https://s3.turkcell.com.tr/SiteAssets/Hakkimizda/yatirimciliklari/documents/pdf/meetingminutes_16092019.pdf	No question submitted.	N/A	0	https://www.kap.org.tr/en/Bildirim/787222

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

<https://www.turkcell.com.tr/en/aboutus/investor-relations>,
<https://www.kap.org.tr/en/sirket-bilgileri/genel/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.turkcell.com.tr/en/aboutus/investor-relations/corporate-governance/shareholder-structure>,
<https://www.kap.org.tr/en/sirket-bilgileri/genel/1103-turkcell-iletisim-hizmetleri-a-s>

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 the Annual Report under 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 section 4 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.

c) 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 the Annual Report under Telecommunications in Turkey Sector and Developments in Our Company

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 under note 38 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 2019.

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 under note 40 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 the Annual Report under section Social Responsibility and Sustainability and Human Resources

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

38

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 Aydınevler Mah. İnönü Cad. No.20, Küçükyalı / İstanbul

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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 in 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.Termination 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.) i."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. Employees with no past experience are assessed within the special hiring programs such as GNCYTNK. External candidate applications are made through My Career www.turkcell.com.tr
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/todiek/english.html
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/todiek/english.html
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	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. 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.)

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	13
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 the Annual Report under Review of Risk Assessments section.
Name of the Chairman	Ahmet Akça
Name of the CEO	Murat Erkan
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 - 14%

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 Independence 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.Mar.13	https://www.kap.org.tr/en/Bildirim/266009	Not considered.	No	Yes
Atilla Koc	Non-Executive	Independent Director	11.Mar.13	https://www.kap.org.tr/en/Bildirim/266009	Not considered.	No	Yes
Mehmet Hilmi Güler	Non-Executive	Independent Director	11.Mar.13	https://www.kap.org.tr/en/Bildirim/266009	Not considered.	No	Yes
Christopher James Powell	Non-Executive	Not Independent Director	13.Dec.19	Not available.	Not considered.	Not applicable	Yes
Ingrid Maria Stenmark	Non-Executive	Not Independent Director	29.Mar.18	Not available.	Not considered.	Not applicable	No
Bülent Aksu	Non-Executive	Not Independent Director	7.Mar.19	Not available.	Not considered.	Not applicable	Yes
Hüseyin Aydın	Non-Executive	Not Independent Director	8.Mar.19	Not available.	Not considered.	Not applicable	Yes

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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)	10
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 section 4 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
Early Detection of Risk Committee	Early Detection of Risk Committee	Mehmet Hilmi Güler	Yes	Board member
Early Detection of Risk Committee	Early Detection of Risk Committee	Atilla Koç	No	Board member
Remuneration Committee	Remuneration Committee	Atilla Koç	Yes	Board member
Remuneration Committee	Remuneration Committee	Mehmet Hilmi Güler	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 the Annual Report under Turkcell Group: 2019 Operational and Financial 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 under note 39 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%	1	1
Nomination Committee	Nomination Committee	100%	100%	0	0
Early Detection of Risk Committee	Early Detection of Risk Committee	100%	100%	5	6
Remuneration Committee	Remuneration Committee	100%	100%	6	6

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)
	Bezmialem Vakıf Üniversitesi	Chairman of the Board of Trustees
Atilla Koç	-	-
Mehmet Hilmi Güler	Ordu Belediyesi	Mayor
	Ordu Organize Sanayi Bölgesi	Principal Member Under the Presidency of the Entrepreneurs Committee
	OSKİ	Chairman of the Board of Directors - Natural Member
Bülent Aksu	Ministry of Treasury and Finance of Republic of Turkey	Deputy Minister
	T. Eximbank A.Ş.	Chairman of the Board of Directors
	World Bank	Turkey Deputy Governor at the World Bank
	Asian Infrastructure Investment Bank (AIIB)	Turkey Deputy Governor at AIIB
	European Bank for Reconstruction and Development (EBRD)	Turkey Deputy Governor at EBRD
	Islamic Development Bank (IDB)	Turkey Executive Director at IDB
	Asian Development Bank (ADB)	Turkey Governor at ADB
	African Development Bank (AfDB)	Turkey Governor at AfDB
	Economic Cooperation Organization Trade and Development Bank (ECOBANK)	Turkey Governor at ECOBANK
	Black Sea Trade and Development Bank (BSTDB)	Turkey Governor at BSTDB
KOSGEB Executive Committee	Committee Member	
Hüda Gıda San. Tic. Ltd. Şti	Founding Partner	
Hüseyin Aydın	TC Ziraat Bankası	CEO
	Türkiye Bankalar Birliği Başkanlığı	Chairman of the Board of Directors
	Türkiye Varlık Fonu Yönetimi A.Ş.	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 Holdings AS	Member of the Board of Directors
	Telia Holding AB	Member of the Board of Directors
TV4 AB	Chair of the Board of Directors	
Christopher James Powell	MTV OY	Chair of the Board of Directors
	ATTL Holdings UK Limited	Director
	Cukurova Telecom Holdings	Director
	Turkcell Holdings A.S.	Director

CONCLUSION OF THE SUBSIDIARY REPORT

01.01.2019 - 31.12.2019 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 2019 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 2019 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 460 as of the 3rd quarter of 2019, and the number of authorizations granted to these players was 825.

In the first 3 quarters of 2019, the total net sales revenues of mobile operators; Turkcell İletişim Hizmetleri A.Ş. ("Turkcell"), Vodafone Telekomünikasyon A.Ş. ("Vodafone"), TT Mobil İletişim Hizmetleri A.Ş. ("TT Mobil") and Türk Telekomünikasyon A.Ş. ("Türk Telekom") were approximately TRY 37.3 billion, while the net sales revenues of other operators were realized at TRY 11.8 billion. The total amount of investments made by Turkcell, Türk Telekom, TT Mobil, and Vodafone in the same period was realized as TRY 6.1 billion.

MOBILE MARKET

As of the third quarter of 2019, there are 82.9 million mobile subscribers in Turkey, corresponding to approximately 101.1% penetration rate. (Mobile penetration rate excluding M2M and 0-9 age population: 115.4%).

In the third quarter of 2019, the number of 4.5G subscribers was 76 million while the number of 3G subscribers decreased to 5 million. With the 3G and 4.5G services, the number of mobile broadband subscribers receiving Internet services from mobile computers and mobile phones increased to 63 million.

As of the 3rd quarter of 2019, 58.7% of mobile subscribers were on postpaid tariffs, while 41.3% were on prepaid tariffs. The number of prepaid mobile broadband subscribers was 24.7 million and the number of postpaid mobile broadband subscribers was 38.2 million, while the number of M2M subscribers reached 5.7 million.

In the third quarter of 2019, the number of mobile number portability increased by 15.5% compared to the previous quarter and was realized as 3.3 million. As of 1 November 2019, 132.3 million mobile number portability transactions were carried out.

In terms of market share distribution based on the number of subscribers, Turkcell has a 41.5%, Vodafone a 31.1% and TT Mobil a 27.5% market share. Approximately 87.5% of mobile subscribers are consumer and 12.5% are corporate subscribers.

Monthly average data usage in mobile broadband was 6.4 GB, while the monthly average data usage of the subscribers who were eligible for the device and SIM card 4.5G service was 8.3 GB. In the third quarter of 2019, total mobile traffic volume increased by 1.8% compared to the same period of the previous year and reached 70.2 billion minutes.

In terms of the revenues obtained from subscribers, Turkcell's market share stood at 45.2%, Vodafone's at 30.1% and TT Mobil's at 24.8%

THE BROADBAND INTERNET MARKET

The number of broadband internet subscribers, which was around 6 million in 2008, had exceeded 77 million (14.1 million fixed broadband, 63.0 million mobile broadband subscribers) as of the end of the third quarter of 2019. Meanwhile, the annual rate of increase in the total number of internet subscribers was 4.4%. The number of xDSL subscribers reached to 9.7 million and fiber subscribers reached to 3.1 million. The total length of the fiber infrastructure of alternative operators had reached 76,627 km.

The total amount of revenue in relation to internet service providers in the first third quarter of 2019 exceeded TRY 6.9 billion. The average monthly usage of fixed broadband internet subscribers reached 113.2 GB. Approximately 68.5% of fixed broadband subscribers in Turkey were seen to prefer packages offering a connection of 10-35 Mbit/sec. speed.

As of the third quarter of 2019, the share of the service offered by alternative operators with xDSL technology in the broadband market was 17.7% and 25.6% for xDSL subscribers that are more than 9.7 million.

TV MARKET

As of the third quarter of 2019, there are 17 operators, which have the Cable Broadcast Service (CBS) authorization. While the number of Türksat's Cable TV subscribers is 1.26 million; among the operators providing IPTV services, Superonline has 683 thousand and TTNNet has 760 thousand subscribers.

Among those operators authorized to provide satellite platform services, Dijital Platform Teknoloji Hizmetleri A.Ş. (Digitürk), Demirören TV Digital Platform İşletmeciliği A.Ş. (DSmart) and TTNET A.Ş. (Tivibu) are actively providing services.

FIXED VOICE MARKET

As of the end of the 3rd quarter of 2019, there are 11.5 million fixed telephone subscribers in our country, while the penetration ratio of the population is around 14%.

DEVELOPMENTS IN OUR COMPANIES

REGULATORY DEVELOPMENTS- SECTORAL REGULATIONS

Presidential Circular on Information and Communication Security Measures

Presidential Circular No. 30823 on Information and Communication Security Measures ("Circular") was published in the Official Gazette as of July 6, 2019 and entered into force. The Circular sets out information and communication security measures to be taken for different security levels by public institutions and enterprises providing critical infrastructure services to eliminate security risks resulting from digitalization of information and ease of access to data.

The Circular, which consists of 21 Articles, is a framework regulation to ensure safety of critical data which may cause a threat to national security and/or disrupt public order in the event there is degradation in reducing or removing security risks or failure in protecting the privacy, integrity or accessibility of data.

The Circular features critical regulations also affecting our industry. These include setting up internet exchange points in Turkey; transmitting data in regions where critical institutions are located, by fiber optic cables instead of radio link or similar methods; storing information pertaining to public institutions on relevant institutions' private systems or on cloud storage systems furnished by local service providers.

The Information and Communication Security Guide is being prepared to outline different security levels related to organizations and data. The guide provides detailed information within the framework of information security criteria and national and international standards regarding measures to be imposed for relevant security standards by public institutions and operators providing critical infrastructure services. The guide's content is expected to be updated every six months following publication.

Mobile Electronic Communication Services Price Cap

Maximum tariffs (concerning call & SMS fees, name/change title fee, account takeover fee, MSISDN change fee, SIM card change fee, deactivating fee, detail bill information and directory assistance service fee) are regulated by the Retail Price Cap Regulation adopted by the ICTA and updated every six months.

The price caps have been increased about 8% by April 1, 2019 and about 5.8% by October 1, 2019.

Cancellation of Implicit Rejection of Application to ICTA for the Removal of Asymmetry in Mobile Termination Rates

The mobile termination rates (MTRs) of operators have been set asymmetrically by ICTA since 2006, to the detriment of Turkcell. The removal of the asymmetry in MTRs has been requested from ICTA due to the changes in industry conditions such as mobile subscriber shares, technological differences, traffic and revenue distributions which were cited originally as justifications of asymmetry by ICTA. A

lawsuit has been filed after ICTA rejected our application implicitly by not responding to our request. The court accepted the case and decided the cancellation of implicit rejection subjected to the case according to claims of our Company, with its decision dated 18.07.2019. By this means, ICTA shall re-evaluate the elimination of mentioned asymmetry and determine equal (symmetric) termination rates among all mobile operators.

Legal and Regulatory Developments Regarding Mobile Access and Call Origination Market

ICTA Board Decision dated 3 April 2019 with No. 2019/DK-SRD/097 has extended the transition period for the deregulation of Mobile Access and Call Origination Market until December 31st, 2019 for the last time and removed Significant Market Power (SMP) obligations of Turkcell in this market by the end of 2019.

Besides, in the lawsuit filed against ICTA for the cancellation of the Board decision dated 18 February 2013 with No. 2013/DK-SRD/105 regarding the acknowledgment of the Final Document about "Mobile Access and Call Origination Market" by ICTA, the Market Analysis Final Document of the Authority subjected to the decision, the transaction regarding declaration of our Company as the operator with Significant Market Power in Mobile Access and Call Origination Market and thereby imposing some obligations to our Company, the Court has justified the claims of our Company and cancelled the transaction and the decisions subjected to the case. ICTA appealed the court decision. The 13th Chamber of the Council of State found the claims and arguments unfair and rejected ICTA's appeal request with the decision dated 22 February 2019.

Reporting of Domestic Goods Investment Rate Regarding 4.5G

Turkcell was authorized to provide IMT services on October 27, 2015 with the decision of Board of Information Technologies and Communication dated August 27, 2015 and No. 2015/YK-YED/390. Each year, Turkcell is required to provide a certain percentage of its network investments - hardware and software products related to the network and communication services without limitation to products such as base stations, switching, routers - from products determined to be domestic goods within the scope of Law No. 4734 and related legislation.

In this context, domestic goods certification was obtained in December 2018 for Turkcell Teknoloji A.Ş.'s products and services to fulfil this obligation and within the framework of our vision of contributing to the domestic and national ecosystem. Currently, Turkcell has the highest utilization rate of domestic goods in the 4.5G network.

Self-Regulation Practices to Reduce Collection Risks

Thanks to the following self-regulation practices implemented in 2019 in accordance with relevant legislation that the sector is subject to, Turkcell has achieved improvements in its collection risk management and collection performance.

DEVELOPMENTS IN OUR COMPANIES

Agreement on the Transfer of Uncollectible Wireless Usage Fee Receivables from Prepaid Subscribers:

An agreement signed by the mobile operators has made possible for operators to mutually transfer among themselves the wireless usage fees that could not be collected from prepaid subscribers who port out their numbers to another operator, within the scope of mobile number portability. As part of this practice, all receivables as of January 2019 are hereby transferred.

Sharing of Information on Subscribers with High Debt Risk among Operators:

In line with the exception provided in Article 51 of the Electronic Communication Law, information sharing commenced on April 14, 2019 with the use of blockchain technology. The objective is to make subscriber information with questionable high debt risk available among operators and to use results of these queries during the process of selling devices to subscribers and in new subscription processes.

Law on Making Amendments on Some Laws with Revenue Tax Law No. 7186

Regarding the Law on Making Amendments on Some Laws with Revenue Tax Law No. 7186 published on July 19, 2019:

Amendment of Law on Device Collection Risk:

An amendment was made to Electronic Communication Law No. 5809 regarding sharing of debt information among operators and the use of debtor devices only with paired numbers. The regulation made it possible to register and shut down devices owing financing via a central system to be operated by ICTA. The scope of data that can be shared among operators under anti-counterfeiting efforts has been expanded. Thus, it is aimed to reduce collection risk related to device sales and to prevent malicious use.

Central Equipment Identity Register (CEIR):

Electronic communication services shall not be provided to devices that do not comply with ICTA's international roaming regulations or that are found to be clones. It is stated that for these devices to be used again, TRY 250 registry fee shall be paid within one year via the e-government portal after enforcement of Provisional Clause 6 brought by the Law. The devices shall be used by matching the related subscriber number to the electronic identification data of the device. All devices that have not received service from electronic communication networks for a continuous 7-year period shall be closed for use in 2019. Devices with outstanding debt shall only be open for use with matched subscriber numbers as long as the debt is due. Limitation of the matched numbers shall be ceased by operators after the remaining debt is paid, which will be notified to CEIR. It is also stated that procedures and principles related to this practice will be regulated by ICTA.

Finally, as of May 30, 2019, as per President's Decree No. 1111, for devices brought from abroad together with the passenger, only one device right has been granted within three calendar years provided

that the passenger uses the device with the lines registered in TRID and corporate users are also provided with the opportunity to register.

Regulations for Updating Subscriber Records

With the ICTA's related Board Decisions, which were implemented in 2019:

Subscriber Information Patterns

Some requirements went into effect, including providing requested data for current subscriptions, namely TRID for Turkish citizens, foreign identification number (FIN) for foreign nationals and tax identification number (TIN) for legal persons; restrictions on use and suspension of lines unless individual users or relevant authorities/line users verify their ID information, SMS notifications regarding subscriptions in accordance with the resolution, checking current subscriber information periodically from relevant officials.

Passport Confirmation System

As of 31 January 2019, confirmation of information contained in the relevant document in the subscription process of foreign nationals who have a passport or equivalent document with international validity must be carried out through the Passport Confirmation Service (PTS). Subscribers whose subscriptions are made through the PTS should make application within 90 days to FIN; if not, operators shall restrict the use of or suspend closure of said lines.

Cancellation of TRY 138 Million Administrative Fines Applied by Ministry of Commerce

Under the Law on Consumer Protection Ministry of Trade imposed an administrative fine amounting TRY 138 million on our Company as a result of investigation initiated against our Company on distance contracts, instalment sales contracts and subscription agreements for the year 2015. Our Company filed a lawsuit for the cancellation of those administrative fine and act. With its decision dated 19.09.2019, the court accepted the lawsuit and cancelled the administrative fine according to claims of our Company. The defendant appealed the decision and the appeal process is pending.

Amendment of Administrative Fines Given by Competition Board within the Scope of Turkcell's Appeals

The Competition Board imposed an administrative fine of TRY 92 million on the grounds that Turkcell violated competition by setting the re-sale price of the subscriber's meter. An application was filed with the Competition Board for withdrawal of the penalty mentioned by Turkcell and a lawsuit has been filed.

The Competition Board adopted some of Turkcell's objections and changed its previous decision. The new decision eliminated TRY 92 million of the fine and ruled for an administrative fine of TRY 61 million. Following notification of the justified decision, it is considered to apply to legal remedies for the respective fine.

Cases Regarding Use of 444 Numbers

Turkcell filed three different lawsuits for the stay of execution and cancellation of ICTA decisions regarding the act that restrict/prevent the use of numbers starting with 444. The Court accepted all three cases in favor of Turkcell and cancelled the ICTA decisions based on they were against the law. The decisions of the courts were finalized. After all these cancellation decisions, Turkcell filed another lawsuit for the cancellation of administrative act regarding the implicitly rejection of the application made by Turkcell, requesting to the ICTA to fulfill the requirements of the Court decisions and to eliminate the unlawful practices. The Court accepted the case in favor of Turkcell on 14.01.2019. The defendant appealed the decision. The appeal process is pending. At present, ICTA is conducting legal research and making assessments on this conflict.

Cancellation of Board Decision Increasing ICTA's Obligation for 3G Coverage

In the lawsuit filed by Turkcell against ICTA for the stay of execution and the cancellation of the Board decision dated July 21, 2014 and numbered 2014/DK-YED/376 and the administrative act of ICTA dated August 14, 2014 and numbered 151.99/50991 regarding the notification of the respective Board decision in which Information and Communications Technologies Authority increased the Company's coverage obligations, defined in the Company's concession agreement, on the grounds of the amendment of the Law for Metropolitan Municipalities numbered 5216 which was amended by the codes numbered 6360 and 6447, the Court has justified the claims of Turkcell with its decision taken on 17.04.2019 and decided to cancel the decision of the case in favor of the Turkcell. The defendant appealed the decision and the appeal process is pending.

Amendment of Concession Agreements and Authorization Certificate within the Law on Amending Some Tax Laws No. 7061 and Some Other Laws

Law No. 7061 made it possible to restructure disputes related to some financial liabilities. In addition, amendments were made to tax laws and other laws concerning the sector in order to eliminate problems related to calculation, collection and follow-up of taxes and other financial liabilities received from the electronic communication sector. The Law stipulates that operators applying for restructuring shall be deemed to have applied to ICTA for amendment of Concession Agreements and Authorization Certificate under these amendments.

Draft texts have been signed by Turkcell and ICTA and forwarded to the Council of State for consultation. Following the remarks of the Council of State, the regulation regarding the time extension was added to the draft Authorization Certificate. The signature processes regarding amendment of the Concession Agreements and Authorization Certificate is expected to be completed soon.*

Circular on Amending the Circular on Obligatory Provisions of the Central Bank of Turkey

The Central Bank of Turkey (TCMB) published the "Circular on Amending the Circular on Obligatory Provisions" in Official Gazette Issue: 2013/15. According to Article 6 of the Circular on Obligatory Provisions published in the Official Gazette of December 25, 2013 and No. 28862 (Number: 2013/15) the clause "(3) the obligatory provision ratios specified in the first and second paragraphs for financing companies is applied as 0 percent" has been added. The Circular went into effect as of June 14, 2019. Decreasing the obligatory provision ratio made a positive contribution to Turkcell's cash flow.

Limiting the Number of Installments and Increasing the Permission Fee for Telephone Use

As per article 26/7 of the Regulation on Bank Cards and Credit Cards and as announced by the press release dated June 12, 2019, BRSA has decided to restrict the number of installments on credit cards with 6 (six) months for electronic appliances, 12 (twelve) months for television purchases up to TRY 3,500, 18 (eighteen) months for electrical appliances and 18 (eighteen) months on corporate credit cards in general.

The Regulation on Amendment of the Regulation on Principles and Rules to be Applied to in Retail Trade was published in the Official Gazette of June 22, 2019 (the "Regulation"). As per the Regulation, the number of installments, for sales of tablet computers and electronic appliances such as video camera and sound systems, television and mobile phone with a value of more than TRY 3,500 are restricted with 6 (six) months, for sales of electrical goods such as refrigerators, washing machines, dishwashers and household electrical appliances, are restricted with 18 (eighteen) months.

Pursuant to the Regulation Amending the Regulation on Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies published in the Official Gazette of February 26, 2019, "The maturity of consumer loans cannot exceed 60 (sixty) months, the maturity of loans granted for computer purchases cannot exceed 12 (twelve) months, the maturity of loans granted for tablet computers cannot exceed 6 (six) months, the maturity of the loans granted for purchase of mobile phones up to three thousand five hundred Turkish Lira (TRY 3,500) cannot exceed 12 (twelve) months, and loans granted for purchase of mobile phones exceeding three thousand five hundred Turkish Lira (TRY 3,500) cannot exceed 6 (six) months. The same maturities shall be applied in the restructuring of these loans." The ruling was issued as above-mentioned.

*Signature processes regarding the amendment of the Concession Agreements and Authorization Certificate were completed on 16.01.2020.

DEVELOPMENTS IN OUR COMPANIES

It shall be further noted that the maturity of loans granted for the purchase of mobile phones exceeding TRY 3,500 has been limited to 3 (three) months with the Regulation Amending the Regulation on Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies published in the Official Gazette of 14 January 2020. In line with this new regulation, the number of installments for sales of mobile phones exceeding TRY 3,500 has also been restricted to 3 (three) months by the Regulation on Amendment of the Regulation on Principles and Rules to be Applied to Retail Trade published in the Official Gazette of January 20, 2020.

In addition, in the Official Gazette dated July 19, 2019, the "Decision on Determination of the Amount of Allowance for Use of Telephone with Passenger" was published and the said fixed amount was increased from TRY 618 to TRY 1,500.

Price Tag Regulations

The Regulation on Amendment of the Price Label Regulation was published in the Official Gazette of 27 July 2019. In accordance with the regulations brought by the relevant regulation, affixing eligible, digital or electronic labels on goods or packaging or containers readily available and readable by the seller is necessary. If it is not possible to add these labels, lists containing the same information should be displayed and be readable in suitable places. However, lists showing tariffs and prices of services should also be posted. It is sufficient to specify the distinctive feature of the service, sales price including all taxes and the date on which this price is applied. It is not necessary to specify the manufacturing site on labels with local production logo and price lists.

Regulation on Broadcasting on the Radio, Television and Optional Broadcasts on the Internet

It has been regulated with article 29/A, which has been added to the Law No. 6112 on the Establishment and Broadcasting Services of Radios and Televisions ("Law") by article 82 of the Law No. 7103 on Amendment of Tax Laws and Certain Laws and Decree Laws published in the second consecutive Official Gazette of March 27, 2018, that media service providers providing radio, television and on-demand broadcast services on the internet are required to obtain a broadcast license and platform operators transmitting these broadcasts on the internet are required to obtain broadcast transmission authorization from the Radio and Television Supreme Council ("RTÜK") and that the principles and procedures regarding application of the article will be regulated in a regulation to be issued jointly by RTÜK and the Information and Communication Technologies Authority ("ICTA").

In this respect, the Regulation on Presentation of Radio, Television and On-demand Broadcast Services on the Internet (the "Regulation") prepared by RTÜK and ICTA entered into force after being published in the Official Gazette of August 1, 2019. As per the Regulation, which excludes individual communication, platforms that are not dedicated to transmitting radio, television and on-demand broadcast services through internet and real persons and legal

entities who only provide hosting services to these services, media service providers willing to broadcast radio, television and on-demand broadcast services on the internet via mobile applications and other medium including integrated television receivers, computers, smart phones, tablets and similar shall obtain an "INTERNET-RD Broadcast License" from RTÜK for radio broadcasting; "INTERNET-TV Broadcast License" for television broadcasting; "INTERNET-İBYH Broadcast License" for on-demand broadcasting; and platform operators willing to transmit these broadcast services via internet and/or mobile applications must obtain "Broadcast Transmission Authorization" from RTÜK.

Turkcell's activities within the scope of the Regulation are under review and discussions with RTÜK are being held for the actions required to be taken.

Amendments to the Communiqué on the Data Controller Registry, Regulation on Deletion, Destruction or Anonymization of Personal Data and Procedures and Principles regarding to Enlightenment Obligation

With the amendment published in Official Gazette No. 30758 of 28 April 2019, the definitions of "Contact Person," "Personal Data Processing Inventory" and "Data Controller Representative," registry of the regulation, management, supervision and access to the registry in Clauses 5 and 7, and the registration obligation mentioned in Clauses 11, 13 and 16 were amended. With the amendment published in the Official Gazette of 28 April 2019 and No. 30758, the definition of "Personal data processing inventory" in the Regulation on Deletion, Destruction or Anonymization of Personal Data and principles regarding deletion, destruction or anonymization of the personal data contained in Article 7 of the Regulation were amended. With the amendment published in the Official Gazette of 28 April 2019 and No. 30758, the definitions of "Data Processing System" and "Data Controller Representative" in the Procedures and Principles regarding to Enlightenment Obligation stated in Article 5 were amended.

Developments in Payment and Electronic Money Services

Authorized in 2016 for the first time to serve as a payment institution and having obtained the first activity permit in Turkey in this area with the status of "payment institution," TURKCELL ÖDEME VE ELEKTRONİK PARA HİZMETLERİ A.Ş. ("TÖHAŞ") was authorized to act as an "electronic money institution" in 2017. Under this authorization, TÖHAŞ currently provides brokerage services under the "Paycell" brand for payment of purchases of goods and services through prepaid and post-paid lines of the mobile payment and electronic communication operator, corporate payments and via POS for card payments.

Sofra Kurumsal ve Ödüllendirme Hizmetleri A.Ş. ("Sofra A.Ş.") was established on 27 July 2018 by registration at Istanbul Trade Registry Office. TÖHAŞ, Posta ve Telgraf Teşkilatı A.Ş., and Belbim Ödeme Hizmetleri ve Elektronik Para A.Ş. each holds an equal stake in Sofra A.Ş. Sofra A.Ş. provides brokerage services for payments of food purchases from member stores contracted with the Paye Card issued, which can be used at istanbulkart points with the istanbulkart feature that can be integrated with this card.

TURKCELL GROUP: 2019 FINANCIAL & OPERATIONAL REVIEW

Our audited annual consolidated financial statements including our consolidated statements of financial position as of December 31, 2019 and 2018 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, 2019 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 2019 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 2019 refer to the same item for the year end of 2018 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)	FY18	FY19	CHANGE%
Revenue	21,292.5	25,137.1	18.1%
Cost of revenue ¹	(9,858.0)	(12,036.9)	22.1%
Gross Margin¹	53.7%	52.1%	(1.6pp)
Administrative expenses	(673.4)	(779.8)	15.8%
Selling and marketing expenses	(1,626.7)	(1,555.2)	(4.4%)
Net impairment losses on financial and contract assets	(346.4)	(338.9)	(2.2%)
EBITDA²	8,788.0	10,426.4	18.6%
EBITDA Margin	41.3%	41.5%	0.2pp
Depreciation and amortization	(4,288.0)	(5,046.6)	17.7%
EBIT³	4,500.0	5,379.9	19.6%
EBIT Margin	21.1%	21.4%	0.3pp
Net finance income/(costs)	(1,687.0)	(1,727.7)	2.4%
Finance income ⁴	1,677.1	297.5	(82.3%)
Finance costs ⁴	(3,364.1)	(2,025.1)	(39.8%)
Other income/(expense)	(140.1)	(346.6)	147.4%
Non-controlling interests	(156.3)	(30.2)	(80.7%)
Share of profit of equity accounted investees	(0.1)	(15.7)	n.m
Income tax expense	(495.5)	(785.6)	58.5%
Discontinued operations	-	772.4	n.a
Net Income	2,021.1	3,246.5	60.6%

⁽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 regarding derivative instruments and the respective fair value gain and interest income regarding derivative instruments are represented on a net basis, Starting from Q219, interest income on financial assets and interest expenses for financial liabilities, both measured at amortized cost, are represented on a net basis, Historical periods were restated to reflect this change.

Consolidated Balance Sheet Data (Year End) (million TRY)	2018	2019	CHANGE %
Cash and cash equivalents	7,419.2	10,238.7	38.0%
Total assets	42,765.3	45,715.0	6.9%
Long-term debt	13,119.6	12,677.4	(3.4%)
Total debt	20,155.5	20,305.7	0.7%
Total liabilities	26,711.7	27,632.0	3.4%
Total equity	16,053.6	18,082.9	12.6%

TURKCELL GROUP: 2019 FINANCIAL & OPERATIONAL REVIEW

Summary Consolidated Cash Flow Statement (million TRY)	2018	2019	CHANGE%
Net cash inflow from operating activities	5,829.9	9,026.6	54.8%
Net cash outflow from investing activities	(4,535.6)	(3,027.3)	(33.3%)
Net cash (outflow)/inflow from financing activities	(534.4)	(3,478.0)	550.8%
Effects of exchange rate changes on cash and cash equivalents	1,947.0	298.2	(84.7%)
Cash and Cash Equivalents	7,419.2	10,238.7	38.0%

Profitability and Solvency Ratios (%)	2018	2019	CHANGE%
Gross Profit Margin	53.7%	52.1%	(1.6pp)
EBITDA Margin	41.3%	41.5%	0.2pp
EBIT Margin	21.1%	21.4%	0.3pp
Net Income Margin	9.5%	12.9%	3.4pp
Total Liability/Equity Ratio	166.4%	152.8%	(13.6pp)
Net Debt/EBITDA Multiple	1.4x	1.0x	(0.4x)

EXPLANATIONS:

Revenue¹: Turkcell Group revenues rose by 18.1% to TRY 25,137 million (TRY 21,292 million).

- Turkcell Turkey revenues, grew by 18.8% to TRY 21,487 million (TRY 18,093 million).
 - Consumer business grew by 17.0% to driven by strong ARPU performance.
 - Corporate revenues rose by 32.4% supported by digital business solutions revenue growth of 44%.
 - Standalone digital services revenues from consumer and corporate businesses reached TRY 1 billion in FY19.
 - Wholesale revenues grew by 26.0% to TRY 1,154 million (TRY 916 million).
- Turkcell International revenues rose by 37.5% to TRY 2,003 million (TRY 1,457 million).
- Other subsidiaries' revenues were at TRY 1,647 million (TRY 1,743 million).

Cost of revenue (excluding the depreciation and amortization): Cost of revenue (excluding depreciation and amortization) increased to 47.9% (46.3%) as a percentage of revenues. This was due mainly to the rise in cost of goods sold (3.0pp) and other cost items (0.1pp), despite the decline in cost of revenue of financial services (0.8pp) and interconnection costs (0.7pp) as a percentage of revenues.

Administrative expenses: Administrative expenses were at 3.1% (3.2%) as a percentage of revenues.

Selling and marketing expenses: Selling and marketing expenses declined to 6.2% (7.6%) as a percentage of revenues driven by the decline in selling expenses (1.2pp) and other cost items (0.2pp).

Net impairment losses on financial and contract assets: Net impairment losses on financial and contract assets was at 1.3% (1.6%) as a percentage of revenues in 2019.

EBITDA: EBITDA grew by 18.6% resulting in an EBITDA margin of 41.5% (41.3%).

- Turkcell Turkey's EBITDA rose by 18.7% to TRY 8,789 million (TRY 7,404 million) with an EBITDA margin of 40.9% (40.9%).
- Turkcell International EBITDA rose by 47.5% to TRY 904 million (TRY 613 million) with an EBITDA margin of 45.1% (42.1%).
- The EBITDA of other subsidiaries was at TRY 733 million (TRY 771 million).

Depreciation and amortization expenses: In 2019, depreciation and amortization expenses increased 17.7%.

Net finance expense: The net finance expense increased to TRY 1,728 million (TRY 1,687 million). This was due mainly to lower interest income on bank deposits and higher interest expenses resulting from borrowings and lease obligations, despite lower foreign exchange losses after hedging.

¹Please refer to the notes to the consolidated financial statements for the definition of Turkcell Turkey, Turkcell International and other subsidiaries.

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.

On December 12, 2018, Turkcell signed a binding agreement and on April 2, 2019 completed the transfer of its shares in Fintur to Sonera Holding B.V., the majority shareholder of Fintur. The final value of the transaction was EUR 352.9 million. As the conditions precedent required for the share transfer were completed within Q119, TRY 772 million profit generated from the transaction was reflected in the Q119 financial statements.

We booked a provision of TRY 60 million in Q219 for the recognition of liability in relation to the Kcell Share Purchase Agreement regarding the past Kcell transaction and performed the respective payment in Q319.

Income tax expense: The income tax expense increased 58.5% in 2019.

Net income: Net income rose 60.6% to an all-time high level of TRY 3,246 million. This was driven mainly by a solid operational performance, lower net foreign exchange losses after hedging and the contribution of the Fintur sale, despite the lower interest income on bank deposits and higher interest expenses resulting from borrowings and lease obligations.

Total cash & debt: Consolidated cash as of December 31, 2019 declined to TRY 10,239 million from TRY 10,975 million as of September 30, 2019, due mainly to the dividend payment as well as debt repayments. Excluding FX swap transactions for TRY borrowing, 81% of our cash is in USD 12% in EUR and 7% in TRY.

Consolidated debt as of December 31, 2019 declined to TRY 20,306 million from TRY 20,675 million as of September 30, 2019, mainly on the back of debt repayments despite the negative impact of FX movements. Please note that TRY 1,533 million of our consolidated debt is comprised of lease obligations.

- Consolidated debt breakdown excluding lease obligations:
 - Turkcell Turkey's debt was at TRY 15,994 million, of which TRY 9,096 million (USD 1,531 million) was denominated in USD, TRY 5,425 million (EUR 816 million) in EUR, TRY 201 million (CNY 237 million) in CNY and the remaining TRY 1,272 million in TRY.

- Our consumer finance company had a debt balance of TRY 1,733 million, of which TRY 1,194 million (USD 201 million) was denominated in USD, and TRY 214 million (EUR 32 million) in EUR with the remaining TRY 325 million in TRY.
- The debt balance of lifecell was TRY 1,044 million, all denominated in UAH.

TRY 735 million of lease obligations is denominated in TRY, TRY 19 million (USD 3 million) in USD, TRY 163 million (EUR 24 million) in EUR and the remaining balance in other local currencies (*please note that the figures in parentheses refer to USD or EUR equivalents*).

TRY 10,117 million of our consolidated debt is set at a floating rate. Excluding consumer finance business borrowings, TRY 6,206 million of consolidated debt will mature within less than a year.

Net debt as of December 31, 2019 was at TRY 10,067 million with a net debt to EBITDA ratio of 0.97 times. Excluding consumer finance company consumer loans, our telco only debt was at TRY 7,658 million with a leverage of 0.77 times.

Turkcell Group has a long FX position of USD 115 million as at the end of the year. (*Please note that this figure takes advance payments and hedging into account, but excludes FX swap transactions for TRY borrowing. Derivatives (VIOP) and forward transactions are included*).

Capital expenditures: Capital expenditures including non-operational items were at TRY 7,225 million. In 2019, operational capital expenditures (excluding license fees) at the Group level was at 18.0% of total revenues.

Capital expenditures (million TRY)	2018	2019
Operational capital expenditures	3,943.1	4,525.1
License and related costs	414.1	1.8
Non-operational capital expenditures (including IFRS15 & IFRS16)	3,286.9	2,697.8
Total capital expenditures	7,644.0	7,224.7

OPERATIONAL REVIEW (TURKEY):

Summary of Operational Data	2018	2019	CHANGE %
Number of subscribers (million)	36.7	35.7	(2.7%)
Mobile Postpaid (million)	18.8	20.4	8.5%
Mobile M2M (million)	2.4	2.6	8.3%
Mobile Prepaid (million)	14.9	12.4	(16.8%)
Fiber (thousand)	1,385.6	1,484.7	7.2%
ADSL (thousand)	905.6	719.1	(20.6%)
Superbox (thousand) ¹⁾	33.5	323.2	864.8%
Cable(thousand)	-	49.2	n.a
IPTV (thousand)	613.4	719.7	17.3%
Churn (%)²⁾			
Mobile Churn (%) ³⁾	2.1%	2.7%	0.6pp
Fixed Churn (%)	1.8%	2.1%	0.3pp
ARPU (Average Monthly Revenue per User) (TRY)			
Mobile ARPU, blended	33.9	39.8	17.4%
Mobile ARPU, blended (excluding M2M)	36.2	42.6	17.7%
Postpaid	48.2	56.4	17.0%
Postpaid (excluding M2M)	54.9	64.1	16.8%
Prepaid	16.9	18.3	8.3%
Fixed Residential ARPU, blended	55.7	64.5	15.8%
Residential Fiber ARPU	57.0	67.0	17.5%
Average mobile data usage per user (GB/user)	5.2	7.4	42.3%
Mobile MoU (Avg, Monthly Minutes of usage per subs) blended	359.5	415.3	15.5%

¹⁾ Superbox subscribers are included in mobile subscribers.

²⁾ Presentation of churn figures has been changed to demonstrate average monthly churn figures for the respective quarters.

³⁾ 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 TRY 10). Additionally, under our revised policy, prepaid customers who last topped up before March will be disconnected at the latest by year-end. As a regulatory requirement, we started to disconnect prepaid lines in accordance with new ICTA regulation, which requires deactivation of prepaid lines which lack residency documents by the 6th month of subscription.

Our mobile subscriber base was at 32.7 million as at the year end. Our postpaid subscriber base expanded by 1.5 million net annual additions in FY19, the highest of the past 10 years. Accordingly, postpaid subscribers, whose ARPU generation on average is more than three times that of prepaid subscribers, reached 62.2% (55.7%) of the subscriber base. We were able to achieve this sound performance on the back of our microsegment layered approach and regional offers enabled by our strong data analytics capabilities. Meanwhile, our prepaid customers declined by 2.6 million in FY19, due mainly to 1.9 million disconnections in accordance with the new ICTA regulation that requires deactivation of prepaid lines which lack residency documents by the 6th month of subscription, and deactivation of 580 thousand inactive prepaid customers in line with our churn policy.

On the fixed front, our fiber subscriber base grew by 99 thousand annual net additions. Our fixed wireless access product, Superbox, continued its growth momentum expanding its customer base on 290 thousand annual net additions. Meanwhile, our cable subscribers had reached 49 thousand by year end. IPTV customers numbered 720 thousand on 106 thousand annual net additions.

The average monthly mobile churn rate was at 2.7% in FY19. Average monthly fixed churn rate was at 2.1% in FY19.

Mobile ARPU (excluding M2M) grew 17.7% year-on-year in FY19, driven mainly by a favorable customer mix, upsell efforts, increased data consumption and price adjustments.

Fiber residential ARPU grew by 17.5% year-on-year in FY19, mainly on upsell performance, price adjustments as well as with higher revenue generating subscriber acquisitions. Multiplay subscribers with TV⁴⁾, reaching 53.3% of total residential fiber subscribers, also helped strong ARPU performance.

Average monthly mobile data usage per user increased 42.3% year-on-year in FY19, driven by the increasing data consumption of 4.5G users and increased digital services usage. Accordingly, the average mobile data usage of 4.5G users reached 10.8 GB in Q419.

The number of 4.5G compatible smartphones on our network was at 19.2 million comprising 87% of the smartphones on our network. Excluding the impact of regulatory disconnections, 4.5G compatible smartphones on our network would have reached nearly 20.2 million by year end.

⁴⁾ Multiplay subscribers with TV: Fiber internet + IPTV users & fiber internet + IPTV + fixed voice users.

FORWARD LOOKING STATEMENTS

In 2020, we target Group revenue growth of 13%-16%, an EBITDA margin of 39%-42%, an EBIT Margin of 18%-21% and an operational capex to sales ratio⁽¹⁾ of 16%-18%.

2020 GUIDANCE

13%-16%

Revenue Growth

39%-42%

EBITDA Margin

18%-21%

EBIT 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 2018 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 and the competition that we face may evolve with our business strategy.
- 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.
- Any instability in the political environment and/or downturn in the economy, as well as volatile international markets and events and the threat of terrorism, in Turkey and internationally may have an adverse effect on our business and financial condition.
- Foreign exchange rate risks could affect the Turkish macroeconomic environment and could significantly affect our results of operation and financial position in future periods if hedging tools are not available at commercially reasonable terms.
- 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.
- Regulatory decisions and changes in the regulatory environment could adversely affect our business and financial condition.
- If we, our local partners with whom we enter into cooperation agreements or similar agreements, or one of our key suppliers fail to comply with laws and regulations regarding unethical business practices, including bribery and corruption, and international sanctions, this could adversely affect 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 face risks related to our dependence on network and IT systems and the products and services we provide through third party suppliers as well as our exposure to technological changes in the communications market, including industries where we traditionally do not compete.
- Our IT and NT services are exposed to hacking, sabotage and other cyber security threats, and terrorist or other destructive acts, any of which could have an adverse effect on our operations, damage our reputation and affect our relationships with our customers, lead to substantial additional costs, result in a fine under relevant data protection legislation and/or lawsuits from affected customers.
- We are subject to a variety of risks with respect to our Base Transceiver Stations performance.
 - Spectrum limitations and frequency costs may adversely affect our ability to provide services to our subscribers and the cost to us of providing such services.
 - Potential increase in coverage requirements or failure to abide by the requirements of our licenses or applicable regulations may have an adverse effect on our business and financial condition.
- There are alleged health risks and zoning limitations related to our BTS may adversely affect our ability to provide services at certain areas. The fiber business is also affected by local limitations.
- We are dependent on a small number of suppliers for network equipment, information systems and handsets and for the provision of data and services. We also rely on a small number of distributors. The failure of any of our counterparty such as suppliers or distributors may have an adverse effect on our business and financial condition.
- Turkcell's complex ownership structure and ongoing disagreements among our main shareholders have adversely impacted in the past and may impact decision making on important matters in the future. These ongoing disputes may lead to further regulatory or legal actions, and affect the ownership and control of our company.
- 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.
- Our business, consolidated financial results and/or operational performance could be adversely affected unless we retain our key personnel, our partners and their employees.
- Our ADS price may be volatile, and purchasers of ADSs could incur substantial losses.

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 September 12, 2019 PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed as the Company auditor for auditing our Company's financial statements of 2019 as per the Turkish Commercial Code (TCC).⁽¹⁾

Moreover, the Internal Audit Function operates with the Board of Directors and is responsible for the auditing of Turkcell İletişim Hizmetleri A.Ş. and all of the group companies which are subsidiaries, and reports the results of the audit carried out in line with the International Standards for the Professional Practice of Internal Auditing to the Audit Committee. The auditing activities of the Internal Audit function mainly comprise of operational audits conducted pursuant to annual risk based audit plans and audits in accordance with Article 404 of the Sarbanes-Oxley Act.

⁽¹⁾ Basaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'s (Basaran Independent Audit & Financial Consultancy Inc.) commercial name was changed as of 12th of December 2016 to PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PwC Independent Audit & Financial Consultancy Inc.).

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.

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.

TURKCELL İLETİŐİM HİZMETLERİ A.Ő.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 AND INDEPENDENT AUDITOR'S REPORT



Report of Independent Registered Public Accounting Firm

To the Shareholders and Board 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, 2019 and 2018, and the related consolidated statements of profit or loss, other comprehensive income, changes in equity and the cash flows for each of the three years in the period ended December 31, 2019, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with International Financial Reporting Standards 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, 2019, 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 2019 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.

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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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



Litigation Contingencies

As described in Notes 2(d) and 38 to the 2019 consolidated financial statements, the Company recognizes liabilities in the consolidated financial statements for the resolution of pending litigation when management determines that a loss is probable and the amount of the loss can be reasonably estimated. No liability for an estimated loss is accrued in the consolidated financial statements for unfavorable outcomes when, after assessing the information available, (i) management concludes that it is not probable that a loss has been incurred in any of the pending litigation; or (ii) management is unable to estimate the loss or range of loss for any of the pending matters. The Company also discloses the contingency in circumstances where management concludes no loss is probable or reasonably estimable but it is reasonably possible that a loss may be incurred.

The principal considerations for our determination that performing procedures relating to litigation contingencies is a critical audit matter are there was significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reasonable estimate of the loss or range of loss for each claim can be made, which in turn led to a high degree of auditor judgment and effort in evaluating management's assessment of the loss contingencies associated with litigation claims and the audit effort involved the use of professionals with specialized skills and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's evaluation of litigation claims, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated, as well as financial statement disclosures. These procedures also included, among others, obtaining and evaluating the letters of audit inquiry with internal legal counsel, evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable, and evaluating the sufficiency of the Company's litigation contingency disclosures. Professionals with specialized skill and knowledge were also used to assist in the evaluation of Company's assessment towards ongoing legal cases.

Valuation of derivative instruments

As described in Notes 2(i) and 35 to the consolidated financial statements, the Company uses participating cross currency swap contracts to hedge its currency risk and interest risk. Management makes significant judgment to value derivative instruments and uses prices in the bid- ask price range that are considered the most appropriate are used instead of mid prices in valuation model. For the year ended December 31, 2019, as a result of valuation of participating cross currency swaps fair value change, derivative assets of TRY495,436 thousand are recognized in the consolidated financial statements.



The principal considerations for our determination that performing procedures relating to management's valuation of the derivative instruments is a critical audit matter are there was significant judgment by management to determine the fair value of these instruments due to the use of an internally-developed model, which included significant judgment related to the bid-ask price range. This in turn led to a high degree of auditor subjectivity and judgment to evaluate the audit evidence obtained related to the valuation, and the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to participating cross currency swaps' valuation, testing the completeness and accuracy of data provided by management and evaluating management's judgments related to the bid-ask price range. Professionals with specialized skill and knowledge were also used to assist in the valuation of Company's participating cross currency swaps.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

Istanbul, 1 April 2020

We have served as the Company's auditor since 2016.

TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(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 2019	31 December 2018
Assets			
Property, plant and equipment	11	12,458,491	11,116,316
Right-of-use assets	15	1,783,096	1,649,602
Intangible assets	12	11,308,062	10,050,172
Investment properties	14	16,283	15,425
Trade receivables	19	148,159	115,001
Receivables from financial services	20	123,136	884,686
Contract assets	21	10,291	3,513
Deferred tax assets	18	189,342	152,732
Investments in equity accounted investees		41,701	19,413
Other non-current assets	17	304,270	421,306
Total non-current assets		26,382,831	24,428,166
Inventories	22	178,399	180,434
Trade receivables	19	3,133,975	2,473,978
Due from related parties	39	4,477	13,533
Receivables from financial services	20	2,319,122	3,318,255
Contract assets	21	933,969	711,928
Derivative financial instruments	35	845,513	1,356,062
Financial asset at amortized cost		5,368	9,409
Financial asset at fair value through other comprehensive income	25	345,602	42,454
Cash and cash equivalents	24	10,238,715	7,419,239
Other current assets	23	1,327,004	1,091,512
Subtotal		19,332,144	16,616,804
Assets classified as held for sale	16	-	1,720,305
Total current assets		19,332,144	18,337,109
Total assets		45,714,975	42,765,275
Equity			
Share capital	26	2,200,000	2,200,000
Share premium		269	269
Treasury shares	26	(144,152)	(141,534)
Additional paid-in capital		35,026	35,026
Reserves		2,816,359	2,503,537
Remeasurements of employee termination benefit		(63,539)	(34,871)
Retained earnings		13,202,526	11,359,317
Total equity attributable to equity holders of Turkcell Iletisim Hizmetleri AS ("the Company")		18,046,489	15,921,744
Non-controlling interests		36,455	131,810
Total equity		18,082,944	16,053,554

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(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 2019	31 December 2018
Liabilities			
Borrowings	29	12,677,394	13,119,636
Employee benefit obligations	30	294,331	224,747
Provisions	33	337,404	268,722
Deferred tax liabilities	18	1,165,630	862,360
Contract liabilities	32	141,890	131,598
Other non-current liabilities	28	359,857	364,610
Total non-current liabilities		14,976,506	14,971,673
Borrowings	29	7,628,333	7,035,909
Current tax liabilities		121,258	133,597
Trade and other payables	34	4,117,471	3,788,174
Due to related parties	39	12,082	45,331
Deferred revenue	31	56,544	8,948
Provisions	33	342,812	307,068
Contract liabilities	32	290,408	255,756
Derivative financial instruments	35	86,617	165,265
Total current liabilities		12,655,525	11,740,048
Total liabilities		27,632,031	26,711,721
Total equity and liabilities		45,714,975	42,765,275

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

(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	2019	2018	2017
Revenue	5	23,996,262	20,173,354	16,917,064
Revenue from financial services	5	1,140,873	1,119,121	715,000
Total revenue		25,137,135	21,292,475	17,632,064
Cost of revenue	10	(16,816,705)	(13,751,195)	(11,058,346)
Cost of revenue from financial services	10	(266,775)	(394,798)	(291,828)
Total cost of revenue		(17,083,480)	(14,145,993)	(11,350,174)
Gross profit		7,179,557	6,422,159	5,858,718
Gross profit from financial services		874,098	724,323	423,172
Total gross profit		8,053,655	7,146,482	6,281,890
Other income	6	140,705	241,435	74,438
Selling and marketing expenses	10	(1,555,189)	(1,626,714)	(2,005,420)
Administrative expenses	10	(779,755)	(673,370)	(645,196)
Net impairment losses on financial and contract assets	10	(338,857)	(346,390)	-
Other expenses	6	(487,295)	(381,582)	(773,329)
Operating profit		5,033,264	4,359,861	2,932,383
Finance income	8	297,450	1,677,114	597,246
Finance costs	8	(2,025,118)	(3,364,072)	(920,112)
Net finance costs		(1,727,668)	(1,686,958)	(322,866)
Share of loss of equity accounted investees		(15,712)	(87)	-
Profit before income tax		3,289,884	2,672,816	2,609,517
Income tax expense	9	(785,630)	(495,481)	(571,758)
Profit from continuing operations		2,504,254	2,177,335	2,037,759
Gain from discontinued operations (attributable to owners of the Company)		772,436	-	-
Profit for the year		3,276,690	2,177,335	2,037,759
Profit for the year is attributable to:				
Owners of the Company		3,246,487	2,021,065	1,979,129
Non-controlling interests		30,203	156,270	58,630
Total		3,276,690	2,177,335	2,037,759
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	27	1.49	0.93	0.90
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	27	1.14	0.93	0.90
Basic and diluted earnings per share for profit from discontinued operations attributable to owners of the Company (in full TL)	27	0.35	-	-

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

(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	2019	2018	2017
Profit for the year		3,276,690	2,177,335	2,037,759
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
Remeasurements of employee termination benefits	30	(36,385)	12,699	(3,738)
Income tax relating to remeasurements of employee termination benefit:		8,005	(2,794)	748
		<u>(28,380)</u>	<u>9,905</u>	<u>(2,990)</u>
Items that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		431,810	424,817	27,959
Exchange differences arising from discontinued operations		104,986	425,371	72,190
Fair value reserve		4,451	-	-
Cash flow hedges - effective portion of changes in fair value		221,488	630,191	-
Cash flow hedges - reclassified to profit or loss	35	(439,365)	(611,035)	-
Cost of hedging reserve - changes in fair value		97,373	(390,267)	-
Cost of hedging reserve - reclassified to profit or loss		(21,768)	42,665	-
Loss on hedges of net investments in foreign operations		(55,389)	-	-
Income tax relating to these items	9	(56,728)	(154,409)	(107,299)
-Income tax relating to exchange differences		(99,234)	(226,667)	(107,299)
-Income tax relating to fair value reserve		(979)	-	-
-Income tax relating to hedges of net investments		12,186	-	-
-Income tax relating to cost of hedging reserve		(16,634)	76,472	-
-Income tax relating to cash flow hedges	35	47,933	(4,214)	-
		<u>286,858</u>	<u>367,333</u>	<u>(7,150)</u>
Other comprehensive income/(loss) for the year, net of income tax		<u>258,478</u>	<u>377,238</u>	<u>(10,140)</u>
Total comprehensive income for the year		<u>3,535,168</u>	<u>2,554,573</u>	<u>2,027,619</u>
Total comprehensive income for the year is attributable to:				
Owners of the Company		3,505,496	2,398,930	1,968,102
Non-controlling interests		29,672	155,643	59,517
Total		<u>3,535,168</u>	<u>2,554,573</u>	<u>2,027,619</u>
Total comprehensive income for the year attributable to owners of the Company arises from:				
Continuing operations		2,628,074	1,957,396	1,903,109
Discontinued operations		877,422	441,534	64,993
Total		<u>3,505,496</u>	<u>2,398,930</u>	<u>1,968,102</u>

The above consolidated statement of cash flows 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 2019

(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 (*)	Fair value Reserve (*)	Net investment Hedge (*)	Hedging reserve (*)	Cost of hedging reserve (*)	Reserve for non-controlling interest put option (*)	Remeasurements of employee termination benefit	Foreign currency translation reserve (*)	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	2,200,000	(65,607)	35,026	269	1,195,204	-	-	-	-	(494,197)	(41,786)	401,889	12,780,967	16,011,765	56,632	16,068,397
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,979,129	1,979,129	58,630	2,037,759
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	(45,848)	-	(2,990)	37,811	-	(11,027)	887	(10,140)
Total comprehensive income/(loss)	-	-	-	-	-	-	-	-	(45,848)	-	(2,990)	37,811	1,979,129	1,968,102	59,517	2,027,619
Transfer to legal reserve	-	-	-	-	447,820	-	-	-	(447,820)	-	-	-	(447,820)	-	-	-
Dividends paid	-	9,294	-	-	-	-	-	-	-	-	-	-	(3,000,000)	(2,990,706)	(60,222)	(3,050,928)
Balance at 31 December 2017	2,200,000	(56,313)	35,026	269	1,643,024	-	-	-	-	(540,045)	(44,776)	439,700	11,312,276	14,989,161	55,927	15,045,088
Balance at 1 January 2018	2,200,000	(56,313)	35,026	269	1,643,024	-	-	-	-	(540,045)	(44,776)	439,700	11,312,276	14,989,161	55,927	15,045,088
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	518,874	518,874	-	518,874
Restored total equity at 1 January	2,200,000	(56,313)	35,026	269	1,643,024	-	-	-	-	(540,045)	(44,776)	439,700	11,831,150	15,508,035	55,927	15,563,962
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	2,021,065	2,021,065	156,270	2,177,335
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	(270,147)	-	9,905	894,295	2,021,065	377,865	(627)	377,238
Total comprehensive income/(loss)	-	-	-	-	-	-	-	-	(270,147)	-	9,905	894,295	2,021,065	2,398,930	155,643	2,554,573
Transfer to legal reserves	-	-	-	-	592,898	-	-	-	(271,130)	-	-	-	(592,898)	-	-	-
Acquisition of treasury shares (-)	-	(94,620)	-	-	-	-	-	-	-	-	-	-	-	(94,620)	-	(94,620)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,900,000)	(1,890,601)	(20,982)	(1,911,582)
Dividends paid (Note 26)	-	9,399	-	-	-	-	-	-	-	-	-	-	(1,940,379)	(1,940,379)	-	(1,940,379)
Balance at 31 December 2018	2,200,000	(141,534)	35,026	269	2,235,922	-	-	14,942	(271,130)	(810,192)	(34,871)	1,333,995	11,359,317	15,921,744	131,810	16,053,554
Balance at 1 January 2019	2,200,000	(141,534)	35,026	269	2,235,922	-	-	14,942	(271,130)	(810,192)	(34,871)	1,333,995	11,359,317	15,921,744	131,810	16,053,554
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	3,246,487	3,246,487	30,203	3,276,690
Other comprehensive income, net of income tax	-	-	-	-	-	3,472	(43,203)	(169,944)	58,971	(66,675)	(28,668)	505,056	259,009	259,009	(531)	258,478
Total comprehensive income/(loss)	-	-	-	-	-	3,472	(43,203)	(169,944)	58,971	(66,675)	(28,668)	505,056	3,246,487	3,505,496	29,672	3,535,168
Acquisition of treasury shares (-)	-	(9,998)	-	-	-	-	-	-	-	-	-	-	-	(9,998)	-	(9,998)
Transfer to legal reserve	-	-	-	-	537,183	-	-	-	-	-	-	-	(537,183)	-	-	-
Dividends paid (Note 26)	-	7,380	-	-	-	-	-	-	-	-	-	-	(1,010,000)	(1,002,620)	(125,027)	(1,127,647)
Sale of associate (Note 16)	-	-	-	-	-	-	-	-	-	-	-	-	143,905	(368,133)	-	(224,228)
Balance at 31 December 2019	2,200,000	(144,152)	35,026	269	2,773,105	3,472	(43,203)	(155,002)	(212,159)	(876,867)	(63,529)	450,146	13,202,526	18,046,489	36,455	18,082,944

(*) Included in Reserves in the consolidated statement of financial position.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TURKCELL ILETISIM HIZMETLERI AS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

(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	2019	2018	2017
Cash flows from operating activities:				
Profit for the year from				
Continuing operations		2,504,254	2,177,335	2,037,759
Discontinued operations		772,436	-	-
Profit for the year including discontinued operations		3,276,690	2,177,335	2,037,759
Adjustments for:				
Depreciation and impairment of property, plant and equipment and investment properties	11-14	2,199,830	1,894,445	1,501,579
Amortization of intangible assets	12-15	2,846,735	2,393,529	1,095,401
Net finance expense		1,442,773	983,881	165,387
Fair value adjustments to derivatives		(570,204)	(1,719,610)	(562,562)
Income tax expense	9	785,630	495,481	571,758
(Gain) on sale of property, plant and equipment		(47,169)	(43,727)	(33,837)
Unrealized foreign exchange losses on operating assets		1,832,636	2,954,304	966,340
Provisions		920,924	796,520	980,040
Share of equity accounted investees		15,712	87	-
Adjustments to (earnings) due to disposal of assets held for sale		(772,436)	-	-
(Gain) on sale of subsidiary		-	(110,308)	-
Non-cash other adjustments		(15,557)	-	-
		11,915,564	9,821,937	6,721,865
Change in operating assets/liabilities				
Change in trade receivables	19	(881,333)	273,110	613,404
Change in due from related parties	39	10,025	(5,870)	1,107
Change in receivables from financial services	20	1,651,180	(69,991)	(1,931,538)
Change in inventories	22	2,035	(76,883)	27,871
Change in other current assets	23	(299,790)	53,957	(198,268)
Change in other non-current assets	17	(38,112)	142,133	15,012
Change in due to related parties	39	(33,135)	40,072	(4,099)
Change in trade and other payables	34	92,427	(501,980)	(507,043)
Change in other non-current liabilities	28	(8,122)	(242,384)	(82,018)
Change in employee benefit obligations	30	(36,231)	(32,764)	(18,627)
Change in short term contract asset	21	(223,146)	(711,928)	-
Change in long term contract asset	21	(6,778)	(3,513)	-
Change in deferred revenue		45,402	54,391	131,486
Change in short term contract liability	32	34,652	255,756	-
Change in long term contract liability	32	10,292	131,598	-
Changes in other working capital		(506,303)	(981,764)	(265,518)
Cash generated from operations		11,728,627	8,145,877	4,503,634
Interest paid		(2,090,718)	(1,658,308)	(909,881)
Income tax paid		(611,354)	(657,715)	(492,487)
Net cash inflow from operating activities		9,026,555	5,829,854	3,101,266
Cash flows from investing activities:				
Acquisition of property, plant and equipment	11	(3,195,069)	(2,960,648)	(2,937,195)
Acquisition of intangible assets	12	(2,821,111)	(2,264,912)	(1,172,847)
Proceeds from sale of property, plant and equipment		81,192	103,864	58,740
Proceeds from (payments for) advances given for acquisition of property, plant and equipment		156,936	(204,817)	205,580
Contribution of increase of share capital in joint ventures/associates		(38,000)	(19,500)	-
Proceeds from sale of subsidiary		2,219,644	118,528	-
Payments for held to maturity investment		-	-	(11,992)
Cash inflows from financial asset at fair value through other comprehensive income		84,655	-	-
Cash outflows from financial asset at fair value through other comprehensive income		(369,591)	(39,877)	-
Interest received		854,018	731,793	553,066
Net cash outflow from investing activities		(3,027,326)	(4,535,569)	(3,304,648)
Cash flows from financing activities:				
Dividends received for treasury share		7,380	9,399	-
Proceeds from derivative instruments		1,924,363	1,054,345	-
Repayments of derivative instruments		(1,101,876)	(710,522)	-
Proceeds from issues of loans and borrowings		29,060,490	44,341,070	24,102,643
Proceeds from issues of bonds		311,649	2,188,313	209,808
Repayment of borrowings		(31,297,901)	(43,987,127)	(22,265,088)
Repayment of bonds		(225,794)	(191,312)	(379,660)
Dividends paid to shareholders		(1,010,000)	(1,900,000)	(2,990,706)
Dividends paid to non-controlling interest in subsidiaries		(125,027)	(58,778)	(60,222)
Acquisition of treasury shares		(9,998)	(94,620)	-
(Increase)/decrease in cash collateral related to loans		204,077	(20,272)	(183,518)
Payments of lease liabilities		(1,215,320)	(1,164,879)	-
Net cash outflow from financing activities		(3,477,957)	(534,383)	(1,566,743)
Net increase/(decrease) in cash and cash equivalents		2,521,272	759,902	(1,770,125)
Cash and cash equivalents at 1 January		7,419,239	4,712,333	6,052,352
Effects of exchange rate changes on cash and cash equivalents		298,204	1,947,004	430,106
Cash and cash equivalents at 31 December	24	10,238,715	7,419,239	4,712,333

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TURKCELL ILETISIM HIZMETLERI AS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

(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

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TURKCELL İLETİSİM HİZMETLERİ AŞ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in Turkish Liras unless otherwise stated.)

1. Reporting entity

Turkcell İletişim Hizmetleri Anonim Şirketi (the “Company”) was incorporated in Turkey on 5 October 1993 and commenced its operations in 1994. The address of the Company’s registered office is Maltepe Aydınevler Mahallesi İnönü Caddesi No: 20, Kucukyali Ofispark/Istanbul. It is engaged in establishing and operating a Global System for Mobile Communications (“GSM”) network in Turkey and regional states.

In April 1998, the Company signed a license agreement (the “2G License”) with the Ministry of Transport and Infrastructure of Turkey (the “Turkish Ministry”), under which it was granted a 25-year GSM license in exchange for a license fee of USD 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 license, the Company pays in cash the Undersecretariat of the Treasury (the “Turkish Treasury”) a monthly tax levy, namely a '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. (“Turkcell Holding”), which holds 51% of the Company's shares as of 31 December 2019. The main shareholders of Turkcell Holding are Telia Finland Oy (“Telia”), Cukurova Group and Alfa Telecom Turkey Limited (“Alfa”) according to the information obtained from public sources.

In order to ensure compliance with corporate governance principles of the Capital Markets Board (“CMB”), three independent board members were appointed in 2013. Additionally, two board members were appointed at the General Assembly dated 29 April 2013 as per the resolution of CMB. Also in 2013, two members were chosen from the independent nominees list submitted by Telia to CMB. On 29 March 2018, in accordance with the shareholder proposal at the Ordinary General Assembly, three new members were elected to serve for 3 years instead of three members who are not among independent members appointed by the CMB. Two new board members were appointed on 7 and 8 March 2019 in lieu of board members who had resigned at various dates in 2019. These two board members were reappointed for 3 years in Ordinary General Assembly Meeting which was held on 12 September 2019. One of the board members resigned on 27 November 2019, and on 13 December 2019 a new board member was appointed for the vacant seat. The Company’s Board of Directors consists of a total of seven non-executive members including three independent members as of 31 December 2019.

TURKCELL ILETISIM HIZMETLERI AS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

(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 2019 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 40. The Company’s and each of its subsidiaries’ and associate’s financial statements are prepared as at and for the year ended 31 December 2019.

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 the Company 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 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 2018 were authorized for issue by the Board of Directors on 20 February 2019.

The consolidated financial statements as at and for the year ended 31 December 2019 were authorized for issue by the Board of Directors on 20 February 2020 and updated to reflect subsequent events after the original date of authorization 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,
- Financial asset at fair value through other comprehensive income

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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 recognized 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 recognized in other comprehensive income.

Foreign exchange gains and losses are recognized in profit or loss, except:

- For capitalized foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs eligible for capitalization.

Foreign exchange differences 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,
- Equity for each balance sheet presented is translated at historic cost at the date of transaction,
- 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 borrowings and other financial instruments designated as hedges of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or 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.

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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 judgment in applying the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Alterations 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 progresses.

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.

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 customers and costs related to 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 judgments impact the amount of reported revenue and costs but do not impact reported assets, liabilities or cash flows.

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 factors below:

- The Company is not the 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 compatibility of equipment delivered to customers
- The responsibility after sale belongs to the distributor and
- The Company does not make any modification on the equipment.

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2. Basis of preparation and summary of significant accounting policies (continued)

(d) Use of estimates and judgments (continued)

Multiple performance obligations and price allocation

In arrangements which include multiple performance obligations where the Group acts as principal, the Group considers that 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 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 it operates. 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 recognition of deferred tax assets is based upon whether it is probable that future taxable income will be available, against which the temporary differences can be utilized to the extent the recovery from future taxable income is not considered probable the deferred asset is adjusted accordingly. Recognition, therefore, involves judgment regarding the future financial performance of the particular legal entity in which the deferred tax asset has been recognized.

Provisions, contingent liabilities and contingent assets

As detailed and disclosed in Note 38, 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.

The Group recognizes liabilities in the consolidated financial statements for the resolution of pending litigation when management determines that a loss is probable and the amount of the loss can be reasonably estimated. No liability for an estimated loss is accrued in the consolidated financial statements for unfavorable outcomes when, after assessing the information available, (i) management concludes that it is not probable that a loss has been incurred in any of the pending litigation; or (ii) management is unable to estimate the loss or range of loss for any of the pending matters. The Group also discloses the contingency in circumstances where management concludes no loss is probable or reasonably estimable but it is reasonably possible that a loss may be incurred.

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2. Basis of preparation and summary of significant accounting policies (continued)

(d) Use of estimates and judgments (continued)

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.

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 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 is disclosed in Note 36.

(e) Changes in accounting policies

Other than the adoption of the new and revised standards as explained in Note 2(ab), the Group did not make any significant changes to its accounting policies during the current year.

As at 31 December 2019, interest income and expense on financial assets measured at amortized cost are shown netted of on consolidated statement of profit or loss (Note 8). The Company has presented financials of 31 December 2018 and 2017 accordingly which amount is TL 255,019 and TL 221,190.

As at 31 December 2018 revenue and cost of revenue from Turkcell Odeme Hizmetleri A.S. (“Turkcell Odeme”) has been classified under financial services which amounted to TL 177,203 (2017: TL 109,337) and TL (34,253) (2017: TL (15,119)) respectively, and trade receivables from Turkcell Odeme has been classified under receivables from financial services which amounted to TL 32,012 (Note 19). This classification has no impact on operating profit, profit for the year and cash flow statement.

(f) Changes in accounting estimates

If the application of changes in the accounting estimates affects the financial results of a specific period, the changes in the accounting estimates are applied in that specific period, if they affect the financial results of current and following periods; the accounting estimate is applied prospectively in the period in which such change is made. A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate.

The Company does not have significant changes in accounting estimates during the year.

(g) Comparative information and revision of prior period financial statements

The consolidated financial statements of the Group have been prepared consistent with prior periods.

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2. Basis of preparation and summary of significant accounting policies (continued)

(h) Principles of consolidation and equity accounting

(i) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination comprises:

- The fair value of the assets transferred,
- Liabilities incurred to the former owners of the acquired business,
- Equity interests issued by the Group,
- The fair value of any asset or liability resulting from a contingent consideration arrangement, and
- The fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previously held equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. Contingent consideration classified as equity is not subject to remeasurement. Instead, any gain or loss at settlement is recorded as an adjustment to equity through other comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

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2. Basis of preparation and summary of significant accounting policies (continued)

(h) Principles of consolidation and equity accounting (continued)

(ii) Subsidiaries

Subsidiaries comprise 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 on 14 April 2017 to Aktif Yatırım Bankası A.Ş. Turkcell Varlık Finansmanı Fund (the "Fund") founded by Aktif Yatırım Bankası A.Ş. in order to create funds for the 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 on 22 August 2017, third financial loans amounting to TL 90,272 on 16 February 2018, fourth financial loans amounting to TL 56,716 on 20 December 2018, fifth financial loans amounting to TL 45,983 on 24 July 2019, and sixth financial loans amounting to TL 69,183 on 30 December 2019. The first four-ABS programs where Turkcell Finansman acted as the source organization, were completed as of 31 December 2019. 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 financial statements. Moreover, the Company did not consolidate the Fund since the activities of the Fund are not controlled by the Company and the Fund has been defined as a structured entity.

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2. Basis of preparation and summary of significant accounting policies (continued)

(h) Principles of consolidation and equity accounting (continued)

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to the non-controlling and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

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.

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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 recognize 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

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 amortized 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(i) Financial instruments (continued)

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.

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.

(i) 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:

- Amortized 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 amortized 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 recognized 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized 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 amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

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2. Basis of preparation and summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Measurement (continued)

(ii) *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 recognized 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 recognized 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.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized 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 of 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 which applies both 12 month and lifetime ECL (general approach).

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. This policy had also been applied before 1 January 2018.

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 and 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.

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 36 for a description of the Group's impairment policies.

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2. Basis of preparation and summary of significant accounting policies (continued)

(i) Financial instruments (continued)

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.

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.

Derivatives and hedging activities

Derivatives are initially recognized 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 the value of the discounted future value of the difference between contract price level and forward value of CBRT exchange rate with risk fee rates for the period. Interest rate and currency swaps will be valued with the difference of the 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 recognized 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.

(i) 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 recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

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(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)

Derivatives and hedging activities (continued)

(i) Cash flow hedges that qualify for hedge accounting (continued)

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized 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 recognized 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:

- 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 recognized 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 recognized 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 recognized immediately in profit or loss.

The Group has started to apply hedge accounting as of 1 July 2018 for existing participating cross currency swap and cross currency swap transactions in accordance with IFRS 9 hedge accounting requirement. IFRS 9 includes new hedge accounting rules aiming alignment with risk management activities.

The Group enters into participating cross currency swap and cross currency swap transactions in order to hedge the changes in cash flows of foreign exchange denominated fixed and floating rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under “other comprehensive income/expense items to be reclassified to profit or loss” as a “hedging reserve” in equity, and the ineffective portion is recognized in profit or loss. The changes recognized in equity is reclassified and included in profit or loss in the same period when the hedged cash flows effect the profit or loss. In addition, time value of options included in participating cross currency swaps are accounted for cost of hedging and recognized under other comprehensive income.

The new effectiveness test model may be qualitative depending on the complexity of hedging relationship provided that it is prospective only. The 80-125% range in IAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

Under IFRS 9, a hedging relationship is discontinued in its entirety when as a whole it ceases to meet the qualifying criteria after considering the rebalancing of the hedging relationship. Voluntary discontinuation when the qualifying criteria are met is prohibited. Hedge accounting is discontinued when the risk management objective for the hedging relationship has changed, the hedging instrument expires or is sold, terminated or exercised, there is no longer an economic relationship between the hedged item and hedging instrument or when the effect of credit risk starts dominating the value changes that result from the economic relationship.

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2. Basis of preparation and summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Derivatives and hedging activities (continued)

(i) Cash flow hedges that qualify for hedge accounting (continued)

When the Group discontinues hedge accounting for a cash flow hedge it shall account for the amount that has been accumulated in the cash flow hedge reserve in accordance as follows;

-if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur.

-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.

(ii) Foreign currency hedge of net investments in foreign operations

The Company designates its foreign currency bank loans to hedge its net investment in a foreign operation. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognized in other comprehensive income while any gains or losses relating to the ineffective portion is recognized in the income statement. Tax effects of foreign exchange gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations is recognized under other comprehensive income as well.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement (Note 16).

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.

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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 36.

(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.

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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 recognized 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 36.

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 recognized 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 recognized in profit or loss, the impairment loss was reversed through profit or loss.

(j) 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, the 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 as transitioning out of hyperinflationary status and in 2015 it was 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. These are recognized included in profit or loss.

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2. Basis of preparation and summary of significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 recognized 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 derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iii) Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

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
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.

Other borrowing costs are expensed in the period in which they are incurred.

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2. Basis of preparation and summary of significant accounting policies (continued)

(k) 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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(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software such 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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Amortization methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

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2. Basis of preparation and summary of significant accounting policies (continued)

(k) Intangible assets (continued)

(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.

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:

Transmission line software	5 – 10 years
Central betting system operating right	7 – 10 years
Customer base	2 – 15 years
Brand name	9 – 10 years
Indefeasible right of use	15 years

Amortization methods, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(l) 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.

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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(m) 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 2019 and 2018, inventories mainly consisted of mainly mobile phones, modem, tablet, sim-cards, and tower construction materials.

(n) 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 and its value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. For the purposes of assessing impairment, assets are grouped at the lowest levels (cash-generating units) for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. 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.

(o) Employee benefits

(i) Short-term obligations

Liabilities for salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the statement of financial position.

(ii) Termination benefits

In accordance with the labor law in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. Such payments are calculated on the basis of 30 days' pay up to a of maximum full TL 6,380 as at 31 December 2019 (31 December 2018: TL 5,434), 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 2019 is 3.60% (31 December 2018: 4.41%). The reserve is calculated by estimating the present value of future probable obligation of the Company and its subsidiaries in Turkey arising from retirement of employees. Reserve for employee termination benefits is calculated annually by independent actuaries using the projected unit credit method.

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2. Basis of preparation and summary of significant accounting policies (continued)

(o) 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.

(p) 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 outflow 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(r) 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 price. 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 the time when delivered to the end customer. For device sales made to intermediaries, revenue is recognized the time 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 Group, 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 Group. In certain campaigns, dealers make the handset sale to the subscribers, the instalments of which will be collected by the Group based on the letters of undertaking signed by the subscribers. With the letter of undertaking, the dealer assigns its receivables from handset sales to the distributor and the distributor assigns its receivables to the Group.

The Group pays the distributor the 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 Group 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 Group collects the contracted receivables in installments during the contract period and does not recognize any revenue for the handset in these transactions as the Group does not act as principal for the sale of handset.

Starting from 2014, subscribers have the option to buy handsets using bank loans, the instalments of which are collected by the Group on behalf of the bank. The Group does not bear any credit risk in these transactions. Since the Group collects receivables during the contract period and acts as agent for the sale of handset, the Group does not recognize any revenue for the handset in these transactions.

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2. Basis of preparation and summary of significant accounting policies (continued)

(r) Revenue (continued)

Starting from 2016 the Group and distributors started to offer the option to buy a device through consumer financing loan, which will be collected by Turkcell Finansman. 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 in telecommunication services revenues.

Revenues from the betting business comprise of mainly the 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 the 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 QSC (“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 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 the 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 and such judgments 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(r) Revenue (continued)

The Company and the Ministry of Transport and Infrastructure of Turkey, Directorate General of Communications mutually agreed to extend the contract, to establish and operate mobile communication infrastructure and operation in uncovered areas, until 30 June 2020 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 2019, the Company has recognized TL 191,235 (31 December 2018: TL 376,765) 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 amortized on a straight-line basis over the customer lifetime 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 amortized on a straight line basis over the contact term.

(s) 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(s) Income taxes (continued)

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 recognized 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.

(t) 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(u) 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.

(v) 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, whereby 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 coordinated 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.

(w) 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(y) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized 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.

(z) 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, the Group 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.

(aa) 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 assesses 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. If these decision are predetermined;
 - 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
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

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 29).

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2. Basis of preparation and summary of significant accounting policies (continued)

(aa) Leases (continued)

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's incremental borrowing rate. The 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 if 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 extension 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, 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 uses the revised discount rate that reflects changes in the interest rate.

The Group recognizes 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 recognizes 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.

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2. Basis of preparation and summary of significant accounting policies (continued)

(aa) 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 recognized 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 capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, 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.

(ab) New standards and interpretations

i) **Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements**

The Group has elected to early adopt the 'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

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2. Basis of preparation and summary of significant accounting policies (continued)

(ab) New standards and interpretations (continued)

i) Amendments to IFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (continued)

In summary, the reliefs provided by the amendments that apply to the Group are:

- When considering the ‘highly probable’ requirement, the Group has assumed that the USD LIBOR interest rate on which our hedged debts are based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the USD LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by IBOR reform.
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Note 3 provides the required disclosures of the uncertainty arising from IBOR reform for hedging relationships for which the Group applied the reliefs.

ii) Standards, amendments and interpretations applicable as at 31 December 2019

- **Amendment to IFRS 9, “Financial instruments”**; effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized 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 recognize 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:

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2. Basis of preparation and summary of significant accounting policies (continued)

(ab) New standards and interpretations (continued)

ii) Standards, amendments and interpretations applicable as at 31 December 2019 (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
 - Recognize 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 recognized because of the impact of the asset ceiling.

iii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019

- **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

This amendment has no material effect on the Group’s financial statements.

- **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. This amendment has no material effect on the Group’s financial statements.
- **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. This amendment has no material effect on the Group’s financial statements.

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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 policies are set to determine and analyze the risks faced, to establish the appropriate risk limits and to observe the commitment to those limits. These policies are constantly reviewed to make sure they reflect the Group's operations and the changes in market conditions.

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 other comprehensive income, financial asset at amortize cost, derivative financial instruments, trade receivables, receivables from financial services, due from related parties and other assets (Note 36).

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 and 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 comprises 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.

The Group signs local and international derivate agreements in order to be able to execute financial derivative transactions with financial institutions that are believed to have sufficient credit ratings.

The Group's policy is to provide financial guarantees only to subsidiaries and distributors. At 31 December 2019, guarantees of TL 3,323,318 were outstanding (31 December 2018: TL 4,988,580).

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 632,022 (31 December 2018: TL 587,007) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (Note 36) 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.

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3. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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 currencies 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.

Details of the Company's foreign exchange risk is disclosed in Note 36.

(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 36) and to that extent are also exposed to the risk of future changes in market interest rates.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes. The Group's risk exposure that is directly affected by the interest rate benchmark reform is its USD 65,338 7-year floating-rate debt. The Group has hedged this debt with participating cross currency swap, and it has designated the participating cross currency swap in a cash flow hedge of the variability in cash flows of the debt, due to changes in 6-month USD LIBOR that is the current benchmark interest rate. The nominal amount of the hedging instruments in those hedging relationships is USD 65,338.

The Group treasury department oversees The Group's USD LIBOR transition plan. This transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Group currently anticipates that the areas of greatest change will be amendments to the contractual terms of USD LIBOR-referenced floating-rate debt and participating cross currency swap, and updating hedge designations.

Effect of IBOR reform – significant assumptions

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to an alternative benchmark rate during 2022, and the spread will be similar to the spread included in the participating cross currency swap used as the hedging instrument;

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3. Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Effect of IBOR reform – significant assumptions (continued)

- No other changes to the terms of the floating-rate debt are anticipated; and
- The Group has incorporated the uncertainty over when the floating-rate debt will move to an alternative benchmark rate, the resulting adjustment to the spread, and the other aspects of the reform that have not yet been finalized by adding an additional spread to the discount rate used in the calculation.

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 the Company, Turkcell Superonline İletişim Hizmetleri A.Ş. (“Turkcell Superonline”), Turkcell Satis ve Dijital İş Servisleri Hizmetleri A.Ş. (“Turkcell Satis”), group call center operations of Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş. (“Turkcell Global Bilgi”), Turktell Bilisim Servisleri A.Ş. (“Turktell”), Turkcell Teknoloji Arastırma ve Gelistirme A.Ş. (“Turkcell Teknoloji”), Kule Hizmet ve İşletmecilik A.Ş. (“Global Tower”), Rehberlik Hizmetleri Servisi A.Ş. (“Rehberlik”) and Turkcell Gayrimenkul Hizmetleri A.Ş. (“Turkcell Gayrimenkul”). Turkcell International reportable segment includes the operations of Kibris Mobile Telekomunikasyon Limited Sirketi (“Kibris Telekom”), East Asian Consortium B.V. (“Eastasia”), Lifecell LLC (“lifecell”), Lifecell Ventures Coöperatief U.A (“Lifecell Ventures”), Beltel Telekomunikasyon Hizmetleri A.Ş. (“Beltel”), CJSC Belarusian Telecommunications Network (“Belarusian Telecom”), LLC UkrTower (“UkrTower”), LLC Global Bilgi (“Global LLC”), Turkcell Europe GmbH (“Turkcell Europe”), Lifetech LLC (“Lifetech”), Beltower LLC (“Beltower”) 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. The other reportable segment mainly comprises the information and entertainment services in Turkey and Azerbaijan, non-group call center operations of Turkcell Global Bilgi, Turkcell Finansman, Turkcell Özel Finansman A.Ş. (“TÖFAŞ”), Turkcell Enerji Cozumleri ve Elektrik Satis Ticaret A.Ş. (“Turkcell Enerji”) Paycell LLC, Turkcell Odeme, Turkcell Sigorta Aracılık Hizmetleri A.Ş. (“Turkcell Sigorta”), Türkiye’nin Otomobili 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.

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4. Segment information (continued)

	Turkcell Turkey		Turkcell International		All other segments		Intersegment eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total segment revenue	21,487,156	18,092,586	2,002,789	1,456,980	2,217,979	2,113,681	(570,789)	(370,772)	25,137,135	21,292,475
Inter-segment revenue	(79,318)	(46,355)	(94,703)	(69,657)	(396,768)	(254,760)	570,789	370,772	-	-
Revenues from external customers	21,407,838	18,046,231	1,908,086	1,387,323	1,821,211	1,858,921	-	-	25,137,135	21,292,475
Adjusted EBITDA	8,789,179	7,403,822	903,896	612,697	765,798	801,687	(32,454)	(30,224)	10,426,419	8,787,982
Net impairment losses on financial and contract assets	(223,879)	(248,171)	(5,109)	(4,088)	(109,869)	(94,131)	-	-	(338,857)	(346,390)

	Turkcell Turkey		Turkcell International		All other segments		Intersegment eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total segment revenue	18,092,586	15,340,866	1,456,980	1,067,078	2,113,681	1,297,545	(370,772)	(73,425)	21,292,475	17,632,064
Inter-segment revenue	(46,355)	(31,757)	(69,657)	(40,897)	(254,760)	(771)	370,772	73,425	-	-
Revenues from external customers	18,046,231	15,309,109	1,387,323	1,026,181	1,858,921	1,296,774	-	-	21,292,475	17,632,064
Adjusted EBITDA	7,403,822	5,504,124	612,697	263,962	801,687	467,580	(30,224)	(7,412)	8,787,982	6,228,254
Net impairment (losses)/gains on financial and contract assets	(248,171)	49,468	(4,088)	(6,070)	(94,131)	(79,676)	-	-	(346,390)	(36,278)

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4. Segment information (continued)

	2019	2018	2017
Profit for the period	3,276,690	2,177,335	2,037,759
<i>Add(Less):</i>			
(Profit)/loss from discontinued operations	(772,436)	-	-
Profit from continuing operations	2,504,254	2,177,335	2,037,759
Income tax expense	785,630	495,481	571,758
Finance income	(297,450)	(1,677,114)	(597,246)
Finance costs	2,025,118	3,364,072	920,112
Other income	(140,705)	(241,435)	(74,438)
Other expenses	487,295	381,582	773,329
Depreciation and amortization	5,046,565	4,287,974	2,596,980
Share of loss of equity accounted investees	15,712	87	-
Consolidated adjusted EBITDA	10,426,419	8,787,982	6,228,254

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.

	2019	2018	2017
Revenues			
Turkey	23,229,046	19,636,682	16,431,863
Ukraine	1,322,116	923,181	664,643
Belarus	366,314	293,181	209,884
Turkish Republic of Northern Cyprus	209,109	169,014	148,637
Netherlands	8,396	366	-
Germany	2,154	1,580	3,016
Azerbaijan	-	268,471	174,021
	25,137,135	21,292,475	17,632,064

	31 December 2019	31 December 2018
Non-current assets		
Turkey	22,737,468	21,037,351
Ukraine	3,030,095	2,751,277
Belarus	219,281	293,622
Turkish Republic of Northern Cyprus	198,732	177,380
Unallocated non-current assets	197,255	168,536
	26,382,831	24,428,166

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5. Revenue

	Turkcell Turkey		Turkcell International		Other		Intersegment eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Telecommunication services	19,157,657	16,636,497	1,780,793	1,281,595	-	-	(60,147)	(58,335)	20,878,303	17,859,757
Equipment revenues	2,130,135	1,209,745	115,905	101,350	-	-	-	-	2,246,040	1,311,095
Revenue from financial services	-	-	-	-	1,141,712	1,121,768	(839)	(2,647)	1,140,873	1,119,121
Call center revenues	21,851	12,954	17,008	9,763	308,126	211,195	(34,542)	(30,740)	312,443	203,172
Commission fees on betting business	-	-	-	-	132,300	200,315	-	-	132,300	200,315
Revenue from betting business	-	-	-	-	-	268,470	-	-	-	268,470
Other	177,513	233,390	89,083	64,272	635,841	311,933	(475,261)	(279,050)	427,176	330,545
Total	21,487,156	18,092,586	2,002,789	1,456,980	2,217,979	2,113,681	(570,789)	(370,772)	25,137,135	21,292,475

	Turkcell Turkey		Turkcell International		Other		Intersegment eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Telecommunication services	16,636,497	14,159,955	1,281,595	952,246	-	-	(58,335)	(71,143)	17,859,757	15,041,058
Equipment revenues	1,209,745	1,033,647	101,350	69,801	-	-	-	-	1,311,095	1,103,448
Revenue from financial services	-	-	-	-	1,121,768	715,754	(2,647)	(754)	1,119,121	715,000
Call center revenues	12,954	8,395	9,763	7,706	211,195	224,973	(30,740)	(8,395)	203,172	232,679
Commission fees on betting business	-	-	-	-	200,315	181,886	-	-	200,315	181,886
Revenue from betting business	-	-	-	-	268,470	174,021	-	-	268,470	174,021
Other	233,390	138,869	64,272	37,325	311,933	911	(279,050)	6,867	330,545	183,972
Total	18,092,586	15,340,866	1,456,980	1,067,078	2,113,681	1,297,545	(370,772)	(73,425)	21,292,475	17,632,064

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5. Revenue (continued)

	2019				
	Turkcell Turkey	Turkcell International	Other	Intersegment eliminations	Consolidated
Telecommunication Services	19,157,657	1,780,793	-	(60,147)	20,878,303
At a point in time	198,734	10,555	-	-	209,289
Over time	18,958,923	1,770,238	-	(60,147)	20,669,014
Equipment Related	2,130,135	115,905	-	-	2,246,040
At a point in time	2,050,055	115,905	-	-	2,165,960
Over time	80,080	-	-	-	80,080
Revenue from financial operations	-	-	1,141,712	(839)	1,140,873
At a point in time	-	-	222,930	(839)	222,091
Over time	-	-	918,782	-	918,782
Call Center	21,851	17,008	308,126	(34,542)	312,443
At a point in time	-	-	-	-	-
Over time	21,851	17,008	308,126	(34,542)	312,443
Commission fees on betting business	-	-	132,300	-	132,300
At a point in time	-	-	-	-	-
Over time	-	-	132,300	-	132,300
Revenue from betting business	-	-	-	-	-
At a point in time	-	-	-	-	-
Over time	-	-	-	-	-
All other segments	177,513	89,083	635,841	(475,261)	427,176
At a point in time	37,726	19,300	2,306	(657)	58,675
Over time	139,787	69,783	633,535	(474,604)	368,501
Total	21,487,156	2,002,789	2,217,979	(570,789)	25,137,135
At a point in time	2,286,515	145,760	225,236	(1,496)	2,656,015
Over time	19,200,641	1,857,029	1,992,743	(569,293)	22,481,120

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5. Revenue (continued)

	2018				
	Turkcell Turkey	Turkcell International	Other	Intersegment eliminations	Consolidated
Telecommunication Services	16,636,497	1,281,595	-	(58,335)	17,859,757
At a point in time	102,524	-	-	(11,504)	91,020
Over time	16,533,973	1,281,595	-	(46,831)	17,768,737
Equipment Related	1,209,745	101,350	-	-	1,311,095
At a point in time	1,203,058	101,350	-	-	1,304,408
Over time	6,687	-	-	-	6,687
Revenue from financial operations	-	-	1,121,768	(2,647)	1,119,121
At a point in time	-	-	254,383	(2,647)	251,736
Over time	-	-	867,385	-	867,385
Call Center	12,954	9,763	211,195	(30,740)	203,172
At a point in time	-	-	-	-	-
Over time	12,954	9,763	211,195	(30,740)	203,172
Commission 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
All other segments	233,390	64,272	311,933	(279,050)	330,545
At a point in time	142,504	8,556	7,576	-	158,636
Over time	90,886	55,716	304,357	(279,050)	171,909
Total	18,092,586	1,456,980	2,113,681	(370,772)	21,292,475
At a point in time	1,448,086	109,906	261,959	(14,151)	1,805,800
Over time	16,644,500	1,347,074	1,851,722	(356,621)	19,486,675

6. Other income and expense

Other income amounted to TL 140,705, TL 241,435 and TL 74,438 for the years ended 31 December 2019, 2018 and 2017, respectively.

Other income for the year ended 31 December 2019 comprises gain on sale of fixed assets amounted to TL 47,169, rent income amounted to TL 6,522 and other miscellaneous expenses. Other income for the year ended 31 December 2018 consists of gain on sale of fixed assets amounted to TL 43,727, reversal of legal provisions amounted to TL 21,054 and other miscellaneous expenses. Other income for the year ended 31 December 2017 comprises gain on sale of fixed assets amounted to TL 33,837 and other miscellaneous expenses.

Other expenses amounted to TL 487,295, TL 381,582 and TL 773,329 for years ended 31 December 2019, 2018 and 2017, respectively.

Other expenses for the year ended 31 December 2019 mainly consist of tax settlements, restructuring costs and litigation expenses amounted to TL 199,000, TL 91,710 and TL 29,444, respectively. Other expenses for the years ended 31 December 2018 and 2017 mainly consist of donations and litigation expenses amounted to TL 176,321 (2017: TL 113,085) and TL 87,099 (2017: TL 585,585).

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7. Employee benefit expenses

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Wages and salaries (*)	2,503,611	2,030,641	1,746,147
Employee termination benefits (**)	31,799	29,140	32,862
Defined contribution plans	12,785	9,361	8,107
	<u>2,548,195</u>	<u>2,069,142</u>	<u>1,787,116</u>

(*) Wages and salaries include compulsory social security contributions, bonuses and share based payments.

(**) Remeasurements of employee termination benefits for the years ended 31 December 2019, 2018 and 2017 amounting to TL 36,385, TL (12,699) and TL 3,738 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:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Interest income	288,010	395,045	278,599
Net fair value gains on derivative financial instruments and interest (*)	-	654,933	317,542
Cash flow hedges - reclassified to profit or loss (*)	-	568,370	-
Other	9,440	58,766	1,105
Finance income	<u>297,450</u>	<u>1,677,114</u>	<u>597,246</u>
Net foreign exchange losses	(1,039,618)	(2,695,045)	(718,501)
Net interest expenses for financial assets and liabilities measured at amortized cost	(864,492)	(552,101)	(193,311)
Net fair value losses on derivative financial instruments and interest (*)	(550,438)	-	-
Cash flow hedges - reclassified to profit or loss (*)	461,133	-	-
Other	(31,703)	(116,926)	(8,300)
Finance costs	<u>(2,025,118)</u>	<u>(3,364,072)</u>	<u>(920,112)</u>
Net finance costs	<u>(1,727,668)</u>	<u>(1,686,958)</u>	<u>(322,866)</u>

(*) Interest expense/income and fair value of derivative financial instruments are shown netted off in the consolidated statement of profit or loss.

Finance incomes for the years ended 31 December 2019, are mainly attributable to interest income on bank deposits.

Finance income for the years ended 31 December 2018 and 2017 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.

Net foreign exchange losses mainly include foreign exchange losses on borrowings, bonds issued and cash and cash equivalents.

Finance costs for year ended 31 December 2019, 2018 and 2017 are mainly attributable to the financing costs of borrowings, foreign exchange losses from operating and financing activities.

Foreign exchange losses from Belarusian Telecom and lifecell exclude foreign exchange losses incurred in the foreign operations' individual financial statements, which have been recognized directly in equity under foreign currency translation reserve in the consolidated financial statements in accordance with the accounting policy for net investment in foreign operations as disclosed in Note 2c.

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9. Income tax expense

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current income tax expense	(570,509)	(654,953)	(437,967)
Deferred income tax (expense)/credit	<u>(215,121)</u>	<u>159,472</u>	<u>(133,791)</u>
Total income tax expense	<u>(785,630)</u>	<u>(495,481)</u>	<u>(571,758)</u>

Income tax expense is attributable to profit from continuing operations.

Income tax relating to each component of other comprehensive income

	<u>Before tax</u>	<u>Tax (expense)/ credit</u>	<u>Net of tax</u>
2019			
Foreign currency translation differences	536,796	(99,234)	437,562
Change in cash flow hedge reserve	(217,877)	47,933	(169,944)
Change in cost of hedging reserve	75,605	(16,634)	58,971
Fair value reserve	4,451	(979)	3,472
Hedges of net investments in foreign operations	(55,389)	12,186	(43,203)
Remeasurements of employee termination benefits	<u>(36,385)</u>	<u>8,005</u>	<u>(28,380)</u>
	<u>307,201</u>	<u>(48,723)</u>	<u>258,478</u>
2018			
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	<u>12,699</u>	<u>(2,794)</u>	<u>9,905</u>
	<u>534,441</u>	<u>(157,203)</u>	<u>377,238</u>
2017			
Foreign currency translation differences	100,149	(107,299)	(7,150)
Remeasurements of employee termination benefits	<u>(3,738)</u>	<u>748</u>	<u>(2,990)</u>
	<u>96,411</u>	<u>(106,551)</u>	<u>(10,140)</u>

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9. Income tax expense (continued)

Reconciliation of income tax expense

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Profit from continuing operations before income tax expense	3,289,884	2,672,816	2,609,517
(Loss) from discontinued operations before income tax expense	772,436	-	-
Profit before income tax expense	<u>4,062,320</u>	<u>2,672,816</u>	<u>2,609,517</u>
Tax at the Turkey's tax rate	(893,710)	(588,020)	(521,903)
Difference in overseas tax rates	(12,580)	7,617	4,133
Effect of exemptions (*)	123,878	198,160	73,916
Effect of amounts which are not deductible and permanent differences	(134,538)	(91,778)	(102,102)
Tax exemption from subsidiary sale (**)	169,936	24,268	-
Change in unrecognized deferred tax assets (***)	(46,865)	(50,551)	(41,340)
Adjustments for current tax of prior years	3,880	2,510	11,280
Tax effect of investment in associate and joint venture	2,592	-	-
Other	1,777	2,313	4,258
Total income tax expense	<u>(785,630)</u>	<u>(495,481)</u>	<u>(571,758)</u>

(*) Mainly comprises of research and development tax credit exemption effect. For the year ended 31 December 2018, includes the exemption effect of Fintur amounted to TL 76,164.

(**) For the years ended 31 December 2019 and 2018, includes the Group's transfer of its total shareholding in Fintur and Azerinteltek, respectively (Note 39).

(***) 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 5 December 2017, Turkey's Law No. 7061 on the Amendment of Certain Tax Laws and Some Other Laws, and which was adopted on 28 November 2017, was published in the Official Gazette. The Law increases the corporate tax rate under 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. The corporate tax rate is expected to decrease to 20% from 2021 onwards.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th day of the fourth month following the closing of the accounting year to which they relate. Corporate tax payment is made by the end of the month in which the tax return is filed. The tax authorities may, however, examine such returns and the underlying accounting records, and may revise assessments within a five-year period. Advance tax returns are filed on a quarterly basis.

In Turkey, the transfer pricing provisions have been stated under 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 out the details of implementation.

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9. Income tax expense (continued)

If a taxpayer enters into transactions regarding the 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 the 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% of the profits arising from the sale of immovable properties included in the assets of corporations for two years are exempted from corporate tax. The exemption rate had been 75% prior to this date. In order to benefit from these exemptions, profits must be recorded under a passive fund account on the 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 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 Presidential Decree dated 29 August 2018 and numbered 48, the terms of the Article have 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 have 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.

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10. Expenses by nature

Breakdown of expenses by nature for the years ended 31 December 2019, 2018 and 2017 is as follows:

Cost of revenue:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Depreciation and amortization (*)	(5,046,565)	(4,287,974)	(2,596,980)
Cost of goods sold	(2,278,283)	(1,284,180)	(965,054)
Treasury share	(2,191,427)	(1,884,556)	(1,669,807)
Interconnection and termination expenses	(1,909,614)	(1,763,414)	(1,607,079)
Employee benefit expenses	(1,501,617)	(1,193,953)	(1,041,755)
Frequency expenses	(802,950)	(622,390)	(278,727)
Radio expenses	(734,583)	(508,884)	(844,941)
Transmission expenses	(335,980)	(326,080)	(218,221)
Universal service fund	(297,053)	(256,454)	(221,431)
Cost of revenue from financial services (**)	(240,297)	(378,477)	(283,000)
Roaming expenses	(238,147)	(226,806)	(177,258)
Billing and archiving expenses	(48,970)	(50,929)	(55,185)
Others	(1,457,994)	(1,361,896)	(1,390,736)
	<u>(17,083,480)</u>	<u>(14,145,993)</u>	<u>(11,350,174)</u>

(*) As at 31 December 2019, depreciation and amortization expenses include depreciation and amortization expenses related to the financial services amounting to TL 26,478 (31 December 2018: TL 16,321; 31 December 2017: TL 8,828).

(**) As at 31 December 2019, cost of revenue from financial services includes employee benefit expenses related to the financial services amounting to TL 11,358 (31 December 2018: TL 8,532; 31 December 2017: TL 4,789).

Selling and marketing expenses:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Marketing expenses	(554,538)	(551,127)	(532,989)
Employee benefit expenses	(551,801)	(440,976)	(394,421)
Selling expenses	(349,269)	(555,158)	(898,936)
Frequency usage fees related to prepaid subscribers (**)	-	-	(82,994)
Others	(99,581)	(79,453)	(96,080)
	<u>(1,555,189)</u>	<u>(1,626,714)</u>	<u>(2,005,420)</u>

(**) Starting from 1 January 2018, frequency usage fees related to prepaid subscribers are shown under net impairment losses on financial and contract assets according to IFRS 9.

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10. Expenses by nature (continued)

Administrative expenses:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employee benefit expenses	(483,419)	(425,681)	(346,151)
Collection expenses	(57,097)	(37,525)	(20,415)
Consultancy expenses	(51,308)	(38,252)	(50,247)
Travel and entertainment expenses	(34,644)	(38,406)	(30,957)
Maintenance and repair expenses	(26,610)	(26,867)	(24,342)
Rent expenses	-	-	(36,280)
Net impairment expense recognized on receivables	-	-	(36,278)
Other	(126,677)	(106,639)	(100,526)
	<u>(779,755)</u>	<u>(673,370)</u>	<u>(645,196)</u>

Net impairment losses on financial and contract assets:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net impairment losses on financial and contract assets	(338,857)	(346,390)	-
	<u>(338,857)</u>	<u>(346,390)</u>	<u>-</u>

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11. Property, plant and equipment

Cost	Balance as at 1 January 2019	Additions	Disposals	Transfers	Impairment expenses/ (reversals)	Effects of movements in exchange rates	Balance as at 31 December 2019
Network infrastructure (All operational)	19,132,278	708,891	(756,889)	1,982,073	-	956,638	22,022,991
Land and buildings	929,901	52,877	-	220,637	-	7,908	1,211,323
Equipment, fixtures and fittings	803,500	97,225	(48,813)	1,446	-	13,051	866,409
Motor vehicles	40,106	3,833	(491)	-	-	1,070	44,518
Leasehold improvements	327,492	5,418	(7)	317	-	2,617	335,837
Construction in progress	512,087	2,354,918	(2,058)	(2,216,841)	(3,125)	21,347	666,328
Total	21,745,364	3,223,162	(808,258)	(12,368)	(3,125)	1,002,631	25,147,406
Accumulated depreciation							
Network infrastructure (All operational)	9,446,217	2,006,650	(738,527)	31,327	14,543	622,603	11,382,813
Land and buildings	239,088	58,292	-	(16,359)	-	4,605	285,626
Equipment, fixtures and fittings	633,507	80,254	(39,143)	(11,440)	-	10,749	673,927
Motor vehicles	34,230	2,923	(296)	-	-	983	37,840
Leasehold improvements	276,006	30,776	(7)	-	339	1,595	308,709
Total	10,629,048	2,178,895	(777,973)	3,528	14,882	640,535	12,688,915
Net book amount	11,116,316	1,044,267	(30,285)	(15,896)	(18,007)	362,096	12,458,491

Depreciation expenses for the years ended 31 December 2019, 2018 and 2017 amounting to TL 2,196,902, TL 1,888,834 and TL 1,499,242, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on property, plant and equipment for the years ended 31 December 2019, 2018 and 2017 are TL 18,007, TL 34,382 and TL 39,721, 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 6.5%, 6.8% and 10.0%, TL 123,449 and TL 75,054 and TL 66,513 for the years ended 31 December 2019, 2018 and 2017 respectively.

Impaired network infrastructure mainly consists of damaged or technologically inadequate mobile and fixed network infrastructure investments.

Network infrastructure mainly consists of mobile and fixed network infrastructure investments.

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11. Property, plant and equipment (continued)

Cost	Balance as at 1 January 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

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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 149,443 at 31 December 2019 (31 December 2018: TL 195,425) 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 359,071 at 31 December 2019 (31 December 2018: TL 397,543) and is amortized over 25 years.

Turkcell - 4.5G License

On 26 August 2015, the “Authorization Tender on IMT Services and Infrastructure” publicly known as the 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 3,723,232 at 31 December 2019 (31 December 2018: TL 4,125,743).

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12. Intangible assets (continued)

Cost	Balance at 1 January 2019	Additions	Disposals	Transfers	Impairment	Effects of movements in exchange rates	Balance at 31 December 2019
Telecommunication licenses	8,722,998	8,871	(17,035)	29,161	-	388,622	9,132,617
Computer software	8,539,038	1,441,780	(44,952)	89,729	-	108,329	10,133,924
Transmission line software	73,139	1,240	-	-	-	-	74,379
Central betting system operating right	11,981	445	-	-	-	-	12,426
Indefeasible right of usage	117,618	-	-	-	-	-	117,618
Brand name	7,040	700	-	-	-	-	7,740
Customer base	15,512	-	-	-	-	-	15,512
Goodwill	32,834	-	-	-	-	-	32,834
Subscriber acquisition cost	2,034,053	1,232,539	(39,496)	-	-	21,763	3,248,859
Other	50,005	50,334	(61)	(8,972)	-	2,636	93,942
Construction in progress	18,007	85,202	-	(96,991)	(585)	7,819	13,452
Total	19,622,225	2,821,111	(101,544)	12,927	(585)	529,169	22,883,303
Accumulated amortization							
Telecommunication licenses	2,948,235	611,197	(17,035)	-	17	90,554	3,632,968
Computer software	5,481,895	768,238	(41,214)	7,770	1,902	71,542	6,290,133
Transmission line software	67,017	4,585	-	-	-	-	71,602
Central betting system operating right	12,074	301	-	-	-	-	12,375
Indefeasible right of usage	31,855	8,565	-	-	-	-	40,420
Brand name	7,040	-	-	-	-	-	7,040
Customer base	12,211	437	-	-	-	-	12,648
Subscriber acquisition cost	974,200	495,861	(39,496)	-	-	17,041	1,447,606
Other	37,526	29,032	(61)	(7,940)	36	1,856	60,449
Total	9,572,053	1,918,216	(97,806)	(170)	1,955	180,993	11,575,241
Net book amount	10,050,172	902,895	(3,738)	13,097	(2,540)	348,176	11,308,062

Amortization expenses for the years ended 31 December 2019, 2018 and 2017 amounting to TL 1,920,756, TL 1,580,319 and TL 1,095,401, respectively include impairment losses and are recognized in cost of revenue.

Impairment losses on intangible assets for the years ended 31 December 2019, 2018 and 2017 are TL 2,540, TL 3,232 and TL 1,986, 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 206,064 for the year ended 31 December 2019 (31 December 2018: TL 171,442). The amortization expenses related to capitalized software development costs for the years ended 31 December 2019, 2018 and 2017 amounting to TL 47,591, TL 40,934 and TL 37,532, respectively are recognized in cost of revenue.

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12. Intangible assets (continued)

Cost	Balance at 1 January 2018	Impact of IFRS 15 adaption	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	-	-	331,583	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	42,749	1,431,901	583,809	(37)	11	-	(191)	18,343	2,034,053
Other	127,637	-	7,473	-	(618,032)	-	-	22,587	50,005
Construction in progress	127,637	-	485,815	-	-	-	-	-	18,007
Total	15,678,873	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	-	-	-	(176)	12,078	974,200
Other	32,834	-	4,899	(31)	-	-	-	-	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

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13. Impairment of assets

The Group's cash-generating units (CGUs) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the CGU is estimated. The recoverable amount of the CGU is its fair value less cost of disposal. At 31 December 2019, no impairment test has been carried out since there is no impairment indicator in any of the Group's CGUs.

14. Investment properties

	31 December 2019	31 December 2018
Cost		
Opening balance	145,759	99,938
Addition	987	-
Transfer to property, plant and equipment	(100,463)	45,821
Closing balance	<u>46,283</u>	<u>145,759</u>
Accumulated depreciation		
Opening balance	(130,334)	(98,958)
Transfer to property, plant and equipment	103,262	(25,765)
Depreciation and impairment charges during the year	(2,928)	(5,611)
Closing balance	<u>(30,000)</u>	<u>(130,334)</u>
Net book amount	<u>16,283</u>	<u>15,425</u>

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: *income capitalization approach* and *market approach*. In estimating the fair values of the properties, the highest and best use of the property is its current use.

Rent income from investment properties during the year ended 31 December 2019 is TL 4,078 (31 December 2018: TL 3,092 and 31 December 2017: TL 2,821). There is TL 522 direct operating expense for investment properties during the year ended 31 December 2019 (31 December 2018: None and 31 December 2017: TL 22).

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14. Investment properties (continued)

The Group's investment properties and their fair values at 31 December 2019 and 2018 are as follows:

31 December 2019	Level 1	Level 2	Level 3	Valuation Method
Investment properties in Gebze	-	-	21,520	Income capitalization approach
Investment properties in Ankara	-	-	14,400	Market approach
Investment properties in Istanbul	-	-	14,585	Market approach
	<u>-</u>	<u>-</u>	<u>50,505</u>	
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
	<u>-</u>	<u>-</u>	<u>47,675</u>	

Significant unobservable inputs and sensitivity of fair values of respective investment properties are as follows:

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 current market conditions 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 similar areas with similar conditions will cause a significant increase/(decrease) in the fair value.

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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 as of from 1 October 2016, and in accordance with IFRS 5, Fintur has been measured at the lower of the carrying amount and fair value less costs to sell.

The delay in the sales process during 2018 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.

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.

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 Company signed the definitive agreement on 12 December 2018 to transfer its total shareholding in Fintur to the other shareholder of Fintur, Sonera Holding B.V. ("Sonera Holding"). The transfer to Sonera Holding and the transfer of proceeds completed on 2 April 2019 subsequent to obtainment of regulatory approvals on 29 March 2019. The final transaction value is realized as TL 2,229,595 (EUR 352,851). The share transfer has been completed in 2019, gain on sale of the associate, amounting to TL 772,436 has been recognized under profit from discounting operations in the consolidated financial statements.

Reconciliation of Fintur sales for the period ended 31 December 2019 is stated as below:

	31 December 2019
Consideration received or receivable:	
Cash	2,229,595
Total disposal consideration	2,229,595
Carrying amount of net assets sold	(1,825,292)
Gain on sale before income tax and reclassification of foreign currency translation reserve	404,303
Reclassification of foreign currency translation reserve	368,133
Income tax expense on gain	-
Gain on sale after income tax	772,436

Subsequent to recognition of Fintur disposal for the three months period ended 31 March 2019, the Company has recognized compensation expense, which has been paid on 23 July 2019 according to Kcell Share Purchase Agreement amounting to TL 59,224 (USD 10,448).

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17. Other non-current assets

	<u>2019</u>	<u>2018</u>
Prepaid expenses	133,914	89,603
Receivables from the Public Administration	72,848	72,848
Advances given for property, plant and equipment	59,959	216,894
Deposits and guarantees given	34,602	27,071
VAT receivable	1,902	2,318
Others	1,045	12,572
	<u>304,270</u>	<u>421,306</u>

18. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities at 31 December 2019 and 2018 are attributable to the following:

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Property, plant and equipment and intangible assets	145,242	106,128	(1,915,567)	(936,167)	(1,770,325)	(830,039)
Investment	32,926	32,926	-	-	32,926	32,926
Derivative instruments	24,303	15,380	(349,797)	(429,162)	(325,494)	(413,782)
Reserve for employee termination benefits and provisions	167,589	155,132	(36,289)	(45,581)	131,300	109,551
Tax losses carried forward	258,040	224,179	-	-	258,040	224,179
Tax allowances	59,176	20,554	-	-	59,176	20,554
Other assets and liabilities (*)	668,327	248,251	(30,238)	(101,268)	638,089	146,983
Deferred tax assets/(liabilities)	<u>1,355,603</u>	<u>802,550</u>	<u>(2,331,891)</u>	<u>(1,512,178)</u>	<u>(976,288)</u>	<u>(709,628)</u>
Offsetting	<u>(1,166,261)</u>	<u>(649,818)</u>	<u>1,166,261</u>	<u>649,818</u>	<u>-</u>	<u>-</u>
Net deferred tax assets/(liabilities)	<u>189,342</u>	<u>152,732</u>	<u>(1,165,630)</u>	<u>(862,360)</u>	<u>(976,288)</u>	<u>(709,628)</u>

(*) Mainly comprises of loans, bonds, prepaid expenses and lease liabilities deferred tax assets.

Movement in deferred tax assets/ (liabilities) for the years ended 31 December 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Opening balance	(709,628)	(555,062)
IFRS 9 and 15 effects	-	(141,213)
Income statement charge	(215,121)	159,472
Tax charge relating to components of other comprehensive income	(48,723)	(157,203)
Prior year corporate tax base differences	-	(8,608)
Exchange differences	(2,816)	(7,014)
Closing balance, net	<u>(976,288)</u>	<u>(709,628)</u>

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18. Deferred tax assets and liabilities (continued)

The Group did not recognize deferred income tax assets of TL 6,588,723 (31 December 2018: TL 5,310,000) in respect of tax losses amounting to TL 1,199,670 (31 December 2018: TL 972,730) that can be carried forward against future taxable income. The unused tax losses were incurred mainly 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:

<u>Expiration Date</u>	<u>Amount</u>
2020	297
2021	220,895
2022	135,055
2023	204,933
2024	346,592
2025	1,201,315
2026	51,353
2027	579,546
2028	169,906
Indefinite	3,678,831
Total	<u>6,588,723</u>

19. Trade receivables and accrued revenue

	<u>31 December 2019</u>	<u>31 December 2018</u>
Receivables from subscribers	2,090,242	1,647,236
Accounts and notes receivable	745,442	555,436
Undue assigned contracted receivables	298,291	271,306
	<u>3,133,975</u>	<u>2,473,978</u>

Trade receivables are shown net of provision for impairment amounting to TL 620,247, as at 31 December 2019 (31 December 2018: TL 728,830). Movements in provision for impairment of trade receivables and due from related parties are disclosed in Note 36. 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 36.

Letters of guarantee received with respect to the accounts and notes receivable amounted to TL 332,180 and TL 174,975 at 31 December 2019 and 2018, 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 by the Company in instalments. When the 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 amounted to TL 116,462 (31 December 2018: TL 115,001) is presented under non-current trade receivable amounted to TL 148,159 (31 December 2018: TL 115,001).

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20. Receivables from financial services

	31 December 2019	31 December 2018
Current receivables from financial services	2,319,122	3,318,255
Non-current receivables from financial services	123,136	884,686
	2,442,258	4,202,941

Movements in provision for impairment of receivables from financial services are disclosed in Note 36.

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 2019	31 December 2018
Contract assets	933,969	711,928
	933,969	711,928

Non-current contract assets:

	31 December 2019	31 December 2018
Contract assets	10,291	3,513
	10,291	3,513

The contract assets represent 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 2019, inventories amounting to TL 178,399 which consist of mainly mobile phone, modem, tablet, sim card and tower construction materials (31 December 2018: TL 180,434).

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23. Other current assets

	<u>31 December 2019</u>	<u>31 December 2018</u>
Receivables from the Ministry of Transport and Infrastructure of Turkey	669,621	415,524
Prepaid expenses	135,881	79,149
VAT receivable	109,777	65,123
Receivables from tax office	99,882	83,392
Advances given to suppliers	90,454	92,715
Other advances given (Note 40)	65,263	-
Restricted cash	-	204,077
Other	156,126	151,532
	<u>1,327,004</u>	<u>1,091,512</u>

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

	<u>31 December 2019</u>	<u>31 December 2018</u>
Cash in hand	131	144
Banks	10,238,310	7,413,113
- Demand deposits	632,022	587,007
- Time deposits	9,606,288	6,826,106
Other cash and cash equivalents	274	5,982
Cash and cash equivalents	<u>10,238,715</u>	<u>7,419,239</u>

As at 31 December 2019, the average effective interest rates of TL, USD and EUR time deposits are 10.7%, 2.3% and 0.4% (31 December 2018: 22.5%, 5.9% and 3.3%) respectively.

As at 31 December 2019, average maturity of time deposits is 38 days (31 December 2018: 35 days).

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25. Financial assets

Debt investments at fair value through other comprehensive income

Debt investments at FVOCI comprise the following investments in listed and unlisted securities:

Current Assets	31 December 2019	31 December 2018
Listed debt securities	345,602	42,454
	345,602	42,454

	Fair values		Fair value hierarchy	Valuation technique
	31 December 2019	31 December 2018		
Financial assets at fair value through other comprehensive income	345,602	42,454	Level 1	Pricing models based on quoted market prices at the end of the reporting period.
Total	345,602	42,454		

As of 31 December 2019 and 2018, the nominal and fair value amounts of financial assets are as follows:

31 December 2019			
Currency	Nominal amount (original currency)	Fair value (in TL)	Maturity
EUR	2,000	15,026	16 February 2026
EUR	10,000	67,773	5 February 2021
USD	300	1,878	21 February 2022
EUR	20,000	133,072	17 December 2021
EUR	17,990	121,456	29 May 2020
USD	1,000	6,397	10 August 2024
Total financial assets		345,602	

31 December 2018			
Currency	Nominal amount (original currency)	Fair value (in TL)	Maturity
EUR	6,981	42,454	16 February 2026
Total financial assets		42,454	

During the year, the following gains (losses) were recognized in other comprehensive income.

	31 December 2019	31 December 2018
Gains / (Losses) recognized in other comprehensive income		
Related to debt securities	3,472	-
	3,472	-

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26. Equity

Share capital

As at 31 December 2019, share capital represents 2,200,000,000 (31 December 2018: 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.

Each holder of shares is 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 2019		31 December 2018	
	(%)	TL	(%)	TL
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 2019, total number of shares pledged as security is 995,509 (2018: 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 2019, the Company purchased 827,750 of its shares on-market with prices ranging from full TL 11.89 to full TL 12.24. The buyback was approved by the Board of Directors on 27 July 2016 and 30 January 2017. Total amount of TL 9,998 was deducted from equity (2018: TL 94,620).

Dividends

Azerinteltek:

According to the two resolution of the General Assembly Meeting of Azerinteltek within 2018, shareholders decided to pay dividend amounting to AZN 5,959 (TL 13,103) from the profit realized for the last quarter of 2017, dividend payment was made in 2018. The share purchase agreement of Azerinteltek was signed on 15 November 2018 and the transfer of proceeds to Inteltek was completed on 27 December 2018. The 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.

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26. Equity (continued)

Dividends (continued)

Inteltek:

According to the resolution of the Ordinary General Assembly Meeting of Inteltek dated 15 March 2019, the shareholders resolved to pay a dividend amount equal to TL 232,875 out of profits for the year ended 31 December 2018 and a dividend out legal reserves amount equal to TL 9,742. The aggregate amount of dividends has been paid on 29 April 2019.

According to Board of Directors Resolution of Inteltek dated 16 October 2019 the advanced dividend payment has been made in 17 October 2019 amounting to TL 35,220 for the first six months of 2019 profit.

Turkcell:

On 12 September 2019, the Company's General Assembly has approved a dividend distribution for the year ended 31 December 2018 amounting to TL 1,010,000; this represents a gross cash dividend of full TL 0.45909 per share. The dividend has been paid to the shareholders on 31 October 2019.

27. Earnings per share

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Numerator:			
Profit attributable to owners of the Company	3,246,487	2,021,065	1,979,129
Denominator:			
Weighted average number of shares (*)	<u>2,183,922,483</u>	<u>2,184,750,233</u>	<u>2,193,184,437</u>
Basic and diluted earnings per share for profit attributable to owners of the Company (in full TL)	<u>1.49</u>	<u>0.93</u>	<u>0.90</u>

(*) Refer to Note 26 - Treasury shares

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Numerator:			
Profit from continuing operations attributable to owners of the Company	2,474,051	2,021,065	1,979,129
Denominator:			
Weighted average number of shares (*)	<u>2,183,922,483</u>	<u>2,184,750,233</u>	<u>2,193,184,437</u>
Basic and diluted earnings per share for profit from continuing operations attributable to owners of the Company (in full TL)	<u>1.14</u>	<u>0.93</u>	<u>0.90</u>

(*) Refer to Note 26 - Treasury shares

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Numerator:			
Profit from continuing operations attributable to owners of the Company	772,436	-	-
Denominator:			
Weighted average number of shares (*)	<u>2,183,922,483</u>	<u>2,184,750,233</u>	<u>2,193,184,437</u>
Basic and diluted earnings per share for profit from discontinued operations attributable to owners of the Company (in full TL)	<u>0.35</u>	<u>-</u>	<u>-</u>

(*) Refer to Note 26 - Treasury shares

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28. Other non-current liabilities

	<u>2019</u>	<u>2018</u>
Consideration payable in relation to the acquisition of Belarusian Telecom	359,554	358,304
Deferred revenue	303	2,497
Deposits and guarantees received from dealers	-	3,809
	<u>359,857</u>	<u>364,610</u>

A consideration payable in relation to the acquisition of Belarusian Telecom represents the present value of the long-term contingent consideration payables to the seller. Payment of USD 100,000 (equivalent to TL 594,020 as of 31 December 2019) is contingent on the financial performance of Belarusian Telecom, and based on management's estimations, where the amount is expected to be paid in instalments between 2026 and 2030 (31 December 2018: the first quarter of 2023). The discount rate used for calculating present value of the consideration payable in relation to the acquisition of Belarusian Telecom as of 31 December 2019 is in a range from 5.2% to 6.1% (31 December 2018: 9.5%).

29. Loans and borrowings

	<u>31 December 2019</u>	<u>31 December 2018</u>
Non-current liabilities		
Unsecured bank loans	6,092,170	7,244,992
Secured bank loans	-	1,862
Lease liabilities	1,101,303	1,026,955
Debt securities issued	5,483,921	4,845,827
	<u>12,677,394</u>	<u>13,119,636</u>
Current liabilities		
Unsecured bank loans	6,712,297	6,281,855
Secured bank loans	2,415	2,318
Lease liabilities	431,752	387,001
Debt securities issued	481,869	364,735
	<u>7,628,333</u>	<u>7,035,909</u>

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29. Loans and borrowings (continued)

As at 31 December 2019, the Company has utilized, USD 225,000 (equivalent to TL 1,336,545 as at 31 December 2019) and EUR 35,000 (equivalent to TL 232,771 as at 31 December 2019) comparatively, under loan agreement signed with China Development Bank (“CDB”).

The annual interest rates of the USD and EUR denominated loans utilized as part of the EUR 750,000 loan agreement between the Company and CDB, which were LIBOR + 2.22% and EURIBOR + 2.20%, have been revised as LIBOR + 2.17% and EURIBOR + 2.15%, respectively. The updated rates are effective as of 10 April 2019. There have been no changes to the maturity or the repayment terms of the loan.

The Company signed a loan agreement of USD 150,000 with J.P.Morgan and AB Svensk Exportkredit within the framework of the insurance of the Swedish Export Credit Agency (EKN). 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. As at 31 December 2019, the Company has utilized USD 50,000 under this agreement.

The Company signed a loan agreement of EUR 50,000 with BNP Paribas Fortis SA/NV for general corporate purposes. The respective loan has a maturity of 3 years and 1 week and its annual cost of funding is in Euribor + 2.05% - 1.85% range. Cost of funding can potentially decline to Euribor + 1.85% subject to meeting sustainability based environmental objectives set as part of the loan agreement. These objectives include recycling of electronic waste, use of solar energy for electricity consumption and reducing paper consumption through increased use of Dergilik application. As of 31 December 2019, the Company has utilized EUR 50,000 under this agreement.

As at 31 December 2019, the Company sold their debt securities issued with a total nominal value of USD 10,000 comprising portion of the debt securities issued previously added to its portfolio within the scope of the buy-back decisions dated 27 July 2016 and 30 January 2017.

In 2019, CMB approval has been taken on 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. As at 8 October 2019, the Company has issued management agreement based lease certificates through Halk Yatırım amounting TL 150,000 with the maturity of 4 February 2020.

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29. Loans and borrowings (continued)

Terms and conditions of outstanding loans are as follows:

	31 December 2019				31 December 2018			
	Currency	Interest rate type	Nominal interest rate	Payment period	Carrying amount	Nominal interest Rate	Payment period	Carrying amount
Unsecured bank loans	EUR	Floating	Euribor+1.3%-Euribor+2.2%	2020-2026	5,638,726	Euribor+1.2%-Euribor+3.4%	2019-2026	6,975,890
Unsecured bank loans	USD	Floating	Libor+1.5%-Libor+2.2%	2020-2028	4,478,457	Libor+2.0%-Libor+4.1%	2019-2026	4,589,157
Unsecured bank loans	TL	Fixed	9.5%-11.5%	2020	1,442,818	12.6%-25.0%	2019	873,914
Unsecured bank loans	UAH	Fixed	11.5%-18.0%	2020	1,043,883	21.5%-22.5%	2019	894,511
Unsecured bank loans	RMB	Fixed	5.5%	2020-2026	200,583	5.5%	2019-2026	193,375
Secured bank loans (*)	BYN	Fixed	11.5%	2020	2,415	12.0%-16.0%	2019-2020	4,180
Debt securities issued	USD	Fixed	5.8%	2020-2028	5,810,989	5.8%	2019-2028	5,135,565
Debt securities issued	TL	Fixed	14.0%	2020	154,801	24.5%	2019	74,997
Lease liabilities	EUR	Fixed	1.0%-7.9%	2020-2031	162,786	1.0%-7.9%	2019-2031	194,645
Lease liabilities	TL	Fixed	12.8%-45.0%	2020-2048	735,211	16.1%-45.0%	2019-2048	719,718
Lease liabilities	USD	Fixed	3.9%-10.8%	2020-2027	18,564	3.9%-10.8%	2019-2027	40,351
Lease liabilities	UAH	Fixed	16.6%-24.0%	2020-2067	521,496	16.6%-24.0%	2019-2067	418,390
Lease liabilities	BYN	Fixed	11.7%-15.0%	2020-2028	94,998	12.0%-15.0%	2019-2028	40,852
					20,305,727			20,155,545

(*) Belarusian Telecom pledged 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 37).

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30. Employee benefits

	31 December 2019	31 December 2018
Retirement pay liability provision	222,164	160,613
Unused vacation provision	72,167	64,134
	294,331	224,747

Provision for employee termination benefits

Movements in provision for employee termination benefits are as follows:

	2019	2018
1 January	160,613	149,449
Service cost	35,831	26,971
Remeasurements	36,385	(12,699)
Interest expense	25,566	16,957
Benefit payments	(36,231)	(20,065)
31 December	222,164	160,613

The sensitivity of provision for employee termination benefits to changes in the significant actuarial assumptions is:

31 December 2019	Discount Rate		Inflation Rate	
	1% increase	1% decrease	1% increase	1% decrease
Sensitivity Level				
Change in assumption	(14.2%)	17.4%	17.9%	(14.7%)
Impact on provision for employee termination benefits	(31,547)	38,657	39,767	(32,658)

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)

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 12,785, TL 9,361 and TL 8,107 in relation to defined contribution retirement plan for the years ended 31 December 2019, 2018 and 2017, 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 2019, the Group recognized expenses of TL 28,199 regarding this plan (31 December 2018: TL 26,224).

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31. Deferred revenue

Deferred revenue primarily consists of rent income and it is classified as current at 31 December 2019 and 2018. The amount of deferred revenue is TL 56,544 and TL 8,948 as at 31 December 2019 and 2018, respectively.

32. Contract liabilities

Current contract liabilities:

	31 December 2019	31 December 2018
Contract liabilities	290,408	255,756
	290,408	255,756

Non-current contract liabilities:

	31 December 2019	31 December 2018
Contract liabilities	141,890	131,598
	141,890	131,598

Contract liabilities primarily consists of right of use sold but not used by prepaid subscribers.

Revenue recognized in the current reporting period relates to carried forward contract liabilities is TL 255,756 (2018: TL 181,710).

The following table shows unrealized performance obligation result as of 31 December 2019;

	31 December 2019
Telecommunications service	182,023
Other (*)	480,362
Total	662,385

(*) Consists of Hospital Revenue

Management expects that 71% of the transaction price allocated to the unsatisfied contracts as of 31 December 2019 will be recognized as revenue during the next reporting period. The remaining 29% will be recognized in the 2020 financial year.

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33. Provisions

Non-current provisions:

	Legal claims	Obligations for dismantling, removing and site restoration	Total
Balance at 1 January 2019	9,364	259,358	268,722
Provisions recognized	12,187	29,080	41,267
Unwinding of discount	-	14,262	14,262
Transfer to current provisions	(7,916)	-	(7,916)
Effect of changes in exchange rates	-	21,069	21,069
Balance at 31 December 2019	13,635	323,769	337,404
	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

Provision for legal claims are recognized for the probable cash outflows related to legal disputes. Refer to Note 38.

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 6.1% at 31 December 2019 (31 December 2018: 5.1%).

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33. Provisions (continued)

Current provisions:

	<u>Legal claims</u>	<u>Bonus(*)</u>	<u>Total</u>
Balance at 1 January 2019	8,593	298,475	307,068
Provisions recognized	4,369	521,647	526,016
Payments	(4,344)	(501,234)	(505,578)
Transfers from non-current provisions	7,916	-	7,916
Effect of changes in exchange rates	1,306	6,084	7,390
Balance at 31 December 2019	17,840	324,972	342,812

	<u>Legal claims</u>	<u>Bonus(*)</u>	<u>Total</u>
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)
Unwinding of discount	26,185	-	26,185
Transfers from non-current provisions	5,381	-	5,381
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

(*) Includes share-based payment (Note 30).

(**) Refer to Note 38.1 and 38.3 for legal claim.

34. Trade and other payables

	<u>2019</u>	<u>2018</u>
Payable to suppliers	2,728,485	2,372,512
Accrued treasury share, universal service fund contribution and contributions to the ICTA's expenses	562,536	455,496
Taxes payable	523,584	465,966
Accrued selling and marketing expenses	100,792	91,747
Other	202,074	402,453
	4,117,471	3,788,174

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.

Accrued selling and marketing expenses mainly result from services received from third parties related to the marketing activities of the Group, but not yet invoiced.

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35. Derivative financial instruments

The fair value of derivative financial instruments at 31 December 2019 and 2018 are attributable to the following:

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Held for trading	443,880	72,539	709,617	131,097
Derivatives used for hedging	483,448	-	730,924	-
Total	927,328	72,539	1,440,541	131,097

At 31 December 2019, the total held for trading derivative financial assets of TL 845,513 (31 December 2018: TL 1,356,062) also includes a net accrued interest expense of TL 81,815 (31 December 2018: TL 84,479) and the total held for trading derivative financial liabilities of TL 86,617 (31 December 2018: TL 165,265) also includes a net accrued interest expense of TL 14,078 (31 December 2018: TL 34,168).

Derivatives used for hedging

Participating cross currency swap and cross currency swap contracts

The notional amount and the fair value of participating cross currency swap and cross currency swap contracts for hedging purposes at 31 December 2019 are as follows:

Currency	Sell	Currency	Buy	Fair Value	Maturity
	Notional amount		Notional amount		
<i>Participating cross currency swap contracts</i>					
TL	1,820,280	EUR	433,400	148,066	23 October 2025
TL	257,478	EUR	56,004	7,675	22 April 2026
TL	85,593	USD	18,668	21,581	22 April 2026
TL	145,000	USD	50,000	97,030	16 September 2020
TL	128,833	USD	33,333	57,280	16 September 2020
TL	97,833	USD	33,333	63,358	16 September 2020
TL	64,667	USD	16,667	28,394	16 September 2020
TL	245,951	USD	46,670	9,893	22 April 2026
<i>Cross currency swap contracts</i>					
TL	115,628	RMB	189,107	50,171	22 April 2026
Derivatives used for hedge accounting financial assets				483,448	

EUR 489,404 participating cross currency swap contracts includes TL 833,786 guarantees after the CSA agreement.

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35. Derivative financial instruments (continued)

Held for trading

Cross currency swap, participating cross currency swap, FX swap and option contracts

The notional amount and the fair value of cross currency swap, participating cross currency swap, FX swap and option contracts for hedging purposes at 31 December 2019 are as follows:

<u>Sell</u>		<u>Buy</u>		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>Cross currency swap contracts</i>					
TL	242,873	USD	70,500	178,968	16 September 2020
TL	269,451	USD	70,500	148,452	22 December 2020
TL	137,952	USD	24,000	5,625	20 March 2023
TL	138,816	USD	24,000	5,044	23 March 2023
TL	84,224	EUR	15,040	10,691	23 September 2021
TL	91,008	EUR	14,400	5,141	23 September 2021
TL	35,818	RMB	45,259	944	22 April 2026
<i>Participating cross currency swap contracts</i>					
TL	172,772	EUR	28,002	9,904	22 April 2026
TL	171,092	EUR	28,002	21,355	22 April 2026
TL	227,750	EUR	37,336	8,705	22 April 2026
TL	77,520	EUR	12,000	1,097	16 September 2020
TL	261,912	USD	46,670	12,195	22 April 2026
TL	108,349	USD	18,668	3,930	22 April 2026
TL	135,051	USD	23,335	4,674	22 April 2026
TL	215,354	USD	37,336	7,813	22 April 2026
TL	174,000	USD	30,000	1,506	15 June 2026
TL	186,050	USD	32,669	9,936	22 April 2026
<i>FX swap contracts (*)</i>					
USD	20,000	TL	117,860	67	27 February 2020
USD	20,000	TL	117,900	51	27 February 2020
<i>Option contracts</i>					
EUR	25,000	USD	28,038	186	3 January 2020
USD	50,000	TL	275,000	11	3 January 2020
Held for trading derivative financial assets				436,295	

(*) There will be a purchase of USD 40,000 on 27 May 2020 in exchange for TL 241,046 in terms of the FX swap contract dated 27 November 2019.

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35. Derivative financial instruments (continued)

Currency forward contracts

The notional amount and the fair value of currency forward contracts for trading purposes at 31 December 2019 are as follows:

Buy				
Currency	Notional amount	Fair Value	Maturity	
USD	30,000	2,081	28 February 2020	
USD	7,500	952	30 March 2020	
USD	7,500	916	29 June 2020	
USD	10,000	1,038	30 March 2020	
USD	10,000	1,016	29 June 2020	
USD	7,500	797	30 March 2020	
USD	7,500	785	29 June 2020	
Held for trading derivative financial assets		7,585		

Held for trading

FX swap, interest swap and participating cross currency swap contracts

The notional amount and the fair value of FX swap, interest swap and participating cross currency swap contracts for hedging purposes at 31 December 2019 are as follows:

Sell		Buy			
Currency	Notional amount	Currency	Notional amount	Fair Value	Maturity
<i>FX swap contracts</i>					
EUR	50,000	USD	55,488	(3,005)	07 January 2020
EUR	75,000	USD	83,232	(4,512)	07 January 2020
EUR	175,000	USD	194,560	(8,508)	08 January 2020
EUR	50,000	USD	55,588	(2,432)	08 January 2020
EUR	50,000	USD	55,588	(2,434)	08 January 2020
EUR	85,000	USD	94,397	(4,748)	08 January 2020
EUR	90,000	USD	100,492	(2,301)	21 January 2020
EUR	20,000	USD	22,332	(510)	21 January 2020
EUR	175,000	USD	195,346	(4,875)	22 January 2020
EUR	50,000	USD	55,825	(1,448)	28 January 2020
EUR	70,000	USD	78,154	(2,036)	28 January 2020
EUR	90,000	USD	100,484	(2,612)	28 January 2020
EUR	50,000	USD	55,825	(1,448)	28 January 2020
TL	11,211	USD	1,860	(3)	28 February 2020
<i>Interest swap contracts</i>					
USD	93,340	USD	93,340	(7,802)	22 April 2026
USD	46,670	USD	46,670	(3,101)	22 April 2026
USD	37,336	USD	37,336	(959)	22 April 2026
USD	32,669	USD	32,669	(849)	22 April 2026
<i>Participating cross currency swap contracts</i>					
TL	105,848	USD	18,668	(14,265)	22 April 2026
TL	162,552	USD	28,002	(4,691)	22 April 2026
Total held for trading derivative financial liabilities				(72,539)	

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35. Derivative financial instruments (continued)

Derivatives used for hedging

Participating cross currency swap and cross currency swap contracts

The notional amount and the fair value of participating cross currency swap and cross currency swap contracts for hedging purposes at 31 December 2018 are as follows:

Sell		Buy		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	91,700	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.

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35. Derivative financial instruments (continued)

Held for trading

FX swap, cross currency swap and participating cross currency swap contracts

The notional amount and the fair value of FX swap, cross currency swap, participating cross currency swap contracts for hedging purposes at 31 December 2018 are as follows:

<u>Sell</u>		<u>Buy</u>		Fair Value	Maturity
Currency	Notional amount	Currency	Notional amount		
<i>FX swap contracts</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	113,400	USD	20,000	(17,051)	22 April 2026
Total Held for trading derivative financial liabilities				(131,097)	

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35. Derivative financial instruments (continued)

Held for trading

Cross currency swap contracts

The notional amount and the fair value of cross currency swap contracts for hedging purposes at 31 December 2018 are as follows:

Sell		Buy		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	

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management

This section explains the judgments 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 of 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			Valuation Techniques
	31 December 2019	31 December 2018	Fair Value hierarchy	
a) Participating cross currency swap contracts (*)	495,436	653,142	Level 3	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	62,159	(24,199)		
-Derivatives used for hedging	433,277	677,341		
b) FX swap, currency, interest swap and option contracts	351,768	656,302	Level 2	Present value of the estimated future cash flows based on observable yield curves and end period FX rates
-Held for trading	301,597	602,719		
-Derivatives used for hedging	50,171	53,583		
c) Currency forward contracts	7,585	-	Level 2	Forward exchange rates at the balance sheet date
-Held for trading	7,585	-		

(*) Since the bid-ask spread is unobservable input; in the valuation of participating cross currency swap contracts, prices in the bid-ask price range that 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 116,684 lower as at 31 December 2019 (31 December 2018: TL 123,995).

There were no transfers between fair value hierarchy levels during the year.

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

The following tables present the Group's financial assets and financial liabilities measured and recognized at fair value at 31 December 2019 and 2018 on a hedge accounting basis:

		Fair values						
Currency	Nominal Value	Maturity Date	31 December 2019	31 December 2018	Fair Value hierarchy	Hedge Ratio	Change in intrinsic value of outstanding hedging instruments since 1 January	Change in value of hedging item used to determine hedge effectiveness
<i>Participating cross currency swap contracts</i>								
EUR Contracts	433,400	23 October 2025	148,066	208,462	Level 3	1:1	293,774	(293,774)
EUR Contracts	56,004	22 April 2026	7,675	64,670	Level 3	1:1	36,344	(36,344)
USD Contracts	133,333	16 September 2020	246,062	394,975	Level 3	1:1	61,424	(61,424)
USD Contracts	46,670	22 April 2026	9,893	-	Level 3	1:1	15,215	(15,215)
USD Contracts	18,668	22 April 2026	21,581	9,234	Level 3	1:1	13,436	(13,436)
<i>Cross currency swap contracts</i>								
CNY Contracts	189,107	22 April 2026	50,171	53,583	Level 2	1:1	19,172	(19,172)

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

		Fair values						
Currency	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
<i>Participating cross currency swap contracts</i>								
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)
<i>Cross currency swap contracts</i>								
CNY Contracts	202,600	22 April 2026	53,583	-	Level 2	1:1	15,600	(15,600)

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

Movements in the participating cross currency swap contracts for the years ended 31 December 2019 and 31 December 2018 are stated below:

	31 December 2019	31 December 2018
Opening balance	653,142	950,862
Cash flow effect	(582,580)	(612,466)
<i>Total gain/loss:</i>		
Gains recognized in profit or loss	424,874	314,746
Closing balance	495,436	653,142

Net off / Offset

The Company signed a Credit Support Annex (CSA) against the default risk of parties in respect of a EUR 433,400 participating cross currency swap transaction executed on 15 July 2016 and restructured respectively on 26 May 2017 and 9 August 2018. Additionally, in the 25 June 2019, The Company signed a new CSA to EUR 56,004 participating cross currency swap transaction. 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 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 to the Company EUR 224,843 as collateral (31 December 2019: TL 1,495,341) which was the amount exceeding the threshold and the Company transferred EUR 99,473 as collateral to the bank (31 December 2019: TL 661,555) which was the amount exceeding the threshold. 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 833,786 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 2019, were this transaction not conducted, derivative financial instruments assets would have been TL 1,679,299 and current borrowings TL 8,462,119.

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.

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35. 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, mostly with a maturity of over 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 the 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 recognized 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;

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35. Derivative financial instruments (continued)

Fair value of derivative instruments and risk management (continued)

Cash flow sensitivity analysis for variable-rate instruments

A reasonable potential 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 2019				
Participating cross currency swap contracts	376,920	519,967	(102,693)	(180,974)
Cross currency swap contracts	17,631	16,516	(16,644)	(18,114)
Cash Flow sensitivity (net)	394,551	536,483	(119,337)	(199,088)

	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)

36. 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:

		<u>2019</u>	<u>2018</u>
Trade receivables	19	3,282,134	2,588,979
Contract assets	21	944,260	715,441
Receivables from financial services	20	2,442,258	4,202,941
Cash and cash equivalents (*)	24	10,238,584	7,419,095
Participating cross currency swap and FX swap contracts	35	845,513	1,356,062
Other current assets (**)	23	99,882	287,469
Financial asset at fair value through profit or loss		5,368	9,409
Financial asset at fair value through other comprehensive income	25	345,602	42,454
Due from related parties	39	4,477	13,533
		<u>18,208,078</u>	<u>16,635,383</u>

(*) Cash in hand is excluded from cash and cash equivalents.

(**) Prepaid expenses, VAT receivable, 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.

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36. Financial instruments (continued)

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 2019 (*)	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 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
		Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	
Gross Carrying Amount	11,075,880	383,055	109,594	134,229	74,380	63,995	807,941	299,149	180,029	13,128,252						
Loss Allowance	22,884	5,013	8,284	9,497	12,666	11,415	243,399	177,160	137,260	627,578						

(*) Other Assets includes trade receivables, subscriber receivables, other assets, cash and cash equivalent and due from related parties.

Contract assets at 31 December 2019	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 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
		Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	
Gross Carrying Amount	948,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	948,950
Loss Allowance	4,690	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,690

Other assets from financial services at 31 December 2019 (**)	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 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
		Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	Due	Past Due	
Gross Carrying Amount	2,126,580	239,942	50,513	25,239	11,345	10,755	200,867	1,524	-	2,666,765						
Loss Allowance	15,773	2,780	859	452	5,466	5,036	131,645	1,489	-	163,500						

(**) Other Assets includes trade receivables, subscriber receivables, other assets and cash and cash equivalents from financial services.

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36. Financial instruments

Credit risk (continued)

Credit quality (continued):

Other assets at 1 January 2019 (*)	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 150 Days – 3 years Past Due		More Than 3 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
		More Than 30 Days Past Due	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	More Than 90 Days Past Due	More Than 120 Days Past Due	More Than 120 Days Past Due	More Than 150 Days Past Due	More Than 150 Days Past Due	More Than 150 Days – 3 years Past Due	More Than 150 Days – 3 years Past Due	More Than 3 - 4 years Past Due	More Than 3 - 4 years Past Due	More Than 4 - 5 years Past Due	More Than 4 - 5 years Past Due	
Gross Carrying Amount	8,550,197	211,558	80,337	57,336	42,857	25,363	754,732	272,547	319,298	10,314,225								
Loss Allowance	24,864	4,567	5,238	4,900	6,368	6,028	214,893	182,431	281,522	730,811								

(*) Other Assets includes trade receivables, subscriber receivables and other assets.

Contract assets at 1 January 2019	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 150 Days – 3 years Past Due		More Than 3 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
		More Than 30 Days Past Due	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	More Than 90 Days Past Due	More Than 120 Days Past Due	More Than 120 Days Past Due	More Than 150 Days Past Due	More Than 150 Days Past Due	More Than 150 Days – 3 years Past Due	More Than 150 Days – 3 years Past Due	More Than 3 - 4 years Past Due	More Than 3 - 4 years Past Due	More Than 4 - 5 years Past Due	More Than 4 - 5 years Past Due	
Gross Carrying Amount	722,811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	722,811
Loss Allowance	7,370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,370

Other assets from financial services at 1 January 2019 (**)	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 150 Days – 3 years Past Due		More Than 3 - 4 years Past Due		More Than 4 - 5 years Past Due		Total
		More Than 30 Days Past Due	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	More Than 90 Days Past Due	More Than 120 Days Past Due	More Than 120 Days Past Due	More Than 150 Days Past Due	More Than 150 Days Past Due	More Than 150 Days – 3 years Past Due	More Than 150 Days – 3 years Past Due	More Than 3 - 4 years Past Due	More Than 3 - 4 years Past Due	More Than 4 - 5 years Past Due	More Than 4 - 5 years Past Due	
Gross Carrying Amount	2,974,069	469,599	65,999	47,705	24,498	19,394	215,954	-	-	3,817,218								
Loss Allowance	25,655	6,767	1,690	1,242	10,793	8,651	145,475	-	-	200,273								

(**) Other Assets includes trade receivables, subscriber receivables, other assets and cash and cash equivalents from financial services.

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36. Financial instruments (continued)

Impairment losses

Individual receivables, which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet 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 reorganization, 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, contract assets, other assets and due from related parties are as follows:

	31 December 2019	31 December 2019
	Contract Asset	Other Asset
Opening balance	7,370	730,811
Provision for impairment recognized during the year	1,105	376,107
Amounts collected	-	(147,858)
Transfer	(3,785)	3,785
Receivables written off during the year as uncollectible	-	(346,049)
Exchange differences	-	10,782
Closing balance	4,690	627,578

	31 December 2018	31 December 2018
	Contract Asset	Other Asset
Opening balance	5,128	661,928
Provision for impairment recognized during the year	2,242	416,557
Amounts collected	-	(166,641)
Unused amount reversed (*)	-	(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

(*) 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 for.

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36. Financial instruments (continued)

Impairment losses (continued)

Movements in the provision for impairment of trade receivables, subscriber receivables, other assets and cash and cash equivalents from financial services are as follows:

	31 December 2019	31 December 2018
Opening balance	200,273	125,943
Provision for impairment recognized during the year	245,365	190,509
Amounts collected	(135,862)	(96,278)
Receivables written off during the year as uncollectible	(147,067)	-
Exchange differences	791	-
Unused amount reversed (*)	-	(19,901)
Closing balance	163,500	200,273

(*) 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 for.

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36. Financial instruments (continued)

Liquidity risk

The table below analyses the Group's financial liabilities by considering relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- gross settled derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows,

	31 December 2019					31 December 2018						
	Carrying Amount	Contractual cash flows	6 months or less	1-2 years	2-5 years	More than 5 Years	Carrying Amount	Contractual cash flows	6 months or less	1-2 years	2-5 years	More than 5 Years
Non-derivative financial liabilities												
Secured bank loans	2,415	(2,587)	(1,329)	(1,258)	-	-	4,180	(4,712)	(1,272)	(1,209)	(2,231)	-
Unsecured bank loans	12,804,467	(13,688,718)	(4,246,288)	(2,586,232)	(3,684,289)	(1,833,757)	13,526,847	(14,353,989)	(4,354,548)	(3,587,398)	(2,503,531)	(1,843,088)
Debt securities issued	5,965,790	(8,446,514)	(318,861)	(1,013,168)	(6,607,901)	(743,519)	5,210,562	(7,733,943)	(228,838)	(199,564)	(299,128)	(6,159,028)
Lease liabilities	1,333,055	(2,456,542)	(582,558)	(261,285)	(662,767)	(743,519)	1,413,956	(2,497,426)	(572,682)	(273,273)	(410,826)	(773,885)
Trade and other payables*	2,728,485	(2,789,258)	(2,694,568)	(94,690)	-	-	2,372,512	(2,440,300)	(2,440,300)	-	-	-
Due to related parties	12,082	(12,082)	-	-	-	-	45,331	(45,331)	-	-	-	-
Consideration payable in relation to acquisition of Belarusan Telecom (Note 28)	359,554	(594,020)	-	-	-	(594,020)	358,304	(526,090)	-	-	(526,090)	-
Derivative financial liabilities												
Participating Cross Currency Swap and FX swap contracts	86,617	(139,936)	(46,104)	(14,625)	(25,514)	(4,201)	165,265	97,761	55,377	12,960	14,522	14,902
Buy		8,577,016	6,947,440	130,640	254,156	708,073	536,707	3,444,271	2,519,383	193,800	249,288	481,800
Sell		(8,716,952)	(6,993,544)	(145,265)	(279,670)	(757,565)	(540,908)	(3,346,510)	(2,464,006)	(180,840)	(234,766)	(466,898)
TOTAL	23,492,465	(28,129,657)	(7,701,790)	(3,126,951)	(2,107,802)	(5,409,716)	23,096,957	(27,504,030)	(7,387,594)	(2,489,470)	(4,286,623)	(8,761,099)

* Advances received, license fee accruals, taxes and withholding taxes payable are excluded from trade and other payables.

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36. 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 2019		
	USD	EUR	RMB
Foreign currency denominated assets			
Other non-current assets	71	5,412	-
Financial asset at fair value through other comprehensive income	1,393	50,721	-
Due from related parties - current	152	581	-
Trade receivables and contract assets	17,383	38,496	-
Other current assets	10,602	4,979	-
Cash and cash equivalents	173,376	1,203,574	-
	202,977	1,303,763	-
Foreign currency denominated liabilities			
Loans and borrowings - non-current	(351,444)	(577,675)	(192,367)
Debt securities issued - non-current	(923,188)	-	-
Lease obligations - non-current	(2,399)	(19,282)	-
Other non-current liabilities	(60,529)	-	-
Loans and borrowings - current	(402,507)	(385,371)	(44,880)
Debt securities issued - current	(55,060)	-	-
Lease obligations - current	(725)	(5,178)	-
Trade and other payables - current	(156,320)	(44,103)	(555)
Due to related parties	(1,022)	(51)	-
	(1,953,194)	(1,031,660)	(237,802)
Loans defined as hedging instruments (*)	-	145,105	-
Exposure related to derivative instruments			
Participating cross currency swap and FX swap contracts	1,830,226	(430,816)	234,367
Net exposure	80,009	(13,608)	(3,435)

(*) The Company designated EUR 145,105 of bank loan, as hedging instruments in order to hedge the foreign currency risk arising from the translation of net assets of the subsidiaries operating in Europe from EUR to Turkish Lira. Foreign exchange gains/losses of the related loans are recognized under equity as "gains/(losses) on net investment hedges" in order to offset the foreign exchange gains/(losses) arising from the translation of the net assets of investments in foreign operations to Turkish Lira.

The table above shows the Company's distribution of balance sheet and derivative foreign exchange position should be taken into account with nominal values of the option transactions. The Company monitors the delta adjusted position of the option transactions. As of 31 December 2019, the Company has USD 129,825 net foreign currency position.

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36. Financial instruments (continued)

Foreign exchange risk (continued)

	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)	-	-
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)

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36. Financial instruments (continued)

Exposure to currency risk

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.

A 10% strengthening/weakening of the TL, UAH, BYN against the following currencies as at 31 December 2019 and 31 December 2018 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 2019				
	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1- USD net asset/liability	47,527	(47,527)	-	-
2- Hedged portion of USD risk (-)	-	-	(6,135)	6,135
3- USD net effect (1+2)	47,527	(47,527)	(6,135)	6,135
4- EUR net asset/liability	(9,050)	9,050	-	-
5- Hedged portion of EUR risk (-)	-	-	(39,558)	39,558
6- EUR net effect (4+5)	(9,050)	9,050	(39,558)	39,558
7- Other foreign currency net asset/liability (RMB)	(290)	290	-	-
8- Hedged portion of other foreign currency risk (-) (RMB)	-	-	(1,379)	1,379
9- Other foreign currency net effect (7+8)	(290)	290	(1,379)	1,379
Total (3+6+9)	38,187	(38,187)	(47,072)	47,072

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

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36. Financial instruments (continued)

Interest rate risk

As at 31 December 2019 and 2018 the interest rate profile of the Group's variable rate interest-bearing financial instruments was:

	Note	31 December 2019		31 December 2018	
		Effective Interest Rate	Carrying Amount	Effective interest rate	Carrying Amount
Variable rate instruments					
USD floating rate loans	29	4.4%	(4,478,622)	4.3%	(4,589,157)
EUR floating rate loans	29	2.2%	(5,638,725)	2.1%	(6,975,890)

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 2019 and 2018:

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
31 December 2019				
Variable rate instruments (financial liability)	(225,528)	225,528	-	-
Cash flow sensitivity (net)	<u>(225,528)</u>	<u>225,528</u>	<u>-</u>	<u>-</u>
31 December 2018				
Variable rate instruments (financial liability)	(234,196)	234,196	-	-
Cash flow sensitivity (net)	<u>(234,196)</u>	<u>234,196</u>	<u>-</u>	<u>-</u>

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 judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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36. 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 2019	31 December 2018		31 December 2019	31 December 2018	
Contingent consideration	359,554	358,304	Risk-adjusted discount rate	5.2% - 6.1%	9.5%	An increase/decrease in the discount rate by 100 bps would change FV by TL (28,622) and TL 31,460, respectively.
			Expected settlement date	in instalments between 2026-2030	first quarter of 2023	If expected settlement date increase/decrease by 1-year, FV would change by TL (19,588) and TL 20,720, respectively.

Changes in the consideration payable in relation to acquisition of Belarusian Telecom for the years ended 31 December 2019 and 31 December 2018 are stated below:

	2019	2018
Opening balance	358,304	323,691
Gains recognized in profit or loss	1,250	34,613
Closing balance	359,554	358,304

Financial assets:

Carrying values of a significant portion of financial assets do not differ significantly from their fair values due to their short-term nature. Fair values of financial assets are presented in Note 25.

Financial liabilities:

As at 31 December 2018, fair values of financial liabilities 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.

As at 31 December 2019, 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. Material differences are identified only for the following borrowings:

	Carrying amount	Fair value
Bank loans	4,149,275	4,192,304

As at 31 December 2019, 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 29), is TL 3,058,366 (31 December 2018: TL 2,380,855).

As at 31 December 2019, 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 29), is TL 2,961,300 (31 December 2018: TL 2,329,011).

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.

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37. Guarantees and purchase obligations

At 31 December 2019, outstanding purchase commitments with respect to property, plant and equipment, inventory, advertising and sponsorship amount to TL 819,508 (31 December 2018: TL 1,353,789). Payments for these commitments will be made within 4 years.

The Group is contingently liable in respect of letters of guarantee obtained from banks and given to public institutions and private entities, and financial guarantees provided to subsidiaries amounting to TL 4,842,015 at 31 December 2019 (31 December 2018: TL 6,530,374).

38. Commitments and Contingencies

License Agreements

Turkcell:

On 27 April 1998, the Company signed the Agreement for grant of concession for the establishment and Operation of the Pan-European Mobile Telephone System, GSM (hereinafter referred to as the "License Agreement") with the Turkish Ministry. In accordance with the License Agreement, the Company was granted a 25-year license for the provision of GSM services for a license fee of 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. The Company acquired the A license providing the widest frequency band for a consideration of EUR 358,000 (excluding VAT). The license is effective for a duration of 20 years starting from 30 April 2009. According to the agreement, the Company has provided IMT 2000/UMTS services starting from 30 July 2009.

4.5G License

The 4.5G licensing process is finalized by the signing of the IMT License Commitments Document by the Company, whereby, ICTA granted the Company a 4.5G License on 27 October 2015. The 4.5G License is effective for 13 years until 30 April 2029. According to the License, the Company 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, which was valid till 28 August 2018. However, in accordance with the Edict of the President of the Republic of Belarus dated 26 November 2015, numbered 475, the license is 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 had been provided with additional time by the license authority to fulfill all 2G signal coverage requirements regarding the settlements until the end of 2019. As of 31 December 2019, the Group considers that terms and obligations of the license agreement has been met.

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38. 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 31 December 2018, lifecell owned 27 frequency use licenses for IMT (LTE-2600, LTE-1800, IMT-2000 (UMTS), GSM-900, GSM-1800, CDMA-800. Wi-fi and microwave Radio relay 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 two 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, 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.

Inteltek operated games of chance and assigned mobile sub agencies to operate the fixed odds and paramutual betting games basing on the agreements executed with Spor Toto. The term of the agreement executed between Spor Toto and Inteltek has been expired on 29 August 2019. In this context, activities of Inteltek ceased on 29 August 2019.

As at 31 December 2019, Inteltek provided to Spor Toto letters of guarantee amounting TL 25,000 (31 December 2018: TL 184,752).

Subsequent to year end, the Company signed a binding termsheet on 14 January 2020 to transfer its shareholding of 55% in Inteltek (Note 42).

Kibris Telekom:

On 27 April 2007, Kibris Telekom signed the License Agreement for the Installation and Operation of a Digital, Cellular and, Mobile Telecommunication System ("Mobile Communication License Agreement") with the Ministry of Communications and Public Works of the Turkish Republic of Northern Cyprus, effective from 1 August 2007, and 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 and GSM 1800 frequencies while the usage of IMT 2000/UMTS frequency bands is subject to the fulfillment of certain conditions. On 14 March 2008, Kibris Telekom was awarded a 3G infrastructure license. In 2012, Kibris Telekom acquired Internet Service Provider and Infrastructure establishment and operation licenses.

Lifecell Digital:

In December 2018, Lifecell Digital acquired an infrastructure license in order to operate as an Internet Service Provider in Turkish Republic of Northern Cyprus.

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38. Commitments and Contingencies (continued)

The following disclosures comprise of material legal lawsuits, investigations and in-depth investigations against the Company.

Disputes on Special Communication Tax and Value Added Tax

a) Disputes on SCT for the year 2011

The Large Taxpayers 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 Taxpayers 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. While the cases are pending before the court of appeal the Company filed application for the restructuring as per Law no. 6736. The tax Office has rejected the application. The Company has also filed a case for the cancellation of aforementioned rejection act of the Tax Office. The hearing was held in this case and it is expected that the court will grant a decision. In the cases regarding the cancellation of the SCT assessment for the year 2011, Council of State accepted our appeal and decided to reverse the first instance court decision in favor of the Company, on the ground that; in the case filed for the cancellation of the rejection act regarding our Company's request to restructure the cases filed for the year 2011, the court decided in favor of the Company (decision has not been notified to the Company yet) and since the mentioned case will affect these cases, finalization of the respective decision should be waited.

Based on the management opinion, an outflow of resources embodying economic benefits is deemed as less than probable on aforementioned transactions, thus, no provision is recognized in the consolidated financial statements as at and for the year ended 31 December 2019 (31 December 2018: None).

b) Disputes on SCT and VAT for the years 2015, 2016 and 2017

Turkish telecom sector players including the Company have been subjected to a limited tax audit with respect of 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, certain bundle offers and services offered by the Company are subject to dispute by the tax authority for 2016.

As of 31 December 2019, 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.

The Large Taxpayers Office levied Special Communication Tax (SCT) and tax penalty on the Company amounting to TL 85,125 in total, of which SCT amounting to TL 34,050 and penalty amounting to TL 51,075 based on the claim stated on Tax Investigation Reports prepared for the year 2015, that the Company should pay Special Communication Tax over the prepaid card sales made by the distributors.

Tax investigation closing minute has been signed for the year 2016 and the Tax Investigation Reports delivered for the year 2016. Special Communication Tax (SCT) and tax penalty on the Company amounting to TL 61,733 in total, of which SCT amounting to TL 24,693 and penalty amounting to TL 37,040 based on the claim stated on Tax Investigation Reports prepared for the year 2016.

As a result of the settlement made with Tax Authority, an amount included late payment interest was settled as TL 199,000 for assessments above. Settled amount has been paid within the legal term and assessments were closed in 2019.

The investigation regarding SCT for prepaid card sales made by the distributors for the year 2017 is still ongoing.

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38. Commitments and Contingencies (continued)

Disputes regarding the Law on the Protection of Competition

The investigation initiated by the Competition Board with respect to the practices of the Company regarding the distributors and their dealers in the distribution network. With this decision The Competition Board rejected the claims that the Company determined the resale price. But with the same decision, The Competition Board decided to apply administrative fine on the Company amounting to TL 91,942, on the ground that the Company forced its sub dealers to actual exclusivity. The Company filed a lawsuit for the stay of execution and cancellation of the aforementioned Board decisions regarding the parts against itself. The Court rejected the case. The Company appealed the decision with the request of the stay of the execution. The appeal process is ongoing.

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. Among these cases, in the case filed for the compensation of total TL 110,484 material damages together with compensation amounting to 3 times of the damage and interest, the court decided to reject the case in favor of the Company, at the hearing on 12 June 2019. The reasoned decision was notified to the Company. The plaintiff appealed the case before Regional Administrative Court. The Company replied to plaintiff's appeal request in due time. The appeal process, before Regional Administrative Court, is pending.

On the other hand, a lawsuit was filed by a third party, for the cancellation of the part of the aforementioned Competition Board decision, regarding the rejection of the claims that the Company determined the resale price. The Council of State cancelled this part of the aforementioned Competition Board decision. Therewith Competition Board launched a new investigation. As a result of the new investigation The Competition Board decided to apply administrative fine amounting to TL 91,942 on the Company. The reasoned decision was received to the Company on 12 June 2019. The Company has taken all legal actions by requesting the cancellation of the aforementioned decision and its withdrawal by the Competition Authority. Subsequently, the Competition Authority accepted some of the claims of the Company and reduced the administrative fine to 61,294 TL with its decision. Short decision was notified to the Company. The reasoned decision was also notified to the Company. All necessary legal actions shall be taken against this decision in legal term. Following this decision, in the case filed for the cancellation of the Competition Board administrative fine of 91,942 TL, the court decided that there is no need to render a decision because of devoid of essence.

Based on the management opinion, the probability of an outflow of resources embodying economic benefits is less than probable, thus, no provision is recognized in the consolidated financial statements as at and for the year ended 31 December 2019 (31 December 2018: None).

Ministry of Trade Administrative Fine

The Ministry of Trade prepared a report upon the investigation initiated against the Company regarding subscriber agreements, distance contracts, value added services and commitment campaigns including device procurement for the year 2015. The Company filed a lawsuit for a stay of execution and cancellation of the Notice of Administrative Fine imposed by Istanbul Governorship Directorate of Commerce based on the aforementioned Ministry report, amounting to TL 138,173 and the Decision of Administrative Fine of Istanbul Governorship Directorate of Commerce. The Court rejected the stay of execution request of the Company. The Company objected to the decision, objection was rejected. The hearing was held on 17 September 2019. The Court accepted the case in favor of the Company and cancelled the administrative fine. İstanbul Governorship appealed the case before Regional Administrative Court. The Company replied to the appeal request in due time.

Based on management opinion, the probability of an outflow of resources embodying economic benefits is less than probable, and thus, no provision is recognized in the consolidated financial statements as at and for the year ended 31 December 2019 (31 December 2018: None).

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38. Commitments and Contingencies (continued)

Other ongoing lawsuits and tax investigations

In addition to the aforementioned SCT investigation for prepaid card sales, the following tax and treasury share investigations in the Company have commenced: (i) for 2017 fiscal year regarding SCT for other transactions, (ii) 2018 fiscal year regarding SCT, Corporate Income Tax and Value Added Tax and, (iii) treasury share investigation regarding July-August-September 2019 period.

Subject	31 December 2019 Anticipated Maximum Risk (excluding accrued interest)	31 December 2018 Anticipated Maximum Risk (excluding accrued interest)	31 December 2019 Provision	31 December 2018 Provision
Other Disputes	18,763	-	-	-

JSC Kazakhtelecom initiated arbitration proceedings against the Company related to its acquisition of JSC Kcell shares, which was subsidiary of the Fintur. JSC Kazakhtelecom presented its claim. The arbitration proceeding is in a very early stage.

Based on management opinion, an outflow of resources embodying economic benefits for the cases above mentioned is deemed to be less than probable, and thus, no provision is recognized in the consolidated financial statements as at and for the year ended 31 December 2019 (31 December 2018: None).

Due to probability of an outflow of resources embodying economic benefits with regards to notification of Information and Communication Technologies Authority for wireless fee related to 2018 fiscal year; based on management opinion in accordance with the relevant legislation while reserving right to take legal action, totally TL 128,429 paid in November 2019 with reservation for 2018 and 2019 fiscal years and legal actions has been taken. This payment is reflected in current year income statement.

39. Related parties

Transactions with key management personnel

Key management personnel comprise the Group's members of the Board of Directors and chief officers.

There are no loans to key management personnel as of 31 December 2019 and 2018.

The Group provides additional benefits to key management personnel and contributions to retirement plans based on a pre-determined ratio of compensation.

	31 December 2019	31 December 2018	31 December 2017
Short-term benefits	78,775	80,868	62,187
Termination benefits	56,720	121	604
Share based payments	6,247	11,473	12,509
Long-term benefits	653	755	548
	142,395	93,217	75,848

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39. Related parties (continued)

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 December 2019	31 December 2018
Due from related parties		
Telia Carrier Germany GmbH (“Telia Carrier”)	3,588	1,741
Emt Estonia (“Emt”)	110	99
Vimpelcom OJSC (“Vimpelcom”)	-	9,138
Kyivstar GSM JSC (“Kyivstar”)	-	210
Other	779	2,345
	4,477	13,533

There is no net of allowance for doubtful receivables of due from related parties at 31 December 2019 (31 December 2018: None).

Due from Telia Carrier, Emt, Vimpelcom and Kyivstar are resulting from telecommunications services.

	31 December 2019	31 December 2018
Due to related parties		
Turkcell Vakfi	9,145	39,544
Sofra	1,942	-
Telia	331	469
Kyivstar GSM JSC (“Kyivstar”)	-	3,591
Wind Telecomunicazioni S.P.A. (“Wind”)	-	886
Teliasonera International Carrier Switzerland Ag	-	523
Other	664	318
	12,082	45,331

Due to Sofra mainly resulting from meal coupon and card services received.

Due to Telia, Kyivstar and Wind mainly resulting from telecommunications services received.

The Group’s exposure to currency risk related to outstanding balances with related parties is disclosed in Note 36.

The following transactions occurred with related parties:

	2019	2018	2017
Revenue from related parties			
<u>Sales to Sonera Holding</u>			
Revenue from sales of discontinued operations (Note 16)	772,436	-	-
<u>Sales to Kyivstar (*)</u>			
Telecommunications services	27,050	52,946	30,875
<u>Sales to Telia Carrier</u>			
Telecommunications services	12,934	7,941	10,020
<u>Sales to Vimpelcom (*)</u>			
Telecommunications services	6,191	5,418	7,230
<u>Sales to Azercell Telecom LLC (“Azercell”) (**)</u>			
Telecommunication services	-	256	1,583
<u>Sales to other related parties</u>	7,004	7,920	11,324
	825,615	74,481	61,032

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39. Related parties (continued)

Related party expenses	2019	2018	2017
<u>Charges from Kyivstar (*)</u>			
Telecommunications services	40,210	77,174	49,178
<u>Charges from Sofra</u>			
Meal coupons and cards	8,874	-	-
<u>Charges from Telia Carrier</u>			
Telecommunications services	7,503	6,047	3,120
<u>Charges from Vimpelcom (*)</u>			
Telecommunications services	1,228	2,751	10,853
<u>Charges from Wind (*)</u>			
Telecommunications services	274	4,812	-
<u>Charges from Turkcell Vakfi</u>			
Donation	-	44,247	-
<u>Charges from Azercell (**)</u>			
Telecommunications services	-	79	734
<u>Charges from Hobim (***)</u>			
Invoicing and archiving services	-	-	16,993
<u>Charges from other related parties</u>	2,000	9,799	17,001
	60,089	144,909	97,879

(*) Transactions with Vimpelcom, Kyivstar and Wind include transactions until 18 June 2019,

(**) Transactions with Azercell include transactions until 5 March 2018,

(***) Transactions with Hobim include transactions until 20 June 2017.

Transactions with Kyivstar:

Kyivstar, an entity under common control with Alfa, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Hobim:

The Company had entered into invoice printing and archiving agreements with Hobim under which Hobim provided the Company with monthly invoice printing services, managed the archiving of invoices and subscription documents. Prices of the agreements were determined through the evaluation of alternative proposals.

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 Carrier:

Telia Carrier, a subsidiary of Telia, is rendering and receiving telecommunications services such as interconnection and roaming.

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39. Related parties (continued)

Transactions with Azercell:

Azercell, a subsidiary of Telia, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Turkcell Vakfi:

On 11 October 2018, Turkcell Vakfi, was incorporated for rendering social responsibility and donation transactions.

Transactions with Wind:

Wind, an entity under common control with Alfa, is rendering and receiving telecommunications services such as interconnection and roaming.

Transactions with Sofra:

Sofra, a joint venture entity of Turkcell Odeme, BELBİM Elektronik Para ve Ödeme Hizmetleri A.Ş. and Posta ve Telgraf Teşkilatı A.Ş. ("PTT") is providing services via various means such as service coupons, meal coupons, meal card, electronic coupon and/or smart card in vehicle payment.

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40. Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests in 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	31	31	31	31	31
		December 2019	December 2018	December 2019	December 2018	December 2019	December 2018
Inteltek	Turkey	45.00%	45.00%	30,182	105,112	36,307	131,506
Individually immaterial subsidiaries with non – controlling interest				21	51,158	148	304
				<u>30,203</u>	<u>156,270</u>	<u>36,455</u>	<u>131,810</u>

Summarized financial information in respect of Inteltek is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Inteltek

	<u>31 December 2019</u>	<u>31 December 2018</u>
Current assets	84,896	403,427
Non-current assets	6,516	9,043
Current liabilities	6,286	115,080
Non-current liabilities	4,444	5,154
Equity attributable to owners	80,682	292,236
	<u>2019</u>	<u>2018</u>
Revenue	141,783	208,239
(Expenses) / Income (net)	(74,711)	(93,133)
Gain on Sale of Investments	-	118,476
Profit for the year	<u>67,072</u>	<u>233,582</u>
Other comprehensive income/(loss) for the year	640	179
Dividend paid to non-controlling interests	(125,027)	(31,283)
Net cash (outflow)/inflow from operating activities	(63,238)	31,380
Net cash inflow from investing activities	20,001	158,946
Net cash outflow from financing activities	(277,837)	(69,518)
Effects of foreign exchange rate fluctuations on cash and cash equivalents	14,979	56,949
Net cash (outflow)/inflow	<u>(306,095)</u>	<u>177,757</u>

The Company signed a binding termsheet on 14 January 2020 to transfer its shareholding of 55% in Inteltek (Note 42).

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41. Cash flow information

Net financial liabilities reconciliation:

	Debt securities issued	Loans	Lease liabilities	Total	Derivative Assets, net	Total
Balance at 1 January 2019	(5,210,562)	(13,531,027)	(1,413,956)	(20,155,545)	1,190,797	(18,964,748)
Cash inflows	(311,649)	(29,060,490)	-	(29,372,139)	1,924,363	(27,447,776)
Cash outflows	563,241	32,003,647	1,215,320	33,782,208	(1,101,876)	32,680,332
Other non-cash movements	(1,006,820)	(2,219,012)	(1,334,419)	(4,560,251)	(1,254,388)	(5,814,639)
Balance at 31 December 2019	(5,965,790)	(12,806,882)	(1,533,055)	(20,305,727)	758,896	(19,546,831)

	Debt securities issued	Loans	Lease liabilities	Total	Derivative Assets, net	Total
Balance at 1 January 2018	(1,875,521)	(10,537,908)	(122,720)	(12,536,149)	871,288	(11,664,861)
Increase in lease obligations (IFRS 16)	-	-	(1,036,380)	(1,036,380)	-	(1,036,380)
Cash inflows	(2,188,313)	(43,728,604)	-	(45,916,917)	1,054,345	(44,862,572)
Cash outflows	432,140	44,339,377	1,164,879	45,936,396	(710,522)	45,225,874
Other non-cash movements	(1,578,868)	(3,603,892)	(1,419,735)	(6,602,495)	(24,314)	(6,626,809)
Balance at 31 December 2018	(5,210,562)	(13,531,027)	(1,413,956)	(20,155,545)	1,190,797	(18,964,748)

42. Subsequent events

The Company signed a binding termsheet on 14 January 2020 to transfer its shareholding of 55% in Inteltek including all rights and liabilities to the other shareholder of Inteltek, Intralot Iberia Holding SAU. The respective transaction is expected to be completed within the first half of 2020, once the final share sale and purchase agreement (“SPA”) is signed and necessary legal approvals are obtained. The final value of the transaction will be determined based on IFRS net book value of Inteltek and no material impact is expected on our financial statements.

The Company has decided to prepay the loan, which was utilized under the credit agreement disclosed on 17 September 2015 and which is to mature on 16 September 2020. Accordingly, the last two principal payments of the loan, which are due in June 2020 and September 2020 as per the credit agreement and which in total amount to EUR 148.4 million and USD 166.7 million, were performed on 23 March 2020.

Lifecell Dijital Servisler ve Çözümler A.Ş., which is 100% owned by Company's subsidiary Turkcell Bilişim Servisleri A.Ş., has been incorporated with a capital of TL 100. The company was registered on 28 February 2020 and its announcement was completed on the same day. The company will develop digital services, solutions and products.

As per the resolution issued by CMB dated 5 March 2020, Nail Olpak, Afif Demirkıran and Tahsin Yazar have been appointed to the Company's Board as independent board members to replace Ahmet Akça, Atilla Koç and Mehmet Hilmi Güler, who have been serving as independent board members at the Company since 11 March 2013. Those newly appointed board members will serve until new independent members are selected by the Company's general assembly in accordance with the relevant legislation or other members are appointed by Capital Markets Board.

The marketing partnership between Turkcell Europe, the Company's subsidiary operating in Germany, and Telekom Deutschland Multibrand GmbH, the subsidiary of Deutsche Telekom, will end on 30 April 2020 pursuant to the respective agreement.

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42. Subsequent events (continued)

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to be spread throughout Turkey and the world. The impact from the rapidly changing market and economic conditions due to the COVID-19 outbreak is uncertain and will impact our business, consolidated results of operations, and financial condition in the future. While we have not incurred significant disruptions thus far from the COVID-19 outbreak, we are unable to accurately predict the impact that COVID-19 will have due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to the business of our clients and other factors. We will continue to evaluate the nature and extent of the impact to our business, consolidated results of operations, and financial condition.

OUR OFFICES

CITY	LOCATION	ADDRESS
ISTANBUL	KÜÇÜKYALI PLAZA	Aydınevler Mah. İnönü Cad. No: 20 B Blok 34854 Maltepe-Istanbul
ISTANBUL	KARTAL PLAZA	Topselvi Mah. Dipçik Sok. No: 31 Kartal-Istanbul
ISTANBUL	MALTEPE PLAZA	Yeni Mah. Pamukkale Sok. No: 3 Soğanlık Mevkii Kartal-Istanbul
ISTANBUL	TEKNOLOJİ PLAZA	Yenimahalle Pamukkale Sok. No: 11 Cevizli Kartal-Istanbul
ISTANBUL	TEPEBAŞI PLAZA	Meşrutiyet Cad. No: 71 Beyoğlu-Istanbul
ISTANBUL	BEYOĞLU FLAGSHIP	Meşrutiyet Cad. No: 71 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 Blv. No: 212 Seyhan-Adana
ANKARA	ANKARA CİNNAH PLAZA	Cinnah Cad. No: 15 Çankaya-Ankara
ANKARA	ANKARA PLAZA	Eskişehir Yolu 9. Km No: 264 Söğütözü-Ankara
ANKARA	ANKARA DC	Turkcell Ankara Veri Merkezi Maliköy Anadolu OSB Mah. 12. Cadde Sincan-Ankara
ANKARA	BAŞKENT NDC	Başkent İvedik Mah. 1323. Cadde 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 Blv. Bağcılar Mah. No: 184 Turkcell Plaza Bağlar-Diyarbakir
EDİRNE	EDİRNE DC	Şükrü Paşa Mah. Kiyık Cad. Hilly Otel Yanı No: 254 Edirne
ERZURUM	ERZURUM NDC	Ilıca Yolu Organize Sanayi Bölgesi 4. Sok. Erzurum
GAZİANTEP	GAZİANTEP NDC	Kocaoğlan Mah. Demokrasi Blv. No: 185/1 Şahinbey-Gaziantep
HATAY	HATAY NDC	Güzelbirlik Mah. Yunus Emre Cad. No: 11-B Güzelburç-Hatay
İZMİR	BORNOVA NDC	Kazım Dirik Mah. 367/7 Sok. No: 12 Bornova-Izmir
İZMİR	İZMİR DC	İTOB 10005 Sok. No: 37 Torbalı-Izmir
İZMİR	İZMİR PLAZA	Kazım Dirik Mah. 367/7 Sok. 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 Izmit-Kocaeli
KONYA	KONYA NDC	Horozluhan Mah. Sıhhiye Sok. No: 6 1. Org San. Selçuklu-Konya
KONYA	KONYA OFİS	Parsana Mah. Zümrütova Sok. No: 1 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 Blv. No: 61 Muğla
SAKARYA	SAKARYA OFİS	Bahçelievler Mah. Cumhuriyet Cad. Kamelya Sok. No: 16 Serdivan-Sakarya
SAMSUN	SAMSUN NDC	Mimar Sinan Mah. 160. Sok. No: 18 Atakum-Samsun
TEKİRDAĞ	ÇORLU NDC	Yulaflı Mah. Hacı Şeremet Mevkii Karın-Balin Gıda Fab. Karşısı Çorlu-Tekirdağ
TRABZON	TRABZON NDC	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
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 having more advanced features than standard 4G technology
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
Beacon	A location-based data provider utilized in My Dream Companion project
C#	A Microsoft programming language developed for net technology
Carrier Aggregation	A technique allowing more bandwidth and consequently higher speeds to be obtained by joining frequencies called carriers
CELTIC	EUREKA Cluster focusing on the Information and Communications Technology and Telecommunications
DSS	Digital Service Provider
ERP	Basically it is an integrated database, a repository for keeping various types of data.
ETSI	ETSI is a European Standards Organization, the recognized regional standards body dealing with telecommunications, broadcasting and other electronic communications networks and services.
EUREKA (Exceptional Unconventional Research Enabling Knowledge Acceleration)	It is an intergovernmental R&D organization financed by governments of more than forty countries.
FDD band	Frequency Division Duplex: A duplex scheme in which uplink and downlink transmissions occur simultaneously using different frequencies
Gbps	A data transmission speed
GHz (Giga Hertz)	A frequency 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
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
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
IoT (Internet of Things)	The mobilization, interpretation and communication/interaction of the data received through sensors
IT (Information Technologies)	Tools for generating, collecting, accumulating, processing, recovering, disseminating, protecting, and assisting

GLOSSARY

ABBREVIATION	EXPLANATION
ITEA	EUREKA Cluster program supporting innovative, industry-driven, pre-competitive R&D projects in the area of Software-intensive Systems & Services
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 frequency unit
NB-IoT (Narrow Band Internet of Things)	A technology defined by 3GPP for Internet of Things
NGMN	An organization (Next Generation Mobile Networks Association), of which Turkcell is a member, and which several operators, suppliers and universities in the world are a part of, giving direction to technology standards and technology producing companies in relation to operator requirements.
NPS (Net Promoter Score)	The score that measures whether or not customers recommend the products they use to others
NSA	Non-standalone (NSA) is a network architecture, 5G track that mobile control channels are transferred from 4.5G and data channels are transferred over 5G.
O-RAN	An alliance (Open Radio Access Network) providing small vendors competitive capacity by standardizing the interfaces to reduce reliance on proprietary platforms in radio access network
PCRF	Policy and Charging Rules Function
RTM (Real Time Monitoring)	24/7 monitoring and reporting system on the system
SDK	A software development kit (SDK) is a collection of software development tools in one installable package offered to hardware and software developers.
SD-WAN	Acronym for software-defined networking in a wide area network (WAN).
Scratch	Scratch is a programming language developed by MIT (Massachusetts Institute of Technology), which has a user-friendly interface, designed for the use of children between the ages 8 and 16.
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
Tbps	One trillion bits or bytes per second (TeraBytes Per Second)
TIP (Telecom Infra Project)	An engineering-focused initiative which generates various alternatives to reduce network expenses of operators
UHD	Ultra high definition broadcast
VoLTE	IP based high quality audio technology through a 4.5G network

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