HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL REPORT

For the period
from January 1, 2015 to December 31, 2015

(TRANSLATED FROM THE GREEK ORIGINAL)

In accordance with Article 4 of Law 3556/2007

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I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.:

1. Michael Tsamaz, Chairman and Managing Director

2. Charalampos Mazarakis, Board Member

3. Panagiotis Tabourlos, Board Member

We confirm that to the best of our knowledge:

a. The attached Annual Financial Statements (Consolidated and Separate) of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period January 1, 2015 to December 31, 2015, which have been prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets and liabilities, the owners' equity and the results of the Group and the Company.

b. The Annual Report of the Board of Directors provides a true and fair view of the financial position and the performance of the Group and the Company, including a description of the risks and uncertainties they are facing.

Maroussi, February 24, 2016

Chairman & Managing Director	Board Member	Board Member
Michael Tsamaz	Charalampos Mazarakis	Panagiotis Tabourlos

The two members of the Board of Directors, who have signed the above statements, have been authorized to do so in accordance with the decision of the Company's Board of Directors of February 24, 2016.

II. ANNUAL REPORT OF THE BOARD OF DIRECTORS

The report of the Board of Directors of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (hereinafter referred to as "OTE" or the "Company") was prepared in accordance with article 136 of Law 2190/1920, article 4 of Law 3556/2007 and article 2 of Decision 7/448/2007 of the Hellenic Capital Market Commission and refers to the Annual Financial Statements (Consolidated and Separate) as of December 31, 2015, and the year then ended. The OTE Group (the "Group") apart from the Company also includes subsidiaries over which OTE has direct or indirect control. The Consolidated and Separate Financial Statements have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), as adopted by the European Union (E.U.).

This report includes the financial assessment of the results of the period from January 1, 2015 to December 31, 2015, the objectives, the significant events which took place in 2015, a presentation of the main risks and uncertainties for the next year, the Corporate Governance statement, the material transactions with the Company's and the Group's related parties, the significant events after the year-end and additional information as required by the respective law.

The amounts in this report are presented in millions of Euro, except when otherwise indicated.

A. FINANCIAL HIGHLIGHTS OF 2015

OTE Group revenue decreased by 0.4% in 2015 compared to 2014 and reached Euro 3,902.9, mainly due to:

- decreased revenues from mobile business by 3.7%,
- decreased revenues from fixed business by 1.7%, and
- increased miscellaneous other revenues by 87.3%

OTE's revenue reached Euro 1,536.0, reflecting an increase of 1.6% compared to the prior year. This is a result of the increase in revenues from fixed services by 1.6% and the increase in revenues from mobile services by 35.3%, partially offset by the decrease in miscellaneous other revenues by 4.9%.

The Group's operating expenses reached Euro 3,572.5 and reflect an increase of 5.2% compared to the prior year. This increase is mainly due to the costs related to early retirement programs of Euro 100.7 in 2015 compared to Euro 8.4 in 2014 as well as to the increased costs in interconnection and roaming costs by 2.8%, in maintenance and repairs by 7.1%, in other operating expenses by 12.7% and in depreciation, amortization and impairment by 4.1%. These increases were offset by the decrease in personnel costs by 4.3%, in provision for doubtful accounts by 5.7%, in commission costs by 1.7%, in merchandise costs by 2.9% and in marketing by 5.2%. **The Group's operating expenses before depreciation, amortization and impairment and excluding costs related to early retirement programs and other restructuring costs** reached Euro 2,620.6 in 2015 compared to Euro 2,563.2 in 2014, reflecting an increase of 2.2%.

The Company's operating expenses reached Euro 1,321.9 in 2015 and reflect an increase of 9.4% compared to the prior year. The increase in operating expenses is mainly due to the following:

- Costs related to early retirement programs (2015: Euro 80.0, 2014: nil)
- 5.3% increase in personnel costs
- 41.8% increase in commission costs
- 10.9% increase in merchandise costs
- 1.9% increase in marketing
- 1.1% increase in other operating expenses, and
- 9.5% increase in depreciation, amortization and impairment.

These increases were partially offset by the decrease in interconnection and roaming costs by 7.6%, in provision for doubtful accounts by 7.3% and in maintenance and repairs by 24.4%. **The Company's operating expenses before depreciation, amortization and impairment and excluding costs related to early retirement programs and other restructuring costs** reached Euro 936.0 in 2015 compared to Euro 916.6 in 2014, reflecting an increase of 2.1%.

As a result, **operating profit before financial activities of the Group** for 2015 reached Euro 391.1 compared to Euro 589.1 in 2014, reflecting a decrease of 33.6%. **Operating profit before financial activities of the Company** for the year 2015 reached Euro 232.1, compared to Euro 307.0 last year, reflecting a decrease of 24.4%.

The Group's operating profit before depreciation, amortization and impairment for 2015 reached Euro 1,220.5 compared to Euro 1,385.5 in 2014, reflecting a decrease of 11.9%. The respective margin on revenues reached 31.3% compared to 35.4% in the prior year. **Excluding costs related to early retirement programs and other restructuring costs, the Group's operating profit before depreciation, amortization and impairment** for 2015 reached Euro 1,343.0 compared to Euro 1,421.6 in the prior year, reflecting a decrease of 5.5%. The respective margin on revenues reached 34.4% compared to 36.3% in the prior year.

The Company's operating profit before depreciation, amortization and impairment for 2015 reached Euro 538.0 compared to Euro 586.4 in 2014, reflecting a decrease of 8.3%. The respective margin on revenues reached 35.0% compared to

38.8% in the prior year. **Excluding costs related to early retirement programs and other restructuring costs, the Company's operating profit before depreciation, amortization and impairment** for 2015 amounted to Euro 618.0 compared to Euro 599.2 in the prior year, reflecting an increase of 3.1%. The respective margin on revenues reached 40.2% compared to 39.6% in the prior year.

In relation to **the Group's financial activities**, interest and related expenses in 2015 amounted to Euro 157.4, reflecting a decrease of 22.3% compared to 2014. Interest income amounted to Euro 2.4 for 2015, reflecting a decrease of 55.6% compared to the prior year. Foreign exchange differences resulted in loss of Euro 5.7 in 2015 compared to Euro 3.5 gains in the prior year, mainly due to variations of the foreign exchange rate of the Romanian RON and the Albanian LEK. Gains from investments and financial assets amounted to Euro 36.0 in 2015 compared to Euro 0.1 in 2014 reflecting a reversal of provision related to the sale of GLOBUL. Impairment of investments and financial assets amounted to Euro 19.9 in 2015, mainly reflecting the impact to the present value of the loans granted to the Auxiliary Pension Fund/TAYTEKO, as a result of the restructuring that took place in this year.

Income tax expense of the Group amounted to Euro 117.8 in 2015, compared to Euro 123.9 in 2014, mainly due to the lower profit before tax of Euro 246.5 in 2015 compared to Euro 395.4 in 2014 and the positive impact of Euro 29.4 in 2015 due to the remeasurement of the deferred tax position of the Group, as a result of the change in the nominal tax rate in Greece from 26% to 29%.

Considering all the above, **the Group's profit** for the year 2015 was Euro 128.7 compared to Euro 271.5 in the prior year, reflecting a decrease of 52.6%.

In 2015, **losses attributable to non-controlling interests** in the Group's income statement reached Euro 23.2 from gain of Euro 4.1 in 2014, coming from losses of TELEKOM ROMANIA COMMUNICATIONS.

As a result of all the above, **the Group's profit attributable to the owners of the parent** for the year 2015 amounted to Euro 151.9 compared to Euro 267.4 in the prior year.

The Group's cash flows from operating activities in 2015 decreased by 5.7% in comparison with the prior year, amounting to Euro 943.2. This decrease is mainly due to the negative change of working capital, the decreased profitability, the increased payments for staff retirement indemnities and youth account and the increased payments for income tax, partially offset by decreased payments for interest and related expenses and for early retirement programs.

The Group's capital expenditure (CAPEX) for the year 2015 amounted to Euro 658.4 from Euro 603.9 in the prior year, reflecting an increase of 9.0%. Excluding payments for spectrum acquisitions, the Group's CAPEX for the year 2015 amounted to Euro 569.7 from Euro 556.8 in 2014, reflecting an increase of 2.3%. The increase is mainly due to the increased capital expenditure from OTE and TELEKOM ROMANIA COMMUNICATIONS, partially offset by decreased capital expenditure from COSMOTE S.A. and TELEKOM ROMANIA MOBILE COMMUNICATIONS.

The Group's total debt as of December 31, 2015 was Euro 2,189.1 compared to Euro 2,638.5 at December 31, 2014, reflecting a decrease of 17.0%. **The Group's Net Debt** (interest bearing loans less cash and cash equivalents and other current financial assets) at December 31, 2015, reached to Euro 859.8 from Euro 1,124.9 at December 31, 2014, reflecting a decrease of 23.6%.

As of December 31, 2015, **the Group's net current liabilities** amounted to Euro 78.6 compared to net current assets of Euro 59.0 as of December 31, 2014.

B. OBJECTIVES

The management's goal is OTE to become a modern, dynamic, high performance company leading the market and offering the best customer experience based on its technology superiority.

More specifically, the aspiration for OTE Group is to:

- Remain the undisputable market leader in Fixed and Mobile markets
- Safeguard its leading position in Broadband (in both Fixed and Mobile), ICT and Pay-TV services in the Greek market
- Deliver best services based on top quality modern networks (NGA/NGN) offering high value to the customers
- Offer superior customer experience
- Become the best place to work in the Greek market, develop its personnel and attract best talents
- Increase the value of the shareholders
- Maximize synergies as member of Deutsche Telekom Group

Key achievements of 2015

The major achievements during 2015 are:

1. Reinforced leadership position in the market
Increased revenue share (>61%, +1.5p.p) in the total Greek telecom market (Fixed/Mobile/TV). Drastic reduction in Fixed Access connection losses (-66% vs. 2014). Increased market share in Broadband net additions (~45%, +1p.p). Sustained clear leading position in Mobile with service revenue market share of >51%.

2. COSMOTE & COSMOTE One: A common brand and new FMC products
Successful introduction of a common COSMOTE brand for Fixed and Mobile and commercial launch of COSMOTE One (B2C) and COSMOTE Business One (B2B) new FMC propositions.

3. Revenue Transformation
Strong growth in customer bases of VDSL (subscribers' base increased by +57k, +61% vs. 2014 base) and OTE TV (+~100k subscribers, +38% revenues). Significant +16% increase in Mobile Broadband revenues leveraging on 4G network superiority. Wins in bids for major ICT projects (CCHBC data center, E-Prescription, etc.).

4. Customer Experience
Impressive improvement of "Order2Bill in 8 days" (from 64% to 72%) and "Fault2Repair in 24 hours" (from 42% to 54%) processes, due to the ongoing 48/24 program. Further development of e-Care services for customers' self-service. Unification of a large number of Fixed and Mobile processes. Multi-awarded Customer Care, receiving 6 awards in 2015.

5. Network and Services Evolution
Continued the rollout of Next Generation networks based on the developed Integrated Network Strategy for Fixed and Mobile (+53% installed VDSL cabinets resulting in ~40% VDSL coverage, ~80% 4G population coverage). Design phase was concluded and implementation has started for IP Transformation project. In the context of PanIP project (centralized production platforms for DT EU group), Greece was allotted "mVAS" services centralized production for all DT Europe subsidiaries. State subsidized "Rural Broadband" project is advancing according to plan.

6. Operational and Cost Optimization
Progressed the Transformation program aiming to fully capture Fixed-Mobile synergies. Won significant DT intra-group international projects. Transformation continued in major IT systems (OCS, WFM, etc). Significant improvements in physical security and information security areas.
Aiming to reduce operating costs, a series of cost optimization programs have been implemented leveraging also on experience from the DT Group, while voluntary personnel exit program realized in 2015 contributed largely to this. A project for energy savings has been initiated.

7. People - Performance Based Culture
Common working culture has been promoted through the creation of an integrated Fixed - Mobile organization. "Graduate Trainee Program" which offers career opportunities to talented graduates is in progress. In parallel, an internal talent program "you.grow" has been successfully launched.

Based on those achievements, OTE group managed to achieve its challenging financial targets for 2015.

Key objectives for 2016

For 2016, the Group aims to achieve the annual business targets but also to enable the long term evolution of the Company.

As in previous years, special focus will be put in operationalization of Group synergies within the OTE Group and also within the DT Group.

The key pillars and actions during 2016 will be:

1. Technology Leadership
Further rollout of Next Generation Networks (VDSL, Vectoring, LTE/4G) and infrastructure modernization in Fixed and Mobile according to the defined Integrated Network Strategy. Continuation of IP-Transformation. Exploitation of DT Group synergies, by developing services for OTE Group over centralized platforms & shared service centers. Participation in technology transformation projects of DT Group. Network Operations excellence.

2. Best Customer Experience

Further strengthen the COSMOTE brand superiority. Pursue customer service excellence across all channels. Introduce differentiated and exceptional service experience for the FMC customer. Automation of customer related processes through e-Transformation.

3. Innovation and Revenue Transformation

Further monetization of data services (VDSL, 4G, Vectoring launch). Focus on growing markets (TV, ICT) will support the Group to compensate revenue losses due to the erosion of the traditional voice services market. Introduction of FMC innovative products (Hybrid Access, RCS, VoWiFi, Smart-Home, e-Wallet, etc). Exploitation of potential cooperation opportunities with new 3rd parties. Undertake new DT intra-group IT and Technology projects.

4. Lead in Core Business

Defend the leading position in the Fixed and Mobile markets, despite aggressive competition offers, while enhancing the "Value for money" offers. Further developing converged 3play/4play offers (Fixed, Broadband, Mobile, TV). Sales channels optimization. Sustain the B2B leader market position. Secure OTE wholesale revenues.

5. Operational and Cost Optimization

Further exploitation of operational restructuring with focus on Fixed-Mobile synergies aiming to enhance efficiencies. Implementation of cost optimization programs, leveraging also on the expertise and scale of the DT Group.

6. People

Implementation of processes and tools which will enhance and support a common performance oriented working culture and also employees' development needs.

C. SIGNIFICANT EVENTS OF THE YEAR 2015

VOLUNTARY LEAVE SCHEMES

On May 22, 2015, OTE announced the implementation of a voluntary leave scheme mainly addressed to employees close to their retirement age. The scheme was completed at the end of June 2015, when the participated employees left the Company. The respective cost amounted to Euro 75.0. Furthermore, OTE's cost related to prior early retirement programs amounted to Euro 5.0.

In 2015, COSMOTE group, TELEKOM ROMANIA and other group companies applied early retirement programs, the total cost of which was Euro 5.9, Euro 14.3 and Euro 0.5, respectively.

LOANS TO THE AUXILIARY PENSION FUND/TAYTEKO

On May 28, 2015, following the approvals from OTE's and TAYTEKO's Board of Directors, an agreement was signed between the two parties for the restructuring of the loans OTE has granted to the Auxiliary Pension Fund/TAYTEKO, accepting the Fund's request in order to facilitate the payments of the monthly installments, due to the Fund's difficulties in repaying its obligations. The impact of this restructuring to the present value of these loans was Euro 17.0 (before tax) and is included in the income statement of 2015. The nominal amounts of these loan receivables have not been affected.

DIVIDEND

On June 12, 2015, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 39.1 or Euro 0.08 (in absolute amount) per share.

D. RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

OTE Group has adopted and implemented, as a protective shield, an Enterprise Risk Management System, which, by following a common methodology, identifies, assesses, communicates and controls corporate risks, aiming to support efforts securing the Group's success in a sustainable way.

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece continues to be volatile. Following the imposition of capital controls in the country on June 28, 2015, domestic transactions and dealings with foreign suppliers and creditors were affected as a result of limits on daily ATM withdrawals and restrictions on payments abroad. The Group was initially impacted as it experienced delays in the receipt of customers' payments. Furthermore as the Group's and the Company's debt is totally owed to creditors outside Greece and as the Group's and the Company's operations in Greece are to a significant extent dependent on foreign suppliers, the Group and the Company is requesting and obtains approval from the appropriate authorities in order to use cash and cash equivalents held in Greece to settle payments abroad.

The Group's Greek operations continue without any disruption, however the continued instability and volatility of the macroeconomic and financial environment in Greece could have an impact on the Group's and the Company's business, results of operations, financial condition and prospects. Assuming that the capital controls are lifted within mid to end 2016 and the agreed terms and conditions of the third bailout program are implemented, no material negative impact on the Group's Greek operations is anticipated in the medium to long term. In this uncertain economic environment, management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations.

Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, management has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of December 31, 2015.

Financial Risks

The below stated risks are significantly affected by the capital controls imposed as well as the macroeconomic and financial environment in Greece, as analyzed above.

a) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if counterparty fails to meet its contractual obligations.

The carrying value of financial assets at each reporting date is the maximum credit risk to which the Group and the Company are exposed in respect of the relevant assets.

Financial instruments classified as available-for-sale and held-for-trading include mutual funds and other securities. These financial asset categories are not considered to expose the Group and the Company to a significant credit risk.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is however considered to exist for amounts receivable from other telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Group and the Company. For this category, the Group and the Company assess the credit risk following the established policies and procedures and make the appropriate provision for impairment.

The Group and the Company have established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each reporting date for the estimated loss that is expected and an appropriate impairment allowance is established.

Cash and cash equivalents are also considered to be exposed to a high level of credit risk, in light of the macroeconomic conditions in Greece which are placing significant pressure on the domestic banks. Most of the Group's cash is invested in highly rated counterparties and with a very short term tenor.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme. The latter loans (Auxiliary Pension Fund) are exposed to credit risk related to the debt servicing capacity of the Fund.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group's and the Company's cash and cash equivalents and current financial assets as at December 31, 2015 amount to Euro 1,329.3 and Euro 292.4 respectively and their debt amounts to Euro 2,189.1 and Euro 1,837.5, respectively.

For the monitoring of the liquidity risk, the Group prepares cash flows forecasts on a frequent basis.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk and the Group's and the Company's policies for managing them are described below:

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's long-term borrowings.

The Group manages interest rate risk through a combination of fixed and floating rate borrowings.

As of December 31, 2015, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 95%/5% (2014: 94%/6%).

ii. Foreign currency risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes.

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, Ron (Romania) and the Lek (Albania). The Group monitors and hedges FX exposures affecting cash flows. Foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of foreign operations financial statements into the Group's reporting currency) are generally not hedged.

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net debt includes interest bearing loans and notes, less cash and cash equivalents and other current financial assets.

The table below shows a significant decrease in the gearing ratio in 2015 compared to 2014, coming from a decrease in net debt (due to a decrease in borrowings) and an increase in equity (through the profit of the year):

GROUP	December 31	
	2015	2014
Borrowings	2,189.1	2,638.5
Cash and cash equivalents	(1,322.5)	(1,509.9)
Other current financial assets	(6.8)	(3.7)
Net debt	**859.8**	**1,124.9**
Equity	2,609.2	2,498.4
Gearing ratio	**0.33x**	**0.45x**

d) Other risks

The OTE Group Enterprise Risk Management & Insurance business unit coordinates the efforts of all involved parties through a common methodology and prepares, on a periodic basis, the Enterprise Risk Management Report.

Additional tax burdens

In the previous years the Greek State imposed special tax contributions which materially affected the Group's and the Company's income statement. Given the current fiscal position of the Greek State, additional fiscal measures may be taken, which could have a material adverse effect on the Group's and the Company's financial condition.

Potential impairment losses

In conjunction with the conditions in many markets in which the Group has invested, the Group faces challenges regarding the financial outlook of some of its subsidiaries. In this respect, impairment losses may incur relating to the recognized amounts of goodwill allocated to these subsidiaries, or even more to these subsidiaries' assets.

Additional contributions to pension funds

Based on actuarial studies performed in prior years and on current estimations, the pension funds show (or will show in the future) increasing deficits. OTE does not have a legal obligation to cover any future deficiencies of these funds and, according to management, neither does it voluntarily intend to cover such possible deficiencies. However, there can be no assurance that OTE will not be required (through regulatory arrangements) to make additional contributions in the future to cover operating deficits of these funds.

Regulatory framework

The regulatory obligations and the competitive pressure have an impact on OTE's ability to apply competitive pricing at retail and wholesale level and they may have a negative effect on OTE's ability to compete effectively. According to the legal and the regulatory framework in force, the Hellenic Telecommunications and Post Committee ("HTPC") assesses OTE's pricing policy. The pricing regulatory obligations on OTE, which stem from HTPC's estimations that OTE has Significant Market Power (SMP), oblige OTE to charge higher prices than those applied by its competitors for the same services.

On October 27, 2015, the EU Regulation concerning the single market for electronic communications was adopted by the EU Parliament and the European Council, containing, among others, provisions on open internet access and on international roaming. The regulation provides for an initial reduction of roaming rates as of April 30, 2016 to the level of national rates plus a strictly limited surcharge. From June 15, 2017, surcharges for roaming services within the EU will then be eliminated entirely (Roam like at Home), unless permitted under a still to be specified fair usage policy.

Critical infrastructure failure

For all telecom operators, the Information and Communication Technologies (ICT) infrastructure is considered as the backbone of their operations. Given the variety and diversity of contemporary services provided by all telecom operators, the complexity of the ICT infrastructure and the interdependencies between various network nodes and service platforms, are unprecedented. Thus, technical infrastructure outages, due to either external factors (e.g. earthquake, flooding, etc.) or internal factors (e.g. power & air-conditioning outages, human error, etc.) cannot be ruled out. Consequently, service disruptions might appear that could result in revenue losses, increased rehabilitation and/or potential customer compensation costs, and consequential effects on customer base and company's reputation.

OTE Group, through a dedicated Business Continuity Management (BCM) Department, has implemented a robust BCM System which was recently certified with ISO 22301:2012 by TUV Hellas. Comprehensive Network and IT Disaster Recovery (NDR & IT DR) Programs covering Fixed & Cellular networks are already instated, while mitigation measures are further enhanced through the gradual introduction of architectural changes & new technologies in order to enhance Network & IT resilience & availability.

Furthermore, power availability at major sites is constantly monitored and enhanced. Two of the main Network & IT Data Centers were awarded with a Tier III-category certification by the Uptime Institute. During 2016, improvement of Electro-Mechanical infrastructure ("Dual Feed" project) of network critical infrastructure sites is planned to be aligned with Tier III-category requirements.

Uninterrupted provision, to DT Group, of Value Added services is safeguarded by critical infrastructure's high availability along with application switch over or diversion to alternative Data Center.

Data privacy & data security risk

Telecommunication companies are subject to risks in relation to data privacy and data security that might compromise the integrity and confidentiality of any form of disclosed information that they keep under their responsibility, such as customer information, partner or employee data. Due to new systems/services that are being developed for end customers (e.g. cloud storage), the amount of customer private information that OTE processes, has significantly increased.

Therefore the potential consequences of a cyber - attack have also increased. Moreover, OTE has started to more systematically provide integrated ICT solutions, including services for very big installations/customers. OTE has also responsibility for the cyber security of these solutions, hence the elevated risk. Recent developments in the ICT industry worldwide due to cyber-attacks and security breaches show the need to maintain higher security measures and standards.

Ensuring data security and safeguarding all sensitive data is always one of OTE Group's top priorities; it's more than just an obligation to meet statutory and regulatory requirements, it's also part of the Company's culture, since any breach of data security or privacy can have an adverse impact on the Company's reputation or result in financial loss.

In order to best contain and mitigate the relevant risks, OTE Group is responding through a dedicated Information Security and Telecom Fraud Prevention Division, which develops all necessary policies and procedures, oversees their implementation and measures their effectiveness (e.g. via periodic security audits at various systems), constantly gathers and analyzes security information from various systems (e.g. Data Leakage Prevention, Identity Management, Database Activity Monitoring, Shared Account Management, Firewalls, etc.), expands its activities covering also cyber security issues of ICT solutions and has implemented a centralized warning system in order to monitor and manage physical access violation alarms triggered.

Sustainability risks

Enterprise Risk Management (ERM) at OTE Group includes identifying, assessing and controlling of sustainability risks, in order to sustain and grow the enterprise while preserving the environment. The Corporate Communication Division is the competent business unit for sustainability issues.

Corporate Responsibility is an integral part of OTE Group's business strategy. OTE Group pursues its economic development simultaneously supporting society and protecting the environment. OTE Group has set a framework to help identify emerging issues of concern that may affect supply chain, operations and production. Within this framework, a materiality analysis is carried out every two years, taking into account the ERM principles, and consisting of two phases: the identification and ranking of material issues by the Company's management and the ranking of these material issues by the Company's external stakeholders. In this way, a comparison of the Company's internal and external stakeholders' views, regarding material sustainability issues [such as Climate protection, Supply chain and Electromagnetic Fields (EMF) issues], is secured.

- Climate protection

  Climate change presents risks to organizations, their stakeholders and their investors. EU has set as its target the reduction of greenhouse gas (GHG) emissions by 20% in 2020 (with a view to move to a 30% decrease, as part of an agreed global effort), and by 40% reduction of GHG emissions by 2030, compared to 1990 levels.

  OTE Group inventories annually all emissions arising from its operation and endeavors to reduce them. Energy consumption is a major source of GHG emissions contributing to climate change (and air pollution), but also a major component of the OTE Group operational cost. The operational cost of OTE Group is also directly affected by the regulated rates of the national electricity provider, which in the future may also be affected by:

  - Increases due to the fees/levies/burdens imposed to the electricity generation sector in the context of the EU emissions trading scheme (indirect regulatory risk).
  - Stricter environmental regulations with mandatory provisions (e.g. energy audits of activities, heating/cooling systems, etc.).

  Furthermore, reputation and market share might be affected, as surveys convey that consumers and investors tend to engage with companies that have an appropriate climate protection policy in place.

  OTE Group has also adopted a number of energy (and emissions) reduction measures, minimizing relevant risks. These measures, among others, include:

  - fixed telecom technology equipment upgrading
  - free cooling and separate battery cooling power systems
  - rectifiers modernisation
  - telecommunication equipment rooms merging
  - fuel saving measures, with hybrid solutions at off grid sites
  - AC Modernization
  - TE mobile site consolidation (LTE & SINGLE RAN)
  - buildings energy upgrade
  - office locations consolidation
  - fleet optimized use/renewal

  At the same time, OTE Group invests in developing products and services that contribute to the sustainable operations and development of all sectors of the economy, while simultaneously contributing to climate protection.

- Supply chain

  OTE Group considers sustainability in its supply chain as the base for its effective operation, its economic growth as well as its reputation retention. Thus, it aims to cooperate with suppliers that are environmentally aware and socially responsible.

  In order to avoid/reduce possible risks arising from suppliers (environmental damages, inadequate working conditions, child labor), OTE Group has adopted:

  - The OTE Group Social Charter, which serves as a behavior guide for all its suppliers. The Social Charter defines the working conditions and social standards, in accordance with which OTE's products and services are produced and offered.
  - The Supplier Code of Conduct, the acceptance of which is a prerequisite for signing a contract or other agreement.
  - An anti-corruption clause which is also obligatory to be included into the General Order Terms or other contractual agreements to be signed with suppliers.
  - Procedures for reviewing and evaluating suppliers (such as a pre-contractual integrity check and evaluation of prospective suppliers) according to the compliance criteria. These criteria include anti-bribery or anti-money laundering law infringement in the past, negative publication regarding the supplier as well as existence of the supplier to publicly available sanction lists.
  - The annual suppliers' evaluation.

- EMF

Communications give rise to concerns among the general population about potential health risks. In mobile communications, this affects projects like the construction of relevant infrastructure and the use of mobile handsets. In the fixed network, it affects sales of traditional digital cordless phones and devices that use Wi-Fi technology.

The current state of scientific knowledge does not correlate exposure of human population to electromagnetic fields lower than the proposed levels based on rulings of the EU Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR) and the International Commission on Non-Ionizing Radiation Protection/ ICNIRP), with negative impacts on public health.

Relevant research, conducted and assessed by the World Health Organization (WHO) also did not indicate any such correlation between potential health effects and electromagnetic radiation. Nevertheless, the OTE Group recognizes and respects public concerns, and has adopted precautionary principles and policies to that end in all their Base Stations and wireless telecommunication stations. The levels of electromagnetic fields, in all Base Stations, comply with the suggested limits of WHO and ICNIRP, as well as with the latest national limits set by Law 4070/2012 which are at 60-70% of the ICNIRP limits.

In addition, all products placed in COSMOTE shops bear all necessary labels required by national and EU legislation, while all phones sold operate within electromagnetic field (SAR: Specific Absorption Rate) safety limits.
The Group also implements the DT EMF Policy.

Additionally, there is a risk of regulatory interventions, such as reduced thresholds or the implementation of precautionary measures in mobile communications (e.g. amendments to building law or labeling requirements for handsets).

E. CORPORATE GOVERNANCE STATEMENT

This Statement covers all of the principles and practices adopted by the Company in order to ensure its efficiency, the interests of shareholders and all other interested parties.

The structure of this Corporate Governance Statement focuses on the following topics:

A. Statement of compliance with the Corporate Governance Code
B. Deviations from the Corporate Governance Code and explanations
C. Corporate Governance practices above the requirements of the Law
D. Board of Directors and Committees that consist of members of the Board of Directors – Remuneration of the Board Members/ Compensation Report of executive Board Members - Other administrative, managerial or supervising corporate bodies or committees
E. General Assembly and Shareholders' Rights
F. Internal Control and Risk Management Systems of the Company in relation to financial reporting process

By strengthening its procedures and structures, the Company ensures not only the compliance with the regulatory framework, but also the development of corporate culture, based on the values of entrepreneurship and ethics and on the protection of shareholders' and other parties' interests.

As a listed company on the Athens Exchange, the Company duly complies, regarding corporate governance practices, with the legislation in force and with the Hellenic Corporate Governance Code (HCGC) for listed companies after its revision by the Hellenic Corporate Governance Council, in 2013.

The principles and practices followed by the Company are reflected in the Articles of Incorporation[1], the Internal Regulation of Operations, the OTE Group Code of Conduct[2] and in other regulations and/or policies of the Company regulating its operations as described here below.

A. Statement of compliance with the Corporate Governance Code

The Company complies with the specific practices for listed companies laid down in Hellenic Corporate Governance Code (HCGC), which can be found on the website http://www.ecgi.org/codes/documents/hellenic_cg_code_oct2013_en.pdf

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[1] https://www.cosmote.gr/fixed/documents/10280/34896/AoI_12_6_2015_eng.pdf/30929bcc-8ea6-431f-bbac-1ace1dfd0720
[2] https://www.cosmote.gr/fixed/documents/10280/30232/kwddeontologiasneweng.pdf/8068f232-08b1-41e8-9d57-856072a564a0

B. Deviations from the Corporate Governance Code and explanations

More specifically, as per February 24, 2016, the following deviations should be mentioned from the HCGC:
(1) The Board of Directors has two (2) independent non-executive members in accordance with article 3 par. 1 of L. 3016/2002, which meet the independence criteria of article 4 par.1 of same Law, but they do not represent at least 1/3 of the total number of the Board members. However the Board of Directors has only two (2) executive members. Furthermore the Board of Directors does not determine whether a candidate fulfils the independence criteria before being proposed for election at the General Assembly. However, during the meeting of the General Assembly for the election of members of the Board of Directors, the independence criteria, as provided for by L. 3016/2002 and by the HCGC, are mentioned, in order the shareholders to have the necessary information for the submission of their nominations. Also, after the election of the independent members and the acceptance of their duties to the Board of Directors and its Committees, the independent members sign a Solemn Statement confirming that the impediments of article 4 of L. 3016/2002 do not exist. In accordance with the above procedure the Board of Directors has ensured that the independent members fulfill the independence criteria (Part A, paragraphs 2.3, 2.4, 2.5 and 5.2 of the Code).
(2) Neither the Articles of Incorporation nor the Regulation of Operations of the Board of Directors provide that the Independent Vice- Chairman of the Board may request to include specific items in the agenda. Two (2) members of the Board of Directors may request the convening of a meeting as provided by article 20 paragraph 5 of C.L. 2190/1920. Also, there is no specific procedure whereby the Independent Vice -Chairman may be available to the shareholders to discuss issues of corporate governance or coordinate the communication between executive and non-executive members of the Board of Directors, as the Board of Directors acts and decides as a unity. Moreover, a separate meeting of non-executive members of the Board of Directors without the presence and participation of the executive members in not provided as the non-executive members represent the vast majority of the members (only 2 executive members) and as a result the decisions are taken following discussion, taking into account all members' opinions (Part A, paragraphs 3.4 and 7.2 of the Code).
(3) No Committee has been established for the election of candidates for members of the Board of Directors after submission of nominations. Law does not provide for the formation of this Committee. The shareholders submit the nominations either before the General Assembly, according to the procedure provided by the article 27 paragraph 3 sub-paragraph d of C.L. 2190/1920, or during the General Assembly, as the law states, and therefore the Board of Directors does not give opinion on the independence of the nominated members. It is noted that, in the document for the appointment of proxies that the Company makes available to the shareholders, provided that in the General Assembly new Directors of the Board are to be elected, the shareholders are requested to state the names of their candidates as well as their CV, (Part A paragraphs, 1.2,5.2, 5.4-5.8 and Part DII paragraph 2.1 subpar. 5th of the Code).
(4) There is no procedure for the evaluation of the efficiency of the Members of the Board of Directors, its Chairman (in this case the Independent Vice-Chairman to lead the evaluation process) and its Remuneration and Human Resources Committee. However (a) the Audit Committee Regulations has been amended, providing for an evaluation procedure of the Committee's effectiveness by its members every two years and reporting to the Board of Directors, with the purpose to cope with any identified weaknesses and (b) the two executive Board members (one of which is the Chairman of the Board of Directors and Managing Director) are assessed by the Board of Directors for the determination of their variable remuneration, in each case in the absence of the member under assessment. (Part A, paragraphs 3.4 and paragraph 7 of the Code).
(5) The new members of the Board of Directors receive an induction briefing regarding the corporate issues, yet there is no program on the continuing professional development. However, the members of the Board of Directors engage frequently with executives of the Company, as every proposal submitted to the Board is accompanied with the presentation by the Head of the respective business unit and the members have the opportunity to communicate with the executives. The members receive timely the proposals and the information, having the opportunity to request further clarifications and briefing by the competent executives (Part A paragraphs 6.5-6.6 of the Code).
(6) The Regulation of Operation of the Board of Directors does not explicitly provide for the engagement of independent external advisors, however the Board, engages independent professional advisors every time this is deemed necessary for the exercise of their duties, practice that has been followed on respective occasions in the past (Part A paragraph 6.8 of the Code).
(7) The Audit Committee consists of four members, two (2) of them independent non-executive (of which one presides the Committee) and two (2) non-executive, namely it does not consist of a majority of independent members, but it consists of same number of independent non-executive and non-executive members (Part B, par. 1.4 of the Code).
(8) According to the terms of the three-year Stock Option Plan (Plan), which was applicable, among other executives, also to executive members of OTE Board of Directors, stock options have been granted in the years 2008, 2009 and 2010 (year in which the last grant of stock options has taken place), and its implementation will be completed in 2016:
- the Additional Rights (granted on an annual basis in the years 2008, 2009 and 2010 to executives that have been previously granted Basic Rights), have been converted to Definite rights for the acquisition of OTE shares (matured) at 100% upon completion of the third year from the Grant Date.
- the Basic rights (granted once to the executive members of the Board of Directors, upon their initial participation to the Plan and not granted again during the duration of the Plan) converted into Vested Rights for the Acquisition of OTE Shares as follows:

40% upon completion of the first year from the Grant Date,
30% upon completion of the second year from the Grant Date, and
the rest 30% upon completion of the third year from the Grant Date. (Part C, paragraph 1.2 of the Code).
(9) Executive members of the Board of Directors contracts do not provide that the Board may demand full or partial recovery of any bonuses awarded on the basis of misstated financial statements of previous years or otherwise erroneous financial data used to calculate such bonuses and misconduct. However, the Company has established such control mechanisms ensuring that the financial statements are being drafted according to the IFRS and the best international practices in order to avoid any manipulation or falsification of the Company's financial statements (Part C paragraph 1.3 of the Code).
(10) Compensation Committee Regulations does not include explicitly the examination and the submission of proposals regarding the total annual package of variable compensation in the Company or any business policy related to remuneration. However, in a forthcoming amendment of said Regulations such clause will be included, as the Compensation Committee already reviews the above issues (more specific information on the duties of the Compensation Committee Part D herein below) (Part C paragraph 1.7 of the Code).
(11) The Company does not publish amounts through the Compensation Report of executive Board Members, for the protection of personal data and of the persons they refer to. However, these amounts are based on resolutions / approvals of the General Assembly of shareholders (Part C paragraph 1.11 of the Code)
(12) Procedure on electronic or by mail voting at the General Assemblies is not provided. Though, the Board of Directors has the ability to establish a procedure for the participation by distance in the voting procedure of the General Assembly, according to the law and the Company's Articles of Incorporation. However, pursuant to article 28a par.8 of C.L. 2190/1920, a Ministerial Decision is required in order to define the specifications on ensuring the identity of the voting shareholder. This Ministerial Decision has not yet been issued (Part D II 2.2 of the Code).
(13) The Company does not publish summary of the minutes of the General Assembly of shareholders. However, immediately after the meeting a public announcement on the quorum of the General Assembly and its resolutions is issued. Within 5 days after the General Assembly, the voting results on each agenda item are available on the Company's website (Part D II paragraph 2.3 of the Code).
(14) The Secretary of the Board of Directors, the Head of the Internal Audit business unit and the statutory auditor attend the General Assembly, however there is no respective practice for the non-executive Board members. However the executive Members of the Board are always present at the General Assembly, answering questions of the shareholders and providing clarifications (Part D II paragraph 2.4 of the Code).

For the issues referred in this Statement as deviations from the HCGC, there are no legal requirements or regulatory provisions set by the Hellenic Capital Market Commission, so as the necessary adjustments and measures to be adopted by the Company. However, the Company will proceed with the necessary adjustments in order to minimize the deviations from the HCGC.

C. Corporate Governance practices above the requirements of the Law

The Company and OTE Group have adopted, in May 2009, a Compliance Management System (CMS), regarding the compliance of all (personnel and management) with the legislation in force and with internal policies, aiming at avoiding of risks and other legal consequences for the Company and personnel – employees, executives and management. The CMS safeguards the Company, Company's employees', customers', suppliers' and shareholders' interests.

The key elements of the CMS are:
a) the prevention of misconduct together with the compliance with the policies, in order for the Company and its employees to be protected from legal consequences due to misconduct. Additionally, the CMS contributes to reducing the reputational risks of the Company and the Group. Prevention is achieved mainly through:
the development of Compliance Policies & Procedures for OTE Group Companies.
employees' training aiming to inform them about the risks of corruption, fraud, misuse of personal data, manipulation of financial statements, disclose of inside business information, etc.
the conduct of a Compliance Risk Assessment annually, in cooperation with the business units, aiming at the identification and assessment of important risks and at the determination of necessary actions & measures for risks' controlling and mitigation.
the communication channels that have been developed, so that the employees can submit questions regarding the implementation of the Policies, in case they are uncertain as to how they should handle issues that come up in their daily work.
b) the detection of compliance violations, the investigation thereat and the proposal of remedies and measures deemed necessary. In order to provide the possibility of filing a tip–off regarding violations of policies, regulations and of the legislation in force, the Company has established the Whistleblowing Policy and the relevant communication channels.

In the framework of the CMS, specific Policies/Codes have been adopted by the Company and Group-wide describing the principles and rules that apply to OTE Group and specific procedures are followed. Specifically, among others, the following Policies/Codes have been adopted:

Code of Conduct
Code of Ethics for Senior Financial Officers
Code of Conduct for the protection of the individual's right to privacy in the handling of personal data within OTE Group
Whistleblowing Policy
Fraud Policy
Insider Trading Policy
Policy on Avoiding Corruption and other Conflicts of Interest
Policy on Accepting and Granting of Benefits
Policy on Donations and Sponsorships
Events Policy
Policy on Avoiding Sexual Harassment within OTE Group
Anti-Trust Policy
Policy on Employee Relations within OTE Group
Policy on Pensions and Risk Benefits Programs
Risk and Insurance Management Policy
OTE Group Corporate Responsibility Policy

In 2014, the Company's Compliance Management System (CMS) has been successfully reviewed by independent external auditors, who confirmed the effectiveness of the Company's compliance procedures and control mechanisms, regarding the avoidance of anti-trust issues (Anti-Trust Certification 2014).

The effectiveness and the efficiency of the CMS are being supervised by the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee (OTE Group GRC Committee).

The Company has adopted the Policy on Employee Relations within OTE Group, in which, inter alia, it is stated that the Company undertakes every effort to create equal opportunities for all current and potential employees regardless of gender, origin, disability, sexual orientation, religion, union memberships and political orientation, etc. The companies of OTE Group take seriously into consideration the rule for non-discrimination based on gender and in 2010 have introduced a women's quota, which renders the Company a pioneer among large international companies. In addition to broadening the talent pool, the above is expecting to add value to the Company in the long term with greater diversity at management level. By the end of 2015, 34% of upper and middle management positions in the Company are filled by women. Furthermore, until December 31, 2015 the percentage of representation of each gender in the Board of Directors is 90% men and 10% women and in the top management positions (Management Board) is 70% men and 30% women.

D. Board of Directors and Committees that consist of members of the Board of Directors – Remuneration of the Board Members/ Compensation Report of executive Board Members - Other administrative, managerial or supervising corporate bodies or committees

1. Board of Directors (Role, Composition, Operation)

1.1. The Board of Directors is the top administrative body of the Company. Its aim is to safeguard the general interests of the Company and ensure its operational efficiency.

1.2. Pursuant to the provisions of the Articles of Incorporation, as in force:
The Board of Directors consists of nine (9) up to eleven (11) members, which may be or not be shareholders of the Company and the exact number is defined by the General Assembly. The members are distinguished between executive and non-executive members; at least two (2) of the members of the Board must be independent. The members are elected by the General Assembly of shareholders, which also appoints the independent members, serving for a three (3) year term. Their term terminates at the completion of the ordinary General Assembly of the year in which the three-year term has already been completed. The members can always be reelected and can be revoked any time by the General Assembly. In the event of resignation, death or any other reason of one or more than one members prior to the expiration of their term, the Board shall, with at least five (5) of the remaining members, present or represented, either elect substitute(s) for the remaining term of service of the member(s) being replaced and under the same capacity of executive, non-executive or independent members or continue the management of the business affairs and the representation of the Company without electing such substitute(s). If a member is elected from the Board of Directors in replacement of an independent member, then the elected member has to be independent as well. Any such election(s) are announced at the next General Assembly (ordinary or extraordinary), which can replace the elected members, even if such item has not been included in the agenda of said General Assembly.

1.3 With regard to the composition of the Board of Directors in 2015, the following are noted:

On January 1st 2015, the Board of Directors consisted of the members appearing in the following table:

Name	Capacity	Date of appointment and any re-appointment	End of Term
Michael Tsamaz	Chairman and CEO, Executive member	Appointment 3/11/2010 Re-appointment 15/6/2012	2015
Nikolaos Karavitis	Vice-Chairman, Independent Non Executive member	Appointment 11/10/2013	2015
Raphael Kübler	Non Executive member	Appointment 23/5/2013	2015
Klaus Müller	Non Executive member	Appointment 15/11/2011 Re-appointment 15/6/2012	2015
Claudia Nemat	Non Executive member	Appointment 26/10/2011 Re-appointment 15/6/2012	2015
Christos Kastoris	Independent Non Executive member	Appointment 11/10/2013	2015
Charalampos Mazarakis	Executive member	Appointment 19/7/2012	2015
Theodoros Matalas	Independent Non Executive member	Appointment 11/10/2013	2015
Stylianos Petsas	Non Executive member	Appointment 3/9/2013	2015
Panagiotis Tabourlos	Independent Non Executive member	Appointment 17/6/2004 Re-appointment 15/6/2012 (the most recent)	2015
Leonidas Filippopoulos	Independent Non Executive member	Appointment 11/10/2013	2015

On 1/4/2015 the Board of Directors elected as new Board members Messrs. Manousos Manousakis (whom designated as Vice-Chairman), Vasileios Kafouros, Ioannis Margaris, Athanasios Misdanitis and Konstantinos Christopoulos in replacement of the resigned Vice-Chairman Mr. Nikolaos Karavitis and of the resigned members Messrs. Christos Kastoris, Theodoros Matalas, Leonidas Filippopoulos and Stylianos Petsas, for the rest of their tenure, namely until the date of the Ordinary General Assembly of the year 2015.
Following this, by resolution of the 63rd Ordinary General Assembly of the Company's shareholders held on 12/6/2015 a new Board of Directors was elected for a three-year tenure, as well as the independent non-executive members were designated. The new Board of Directors was formed into a body corporate on the same date. The Board Members elected by the foregoing General Assembly, as well as the capacity of each member as executive, non-executive and independent appears at the table below:

Name	Capacity	Date of appointment and any re-appointment	End of Term
Michael Tsamaz	Chairman and CEO, Executive member	Appointment 3/11/2010 Re-appointment 12/6/2015 (the most recent)	2018
Konstantinos Christopoulos	Vice-Chairman (as of 12/6/2015), Independent Non Executive member	Appointment 1/4/2015 Re-appointment 12/6/2015	2018
Raphael Kübler	Non Executive member	Appointment 23/5/2013 Re-appointment 12/6/2015	2018
Klaus Müller	Non Executive member	Appointment 15/11/2011 Re-appointment 12/6/2015 (the most recent)	2018
Claudia Nemat	Non Executive member	Appointment 26/10/2011 Re-appointment 12/6/2015 (the most recent)	2018
Vasileios Kafouros	Non Executive member (Independent Non Executive member Until 12/6/2015)	Appointment 1/4/2015 Re-appointment 12/6/2015	2018
Charalampos Mazarakis	Executive member	Appointment 19/7/2012 Re-appointment 12/6/2015	2018
Athanasios Misdanitis	Non Executive member (Independent Non Executive member Until 12/6/2015)	Appointment 1/4/2015 Re-appointment 12/6/2015	2018
Panagiotis Skevofylax	Non Executive member	Appointment 12/6/2015	2018
Panagiotis Tabourlos	Independent Non Executive member	Appointment 17/6/2004 Re-appointment 12/6/2015 (the most recent)	2018
Manousos Manousakis	Non Executive member (Vice-Chairman until 12/6/2015)	Appointment 1/4/2015 Re-appointment 12/6/2015	2/11/2015

On 02/11/2015 the non executive member of the Company's Board of Directors Mr. Manousos Manousakis submitted his resignation. Following this, the Board of Directors continued the management and representation of the Company with the remaining ten (10) Board members, in accordance with article 9 par. 4 of the Company's Articles of Incorporation, until

16/02/2016, when Mr. Andreas Psathas was elected as new non executive member in replacement of the resigned and for the rest of his tenure, namely until the Ordinary General Assembly of Shareholders to be held in the year 2018.

The CV's of the members of the Board of Directors under its current composition are listed here below and on the Company's website: https://www.cosmote.gr/fixed/en/corporate/ir/corporate-governance/board-of-directors/composition

Michael Tsamaz *Chairman and Managing Director*
Mr. Michael Tsamaz heads OTE Group, the largest telecommunications provider in Greece and SE Europe, since November 2010. Under his leadership, OTE has been implementing a multilayered operational & financial restructuring strategy achieving its transformation from former Greek telecoms state monopoly into an efficient, integrated operator. He also leads OTE's mobile arm, COSMOTE, since 2007. COSMOTE, market leader in Greece, is today one of the best performing mobile operators in Europe.
Since 2001, Michael Tsamaz held several senior roles within OTE, overseeing the course of its international investments and served as CEO & BoD member for a number of OTE & COSMOTE international subsidiaries. He also served as BoD member of EE, UK.. Mr. Tsamaz is also Chairman of the Board of Telekom Romania Communications S.A.. Prior to his tenure at OTE Group, he held high ranking positions in Marketing, Sales & General Management for multinational companies such as Vodafone and Philip Morris.
Mr. Tsamaz holds a degree in Business Administration from the University of New Brunswick, Canada.

Konstantinos Christopoulos *Vice Chairman, Independent Non-executive member*
Mr. Konstantinos Christopoulos holds a PhD and a postgraduate degree in Economic Development from University Paris I-Pantheon Sorbonne and a degree in Economic Studies from the University of Macedonia as well. He worked with OTE from 1988 until 2014, in various positions in the area of Foreign Investments and Financial Operations. During the period 2007-2013 he was the head of Strategy Planning and Financial Services Department, while in the period 2013-2014 he was the head of Group Corporate Finance Department. Mr. Christopoulos was a member of Board of Directors of: Hellenic Center of Productivity-ELKEPA-(1989-1992), Telekom Serbia (2004-2011) and OTE Estate (2009-2014). He is the author of the book "Trends of Capital Development in Greece" (Modern Era publications, 1991), and of articles with subjects: Globalization of Economy, Privatizations, Telecommunications. Mr. Christopoulos is member of the Greek Economic Chamber.

Raphael Kübler *Non-executive member*
Dr. Raphael Kübler in January 2014 assumed the position of Senior Vice President of the Corporate Operating Office of Deutsche Telekom and reports directly to the Chief Executive Officer of Deutsche Telekom. From July 2009 to December 2013, Mr. Kübler served as a Senior Vice President Group Controlling at Deutsche Telekom. In this position, he was responsible for the financial planning, analysis and steering of the overall Deutsche Telekom Group as well as the financial management of central headquarters and shared services. From November 2003 to June 2009, Mr. Kübler served as Chief Financial Officer of T-Mobile Deutschland GmbH, the mobile operations of Deutsche Telekom in Germany now known as Telekom Deutschland GmbH (a wholly-owned subsidiary of Deutsche Telekom). From July 2000 to October 2003 he served as Senior Vice President Mergers & Acquisitions of Deutsche Telekom. Mr. Kübler studied Business Administration at H.E.C. in Paris and the Universities of Bonn and Cologne. He holds a doctoral degree from the University of Cologne.

Klaus Müller *Non-executive member*
Klaus Müller, born in 1965, has been a member of the Deutsche Telekom Group since 1997. Currently he holds the position of Senior Vice-President for Strategy Execution and Performance Management in DT's Board Area Europe. Until September 2011 he was COO of DT's mobile telephony subsidiary in FYROM and Deputy CEO of DT's fixed-line subsidiary in FYROM. Prior to that he was Executive Vice-President for DT Group Regulatory Strategy and from 2000 - 2005 he served as Director of Magyar Telekom's Wholesale Division. Mr. Müller holds a Diploma in Economics and a PhD in Political Economics from Nuremberg University, Germany.

Claudia Nemat *Non-executive member*
Mrs. Claudia Nemat, born in 1968, has been a member of the Board of Management of Deutsche Telekom AG since October 2011 and is responsible for the Board area Europe and the strategic steering of technology. Before joining Deutsche Telekom, Claudia Nemat spent 17 years working for the consultancy McKinsey&Company. In her last position there, she was responsible for the high-tech sector in Europe, the Middle East and Africa. In addition, Claudia Nemat was responsible for projects in the fields of information and communication technology integration (ICT), sustainable IT, as well as medical technology for international companies. As a consultant, Claudia Nemat also worked on corporate leadership and performance culture as well as on questions regarding the influence of diversity on a company's performance. Claudia Nemat studied physics at the University of Cologne, where she also once taught at the department of theoretical physics and mathematics.

Vasileios Kafouros *Non-executive member*
Dr. Vasileios Kafouros holds a doctorate in Economic Sciences (with specialization in National Economic Programming) from the University of Warsaw, a postgraduate degree (with specialization in Economics) and a BA in Economics from the University of Essex in England. In 2015 he served as a Special Adviser in the Office of the Minister of Finance. From April of

2010 he is a visiting Associate Professor at the Department of Statistics of Athens University of Economics and Business while from January 1997 he is Senior Research Fellow in the Centre of Planning and Economic Research. During 2003-2009 he was a visiting Lecturer at the Department of Economics of Athens University. Dr. Kafouros was also a visiting Lecturer at the Department of Health Management (2000-2001) and at the Department of Business Administration of Athens Technological Institution (T.E.I.) (2000-2003). During the period 1990-1995 he was Lecturer in the School of Business and Public Administration of Charles Sturt University- Mitchell Australia and in the School of Business Administration of Australian Catholic University, Sydney, Australia.

Charalampos Mazarakis *Executive Member*
Mr. Charalampos Mazarakis, has over 20 years of professional experience, chiefly in senior management positions in Greece and abroad. Before joining OTE Group, in July 2012, as OTE Group General Financial Director, he was Group Chief Financial Officer (CFO) of the National Bank of Greece, and from 2008 until 2010 Group Chief Financial Officer (CFO) and Member of the Group Executive Committee of TITAN Cement Company.
Mr. Mazarakis served in various executive positions in Vodafone Group: Group Finance Director and BoD Member in Greece (1999-2006), CEO in Hungary (2006-2007), Chief Operating Officer and BoD Vice-Chairman (2007-2008). He held the position of Finance Director and Member of the BoD at Georgia Pacific-Delica in Greece (1997-1999), while prior to that, he worked as Financial Analysis Manager at Procter & Gamble, first in Athens and then as Financial Analysis Group Manager at the European Centre in Brussels. Mr Mazarakis holds a Bachelor's degree in Business Administration from the University of Piraeus (with distinction) and an MBA from the Fisher College of Business at The Ohio State University (Wielder Scholar), where he held the post of Teaching Assistant in Finance. He has been ranked among the 30 most distinguished Finance Managers of Europe under the age of 40 (CFO Europe magazine, 2002).

Athanasios Misdanitis *Non-executive member*
Mr. Athanasios Misdanitis is a PhD Candidate in Economics in Department of Applied Mathematics and Physics of the National Technical University of Athens, he has a postgraduate degree (Business Innovation with Entrepreneurship & Innovation Management) from Birkbeck College of London University and he is certificated Economist from Aristotle University of Thessaloniki. He is an economist with solid background in Economics/Finance/Public Policy and experience in working closely with diversified scholars and experts to produce written intelligence papers and briefings for policy makers. Mr. Misdanitis has expert knowledge on the socioeconomic impacts of public policies (legislation, taxes, regulations etc) in Greece and also he is a member of the team which works out the Government's National Reform Program. He has worked as a consultant and analyst in the private sector in start-ups companies in Greece and in Great Britain. He was a special advisor at the office of Vice President of Government, while the period 2013-2015 he was economic analyst and researcher at Vice President's Office of Hellenic Parliament. Mr. Misdanitis is a member of Greek Economic Chamber.

Panagiotis Skevofylax *Non-executive member*
Mr. Panagiotis Skevofylax is a special adviser at the Office of the Deputy Prime Minister, while from June 2014 to February 2015 he was a special adviser to the Hellenic Parliament's 4th Deputy Speaker's Office.
He holds an MA in Media & Communications from City University London (specialization in Political Economy of Media & Communications), and two MScs from the National and Kapodistrian University of Athens in Political Science & Sociology (specialization in Political Analysis) and in European & International Studies (specialization in European Affairs) respectively.
Mr. Skevofylax has worked as a consultant in the fields of Strategy and Communications (political and policy analysis, political consulting and coaching, political campaigning, integrated communications planning etc).

Panagiotis Tabourlos *Independent Non-executive member*
Mr. Panagiotis Tabourlos is a graduate of the Piraeus University of Economics and holds a Master's degree in Business Administration (MBA) from McGill University (Montreal, Canada). Since 1980 he has worked as Finance Manager in various corporations, including Milchem International, Hilti SA, American Express and ICI. From 1990 to 2003 he worked for Pfizer/Warner Lambert SA, where immediately prior to his departure he held the position of Regional CFO for Europe, Middle East and Africa. From June 2003 until April 2004 he held the position of Chief Financial Officer at OTE. He then resumed the position of Group CFO at Frigoglass SA, which he held until October 2013. From November 2013 he assumed the responsibilities of Corporate Development & Strategy Director until his departure in May 2014. Mr. Tabourlos serves as Chairman of OTE Audit Committee, being also its financial expert. He is also Chairman of OTE Compensation & Human Resources Committee, as well as member of Cosmote Board of Directors.

Andreas Psathas *Non executive member*
Mr Andreas Psathas is a PhD Candidate at the School of Architecture of the National Technical University of Athens. He holds a Diploma in Rural and Surveying Engineering (N.T.U.A.) and is a member of the Registry of Certified Valuers of the Ministry of Economics. Since 2004 he has participated in several scientific unions and committees and has been a member of the Assembly Presidium of Technical Chamber of Greece (2013), and of the Scientific Committee of Expert Witnesses and Real Estate Valuers (2015). He worked at the Trans Adriatic Pipeline (TAP) (2014-2015), as Land Easement and Acquisition Manager, for EON Technologies. From August 2007 until August 2013 he was a member of the Body of Sworn-in Valuers of Greece, and he participated as an expert, in the major road concession projects, in other co-financed projects and in the

estimation of the property of several Real Estate Investment Companies. He has also worked as a self-employed engineer and as an associate in many technical offices, contributing to several studies.

In addition, the C.V. of the Company's Secretary of the Board of Directors is hereby provided:
Konstantinos Paradeisis - *Secretary of the Company's Board of Directors*
Mr Konstantinos Paradeisis was born in 1959 and holds a Bachelor's degree in Business Administration from the Athens University of Economics and Business (former Athens School of Economics and Business). From 1977 to 1989 he served in various executive and operational departments of OTE S.A. Since then, he serves in the Company's Board of Directors Secretariat and since 2000 he holds the position of the Secretary of the Company's Board of Directors and its Committees (namely, Audit Committee and Compensation and Human Resources Committee). He has served as a member – acting chairman of the Company's first instance Disciplinary Council and in his capacity as Secretary of the Company's Audit Committee, he participates in the meetings of the Company's Compliance, Enterprise Risks and Corporate Governance Committee.

The members of the current Board of Directors have notified the Company on the following professional engagements (including significant non-executive commitments in companies or non-profit organizations/foundations).

MEMBERS	CORPORATE NAME	PROFESSIONAL ENGAGEMENT
Michael Tsamaz	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	CEO and Chairman of the BoD
	TELEKOM ROMANIA COMMUNICATIONS	Chairman of the BoD
	OTE INVESTMENT SERVICES S.A.	CEO and Chairman of the BoD
	OTE INTERNATIONAL INVESTMENTS LTD	Chairman of the BoD
	Greek-German Commercial & Industrial Chamber	BoD member
	Greek-American Commercial Chamber	BoD member
Konstantinos Christopoulos	None	
Charalampos Mazarakis	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	TELEKOM ROMANIA COMMUNICATIONS TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	BoD Member Chairman of the BoD
	OTE- Estate	Chairman of the BoD
	OTE PLC	BoD Member
	GERMANOS GERMANOS TELECOM ROMANIA (GTR) TELEMOBIL S.A. (ZAPP) TELEKOM ALBANIA E-VALUE INTERNATIONAL S.A. Foundation for Economic and Industrial Research (IOBE)	BoD Member Chairman of the BoD Chairman of the BoD Chairman of the BoD Chairman of the BoD Member of the BoD
Klaus Müller	Deutsche Telekom AG	Senior Vice-President for Strategy Execution and Performance Management - Board Area Europe
	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	TELEKOM ROMANIA COMMUNICATIONS S.A. PAN-NET S.R.O.	BoD Member Managing Director
Claudia Nemat	Deutsche Telekom AG	Member Board of Management - Europe & Technology
	Buyin SA	BoD Member
	Lanxess AG	Member of the Supervisory Board
Raphael Kübler	Deutsche Telekom AG	Senior Vice President Group Controlling
	T-Mobile US	BoD Member
	DT Holding BV	BoD Member
Panagiotis Tabourlos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
Vasileios Kafouros	Centre of Planning and Economic Research	Senior Research Fellow
Athanasios Misdanitis	None	
Panagiotis Skevofylax	Office of Vice President of the Greek Government	Special advisor
Andreas Psathas	Andreas Psathas	Private business for the provision of engineering services
	Ministry of Finance	Participation in a Working Group for the entering into negotiations and the conclusion of a predetermined pricing agreement between Greece and Switzerland regarding the taxation of the company TAP AG/ unpaid position

It is noted that none of the Members of the Board of Directors participates in the Board of Directors of more than five (5) listed companies.

1.4. According to the Company's Articles of Incorporation[3]:
The Board of Directors as part of its responsibilities:
Convenes ordinary or extraordinary General Assemblies of shareholders and proposes on their agenda.
Prepares and approves the Company's annual financial reports and submits them to the General Assembly of shareholders.
Approves the Company's strategy and decides upon the establishment of subsidiaries or upon the Company's participation in the share capital of other companies (domestic or foreign) as well as the establishment of branches or offices (domestic or foreign).
Is informed systematically on the course of the Company's business and the implementation of its plan with a view to protecting the Company's broader interests.
Decides upon share capital increases through the issuance of new shares and convertible bonds, following the authorization granted by the General Assembly of shareholders.
Decides upon the issue of convertible or exchangeable bonds.

The Board of Directors may delegate its powers to its members, Company's executives, third parties or Committees, determining the extent of such delegation, indicatively on the following, matters:
financial issues,
related to subscribers, subscribers' complaints – requests,
related to labour law, health and safety of the Company's employees, who are employed by the Company on any kind of contractual or project basis,
related to personal data of the Company's personnel, on intellectual property matters in case intellectual property rights are infringed by creation of archives, saving, processing, transmitting or distribution of works of intellectual property without the permission of the creators through IT systems owned or used by the Company,
related to compliance with personal data legislation and privacy of communications,
related to compliance with market police orders regarding the products and/or services of the Company,
related to the products and/or services of the Company and/or third parties provided through the Company's network,
related to compliance with fire brigade legislation or with police orders or with any administrative order concerning the operation of the Company's shops and infrastructure, technical or not.

Finally, beyond the provisions of the law, the Articles of Incorporation provide for special matters, which cannot be further delegated as the decisions on these matters should necessarily be taken by the Board of Directors, with the required majority and quorum, as provided in the Articles of Incorporation.

The Chairman of the Board of Directors sets the agenda of the meetings, chairs the meetings of the Board and coordinates its works. He co-ordinates and directs the operations of the Board of Directors in general. In other respects the Chairman has the same rights and obligations as any other member of the Board of Directors, as well as those explicitly prescribed in Law, the Articles of Incorporation and the Regulation of Operations of the Board of Directors.

The Board of Directors shall meet whenever deemed necessary or upon request to the Chairman by at least two (2) members. Without prejudice to the relevant articles of the Articles of Incorporation on specific quorums and majorities on special matters, the Board of Directors is in quorum and convenes validly when half-plus-one of its members are present; nevertheless, the number of members present should not be less than three (3). Resolutions are reached by simple majority, unless otherwise provided by C.L. 2190/1920 as currently in force, or by the Company's Articles of Incorporation.

1.5. The Regulation of Operations of the Board of Directors, which has been approved by the Board of Directors, regulates the details of the procedure followed on convening, meeting and deciding. It also refers to the powers of the Chairman and the Vice-Chairman of the Board of Directors.

Concisely, according to the above Regulation, the Chairman is elected by the Board members and may also hold the position of the Managing Director (or Chief Executive Officer- CEO). Today, Mr. Michael Tsamaz holds the positions of Chairman of the Board of Directors and CEO. The Vice-Chairman, Mr. Konstantinos Christopoulos, is an independent non-executive member of the Board of Directors, following the resolution of the 63rd Ordinary General Assembly of the shareholders.

1.6. During 2015, the Board of Directors met 25 times. In principle, the Board of Directors meets at least once a month.
The presences of each member of the Board of Directors during 2015 are described in the following table:

[3] https://www.cosmote.gr/fixed/documents/10280/34896/AoI_12_6_2015_eng.pdf/30929bcc-8ea6-431f-bbac-1ace1dfd0720

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Michael Tsamaz	25	25	-
Konstantinos Christopoulos	20	20	-
Raphael Kübler	25	22	3
Klaus Müller	25	20	5
Claudia Nemat	25	19	6
Vasileios Kafouros	20	19	1
Charalampos Mazarakis	25	25	-
Athanasios Misdanitis	20	20	-
Panagiotis Skevofylax	14	13	1
Panagiotis Tabourlos	25	25	-
Manousos Manousakis	14	14	-
Ioannis Margaris	6	6	-
Nikolaos Karavitis	4	4	-
Christos Kastoris	4	4	-
Theodoros Matalas	4	4	-
Stylianos Petsas	4	4	-
Leonidas Filippopoulos	4	3	1

1.7. In accordance with the business practice, apart from the initial information that is provided to the new members of the Board of Directors after their election, the members of the Board of Directors are briefed on issues related to the Company, during the meetings of the Board of Directors or after the discussion of the items of the agenda, as well as whenever there is a need for an update through communication between the Chairman and the members (by relevant information memos).
Also, the Members are informed by the Head of Compliance, ERM and Insurance OTE Group business unit:
a. with the OTE Group Compliance Report on information about the planning and effectiveness of the operation of the Compliance Management System and the activities in its framework, including any deficiencies as well as for important compliance cases (cases/complaints) that come to the attention of the Company,
b. with the OTE Group Corporate Risks Report on information about the overview of corporate risks that have been identified as important (evaluation, risk assessment, need for measures, characterization of risk trends, early warning function), the operation of the Risk Management System as well as the activities carried out in its framework.

Moreover, the Head of the Internal Audit business unit informs the members of the Board of Directors on issues under her competencies (here below under Part F “Internal control and risk management systems of the Company in relation to financial reporting process)”.

1.8. Board of Directors remuneration for year 2015
For the fiscal year 2015, the 63rd Ordinary General Assembly of the Company’s shareholders held on June 12, 2015 has determined the Board of Directors members’ remuneration for their participation in the meetings of the Board of Directors in the amount of Euro 2,000 "net" per month (absolute amount), regardless of the number of meetings.

Moreover, by resolution of the above General Assembly of the Company’s shareholders, the Company covers:

A. the travel/ sojourn expenses of the members of the Board of Directors for their attendance at the meetings of the Board and its Committees, from and to the country of their permanent residence, provided that are not covered by their employers, as follows:
In the event of air transportation, the Company assumes the fare of “business class” ticket for flights with duration of more than four hours and the fare of “economy class” ticket for flights with duration of less than four hours.
The Company assumes the sojourn expenses, at the place where the meetings are held, for up to two overnight stays per transfer.

B. the travel/sojourn expenses of the members of the Board of Directors for their attendance at the meetings of the Board and its Committees, from and to the place of their permanent residence, provided that it is within the country but outside the prefecture of the Company’s seat at a distance of more than one hundred and fifty (150) kilometers, and provided that these expenses are not covered by their employers, as follows:
In the event of air transportation, the Company assumes the fare of an "economy class" ticket.
The Company assumes the sojourn expenses of the abovementioned members, at the place where the meetings are held, for one overnight stay per travel.

In case the members of the Board of Directors are employed with the Company, they receive the compensation provided under their employment contract and are not eligible to the remuneration paid to the other members of the Board of Directors for the participation to the meetings of the Board of Directors.

Regarding the compensation of the executive members of the Board of Directors for year 2015, see here below par. 1.9.

1.9. Compensation Report of executive Members of the Board of Directors for year 2015.

I. GENERAL INFORMATION
For the executive members of the Board of Directors (Managing Director and OTE Group Chief Financial Officer), the following are implemented:

- The compensation and benefits policies of the Company for the level of the positions held by the above members of the Board of Directors, and
- Any terms and conditions of their individual agreements (that have been approved by the General Assembly of the Company's shareholders). It is noted that with regards to the independent services agreement of the Managing Director, the expiration date shall be the date of the Ordinary General Assembly of the Company's shareholders to be held in 2018, whereas the employment agreement of OTE Group Chief Financial Officer is of indefinite time.

Compensation and benefits policies
The compensation structure for the executive members of the Board of Directors includes a fixed part and a variable part, as follows:

- The Annual Base Salary,
- The Annual Variable Reward which is linked to the individual and corporate performance within the year, and
- Voluntary Benefits (in the form of additional fringe benefits or long-term compensation elements) always according to the level of the positions in the organizational structure of the Company, the respective Company policies and terms and conditions of their individual agreements.

In particular:
The Annual Base Salary is the fixed part of the compensation of the executive members of the Board of Directors, which is defined in their individual contracts following the approval of the General Assembly of the Company's shareholders, and taking into consideration the level of their position in the organizational structure, as well as the market (salary) data for positions of comparable level.
The variable part of the annual compensation of the executive members of the Board of Directors is the Annual Variable Reward (annual performance bonus or annual short term incentive or special performance bonus) which is related to the annual performance management process, for all levels of employees including the levels of the positions of the executives in the organizational structure of the Company. The Annual Variable Reward is provided for the attainment of predefined quantitative and qualitative targets which are related to the performance of the Company, of OTE Group and/or of DT Group, and to the strategic corporate targets, as well as the performance of the said executives. Indicative performance criteria of the annual performance management process are the revenues, the EBITDA (financial targets), the change management, the modernization / transformation of the Company, the loyalty / satisfaction of the customers and of the employees, the compliance with the guiding principles of corporate behavior and of leadership principles and other.
The relationship between the fixed and variable part of compensation is defined in the individual agreements of the executive members of the Board of Directors, with the fixed salaries constituting the largest part of the total (annual) compensation.

- According to the independent services agreement of the Managing Director, as in force for the year 2015, for the on target achievement (100%) of the predefined targets, the Annual Variable Reward equals 50% of the Annual Base Salary. The maximum Annual Variable Reward, for the achievement of the predefined targets at a level of 150% or higher, could reach the 150% of 50% of the Annual Base Salary.
- According to the employment agreement of the OTE Group Chief Financial Officer, as in force for the year 2015, for on target achievement of the corporate targets (100%) and of an individual performance rating level "3", according to the Performance Management Process, the Annual Targeted Cash comprise of two parts: the Annual Base Salary and the Annual on Target Short Term Incentive, that follow the standard proportion 65%-35% respectively. For the achievement of the predefined targets at 150% level or higher, and for the highest individual performance rating level "5", the proportion of Annual Base Salary and Short-term incentive stands at 55%-45%.

Both for the Managing Director as well as the OTE Group Chief Financial Officer, any payment in relation to the above is approved by the Remuneration and Human Resources Committee, the Board of Directors, and the General Assembly of the Company's shareholders.

In relation to the fringe benefits, the said executive members of the Board of Directors are covered by private health insurance plan (including their dependents), for life and disability, they participate in a private pension plan, use company cars (with the respective coverage), and corporate mobile and fixed telephony programs, Internet and OTE TV. They also have the opportunity to participate in the savings program for their children (Youth Account), as well as to participate in the Fund for providing financial support to the employees.

II. In relation to the Managing Director (MD), his independent services agreement provides for his participation in a rolling Long term Incentive Plan, as well as in a Share Matching Plan.

More explicitly, in relation to the plans in force for the year 2015:

A. Long term Incentive Plan

A.1. The MD Long Term Incentive Plan constitutes a compensation tool that promotes the medium and long-term value enhancement of OTE, aligning the interests of management and shareholders. It is a program which is based on the fulfillment of specific success parameters, either financial or related to the sustainability of OTE, defined by the OTE Board of Directors and approved by the Company's shareholders' General Assembly.

Based on the achievement of the set targets for the above parameters during the respective assessment period (three years, with yearly assessment of the predefined annual targets for the success parameters), the MD will be entitled to a variable payment which will be equal to 50% of his gross annual base salary for 100% achievement of the set targets for each assessment period (On Target Long term Incentive variable payment).

In case of overachievement of the set targets of more than 100% and up to 150%, the Long term Incentive variable payment will be increased accordingly and may be increased up to 150% of the On Target Long term Incentive variable payment. Any levels of target achievement of more than 150% will not be taken into consideration.

A.2. In December 2014, the extraordinary General Assembly of the Company's shareholders approved the amendment of the independent services agreement of the Managing Director. Within this framework, certain amendments in the implementation of the Long Term Incentive Plan have been approved with effect from 01.01.2015. In particular:

Apart from the rolling three-year plan for the three-year period 2015-2017 that will be implemented according to the aforementioned in par. II.A.1, a new rolling long term (four-year) incentive plan is initiated, which is linked to phantom shares and in which the Managing Director will be participating starting from 2015 hereinafter.

The underlying amount for the MD's participation, is calculated on the basis of the MD's Total Target Cash Remuneration (defined as the sum of gross Annual Base Salary plus the Annual Short Term Incentive for the on-target achievement of the predefined annual targets) and is set at 33.3% of the MD's Total Target Cash Remuneration of the current year. The relevant amount shall be converted at the beginning of each 4-year LTI into phantom Deutsche Telekom AG (DT) shares (phantom DT's shares) on the basis of the DT share price in the XETRA trading system (Basic Number).

The Basic Number of phantom shares is linked to four equally weighted, DT and / or DT Group, success parameters. The target values of the success parameters are set at the beginning of the four-year plan term. An interim value shall be determined for each annual tranche. The success parameters have a target achievement corridor of between 0 per cent and 150 per cent. The Basic Number of phantom DT shares to be granted to the Managing Director corresponds to target achievement of 100 per cent. The annual level of target achievement shall be determined at the end of each year by DT and approved by OTE Board of Directors. This annual level of target achievement shall be multiplied on a pro rata basis by the Basic Number of phantom shares granted to the MD (25 per cent of the Basic Number for each year). The number of phantom shares which will result using this method per year shall then be "fixed" for the MD as the binding result for that specific year ("Annual Result").

At the end of the 4-year plan term of each plan, the four binding Annual Results shall be added together. The phantom shares also earn dividends in case dividend is paid to DT's shareholders. The resulting total number of phantom shares shall be converted into a cash sum which is paid out to the Managing Director. The share price used as the basis for said conversion shall be determined on the basis of a specific reference period.

B. Share Matching Plan

B.1. The Share Matching Plan in which the Managing Director participated until 31.12.2014, is a long-term (3-year) program based on shares. In the framework of this program, the Managing Director is obliged to invest in Company's shares (OTE shares) an amount totaling 33.30% of the actually gross Annual Performance Bonus paid to him for the previous year (Private Investment Obligation). The calculated Private Investment Obligation shall be effected from the net Annual Performance Bonus sum paid to OTE MD. The OTE shares purchased as part of the Private Investment Obligation must be held by the Managing Director continuously, for the scope of this Plan, for a period of at least three years from the date of purchase (hereinafter "lock-up period"). At the end of the lock-up period, the Managing Director shall be granted by OTE one additional OTE share for free ("matched share") for each OTE share purchased by him under the Private Investment Obligation.

In the framework of the said program, and in particular, for the first three-year Plan initiated in 2012 (based on the Annual Performance Bonus paid to the Managing Director for the previous year (2011)), whose lock-up period has been competed in 2015, the Managing Director has been granted by OTE one additional OTE share for free ("matched share") for each share purchased by him in 2012 under the Private Investment Obligation.

B.2. In December 2014 the extraordinary General Assembly of the Company's shareholders approved the amendment of the independent services agreement of the Managing Director. Within this framework, certain amendments in the implementation of the Share Matching Plan have been approved with effect from 01.01.2015. In particular:

In reference to the Share Matching Plan, in particular for the year 2015, MD undertook the obligation to invest, in both in OTE and DT shares, in a total amount of minimum 33.3% up to maximum 43.3% of the actually paid gross Annual Performance Bonus. More explicitly, the Managing Director undertook the obligation to invest in Company's shares, in an amount of

minimum 10% up to maximum 33.3% of the above actually paid gross Annual Performance Bonus (or Short Term Incentive) for year 2014 (Private Investment Obligation). These shares will be held by the Managing Director for a period of three (3) years (Lock Up Period), i.e. the Managing Director may not liquidate, sell, dispose them etc. At the end of the Lock Up Period, MD will be granted, for free, one additional OTE share for each OTE share acquired by the Managing Director under the Private Investment Obligation. In addition, the Managing Director undertook the obligation to invest in DT shares, in an amount of minimum 10% up to maximum 23.3% of the above actually paid gross Annual Performance Bonus (or Short Term Incentive Plan) for year 2014 (Private Investment Obligation). These shares will be held by the Managing Director for a period of four (4) years (Lock Up Period), i.e. the Managing Director may not liquidate, sell, dispose them etc. At the end of the Lock Up Period, the Managing Director will be granted, for free, one additional DT share for each DT share acquired by the Managing Director under the Private Investment Obligation. The actual percentage (for the Private Investment Obligation) of the above actually paid gross Annual Performance Bonus (or Short Term Incentive Plan) for year 2014 as well as the split of the Private Investment in DT and OTE shares, has been decided by the Managing Director in 2015 and more specifically during the period of implementation of the Private Investment Obligation by the Managing Director.
For year 2016 and henceforth, MD undertakes the obligation to invest in DT shares, in an amount of 33% of the actually gross Annual Performance Bonus (or Short Term Incentive Plan) paid regarding the previous year (Private Investment Obligation). These shares will be held by the Managing Director for a period of four (4) years (Lock Up Period). At the end of the Lock Up Period, the Managing Director will be granted, for free, one additional DT share for each DT share under the Private Investment Obligation.

III. Regarding the OTE Group Chief Financial Officer:

(1) The General Assembly of the Company's shareholders of 12.06.2015, following a relevant resolution of the Company's Board of Directors, has approved the amendment of his individual agreement with the Company, in order for new rolling long term compensation programs, which are valid for 2015 (and henceforth, subject to the approval of the competent bodies of DTAG and OTE S.A.) for other executives of similar position levels, to be implemented also for the OTE Group Chief Financial Officer. In particular:

A. Long term Incentive Plan
From the year 2015 started a long (4-year) incentive program (LTI), connected with quasi (phantom) shares of DTAG and in which the executive was entitled to take part, if the result of the assessment of the annual individual performance of the employee for the previous year (2014) was level 3, 4 or 5, according to the Performance Evaluation Process.

The amount taken as the basis for employee participation (grant value), depends on the Total Target Cash Remuneration (comprising of the Annual Base Salary and the Annual on Target Short Term Incentive, that is the Short (annual) Term Incentive for on target achievement of the collective targets (100%) and of an individual performance rating level "3") and is defined at 30% of the Total Target Cash Remuneration of the current year.
The relevant amount is converted at the beginning of the 4-year Long Term Incentive Program (LTI) in quasi shares of Deutsche Telekom AG (DT) (phantom DT's shares) based on the price the share of DT in the trading system XETRA (main number).
The basic number of quasi-equity associated with four isobars success parameters of DT and / or Group DT. The target values of success parameters defined at the beginning of the 4-year program period. For each annual installment will be set an interim price. The parameters of success reach levels (target achievement corridors) between 0 percent and 150 percent. The Basic Number of phantom DT shares to be granted to the OTE Group Chief Financial Officer corresponds to target achievement of 100 per cent. The annual level of target achievement will be determined at the end of each year by DT and approved by the OTE Board of Directors. This level of target achievement will be multiplied on a proportional basis to the Base Number quasi shares granted to OTE Group Chief Financial Officer (25 per cent of the basic number per year). The number of quasi-equity calculated with this method will then become final for OTE Group Chief Financial Officer as the final result for the year ("Annual Results").
At the end of the whole program LTI 2015, the four binding annual results will be added together including any dividends in case of dividends granting to DT shareholders. The sum of total quasi shares will be converted into cash, which will be paid to OTE Group Chief Financial Officer. The share price used as the basis for the conversion will be determined in a particular reporting period.

B. Share Matching Plan
The Share Matching Plan (SMP) in which OTE Group Financial Officer participates as of 01.01.2015, is a long term (four year) plan based on DTAG shares. The SMP program is a global, Group-wide compensation instrument of Deutsche Telekom Group. The scope of the SMP program is to enhance the willingness of executives for corporate responsibility, and therefore, the increase in shareholder value in the medium-long term.
In this frame, OTE Group Chief Financial Officer is entitled to participate in the Share Matching Plan (SMP) which is a voluntary benefit, and the executive's participation is a voluntary, if the evaluation result of the annual individual performance of the previous year is level 3, 4 or 5, according to the Performance Evaluation Process. OTE Group Chief Financial Officer undertakes to invest in shares of DTAG, an amount corresponding at least of 10% and a maximum of one third (33.3%) of the above mentioned gross amount of Short Term Incentive which will have been paid for the previous year

2014 (Voluntary Private Investment). The Voluntary Private Investment is calculated on the gross amount of the Short Term Incentive which will have been actually paid to OTE Group Chief Financial Officer for the previous year and it is performed out of the net payable amount, which, whenever necessary, is rounded upwards in order that an integer number of DTAG shares are purchased.
OTE Group Chief Financial Officer undertakes not to liquidate, sell, dispose, etc. the above shares for four (4) years from the date of purchase (Closed Period). At the end of the closed period, OTE Group Chief Financial Officer will receive free matched shares of DTAG, based on the formula: 1 free share to 1 (1:1), or 1:2 or 1:3 shares acquired under the Voluntary Private Investment, according to the level of his individual annual performance (level «5», «4», or «3» respectively).

(2) The OTE Group Chief Financial Officer following a resolution of the General Assembly of the Company's shareholders, participated in 2013 in a Shadow Stock Option Plan. The Shadow Options that have been granted to the OTE Group Chief Financial Officer once off, have been converted to Definite rights in October 2013 at a Preferential Purchase Price that has been defined by the Board of Directors for the Option Rights granted in 2010 in the framework of OTE Stock Option Plan. The OTE Group Chief Financial Officer is eligible to exercise, by his own choice, part or the total of his "shadow" Definite Rights, in April and October of the years 2015 and 2016. The Shadow Options that have not been exercised are 19,875 and can be exercised at the price Euro 4.49 (absolute amount). In case OTE Group Chief Financial Officer exercises the abovementioned rights, he will be entitled to receive, for each "Shadow" Definite Right, an Additional Variable Cash Payment that will be equal to the balance between the said price of the "Shadow" Rights and the highest closing Stock Exchange price for OTE share during the last working day of the month of exercise of the "Shadow" Definite Rights. This Additional Variable Cash Payment will be paid following decision by the competent corporate bodies through payroll (and after all statutory taxes and contributions have been withheld), provided that the terms and conditions of OTE Stock Option Plan are met, with regards at least to the achievement of corporate targets, the level of annual individual performance and the preservation of the OTE Group Chief Financial Officer employment relation with the Company. It is noted that within 2015, the OTE Group Chief Financial Officer did not excercised partially or in total the said "Shadow" Definite Rights that have been granted to him.

(3) In the framework of the General Assembly of the Company's shareholders, the payment of an extraordinary variable pay equal to one gross monthly salary has been approved, associated with his significant participation and contribution to the successful completion of the book building process for the six-year bond issue by OTE SA and bond repurchase.

1.10 The OTE Group Code of Conduct, the OTE Group Policy on Avoiding Corruption and other Conflicts of Interest and the OTE Internal Regulation of Operations provide that the members of the Board of Directors (as well as employees of the Company) must refrain from any act which may give rise to a conflict of their personal interests -or members of their families- with those of the Company or its affiliated companies and specific conflict of interest examples are provided. Specifically, among others, it is provided that:

- Employees and members of the Board of Directors are not allowed to maintain, directly or indirectly, any material economic interest (as the latter is, each time, defined in the Internal Regulation of Operations) in vendors, customers, competitors or other undertakings, if such interest may influence their business decisions.
- Employees and members of the Board of Directors cannot accept or allow a member of their family to accept money, gifts, loans, entertainment services or favorable treatment from anyone maintaining business relations with the Company or being a competitor, except if the benefits are considered to be tacitly approved and permitted by the provisions of the Policy on Accepting and Granting of Benefits.

In combination with the above-mentioned, the Company's Internal Regulation of Operations provides for a procedure on the monitoring of economic activities and transactions of the members of the Board of Directors and the persons carrying out managerial duties with significant customers or suppliers of the Company, as well as the financial transactions with Company's shares, derivatives or other financial instruments linked to them, in accordance with Law 3016/2002.

Regarding transactions with related parties, the Company's Board of Directors has adopted the "OTE Group Transfer Pricing Regulation", which defines the required internal procedures for the implementation and enforcement of the rules on invoicing and documentation of transfer pricing between companies of OTE Group and their own affiliated companies. The Regulation sets the procedures to be followed and the compliance with this Regulation is subject to internal and external audits. Responsible for the implementation of this Regulation are the competent tax business units and the units responsible for the drawing up of contracts with the affiliated companies. Within the framework of the legislation in force, companies of OTE Group through their corporate bodies, adopt this Regulation, in order to follow the same procedure of documentation and to facilitate the compliance.

Finally, there are relevant provisions in the policies that have been adopted in the framework of the Compliance Management System of OTE Group, such as the Policy on Accepting and Granting of Benefits and the Insider Trading Policy.

2. Board of Directors' Committees – Composition – Responsibilities - Remuneration

Two Committees have been formed and operate in the Company the members of which are members of the Board of Directors. These are the Audit Committee and the Compensation and Human Resources Committee. In particular:

2.1. The Audit Committee (following the resolution of the 63rd Ordinary General Assembly of the Company's shareholders held on 12/6/2015) consists of four members of the Board of Directors – out of which two members are independent non-executive – elected by the General Assembly of shareholders according to article 37 of Law 3693/2008.
The Audit Committee during 2015 consisted of the following members:
Up to April 2015, consisted of Messrs. Panagiotis Tabourlos (Chairman), Nikolaos Karavitis (Member) and Christos Kastoris (Member).
After 12/6/2015 the Audit Committee consists of Messrs. Panagiotis Tabourlos (Chairman), Raphael Kübler (Member), Athanasios Misdanitis (Member) and Konstantinos Christopoulos (Member).
For the fiscal year 2015, by resolution of the ordinary General Assembly of the Company's shareholders held on June 12, 2015, the remuneration of the Chairman and the members of the Audit Committee for their participation in its meetings was determined as follows:
(a) Chairman: Euro 1,200 (absolute amount) "net" per meeting in which he participates.
(b) Members: Euro 960 (absolute amount) "net" per meeting in which they participate.

According to the Regulation of its Operation[4], the Audit Committee holds at least four (4) meetings every year. During 2015, it held ten (10) meetings.

The presences of the Chairman and the members of the Audit Committee in its meetings during 2015 are described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Panagiotis Tabourlos	10	10	-
Raphael Kübler	7	5	1
Athanasios Misdanitis	7	7	-
Konstantinos Christopoulos	7	7	-
Nikolaos Karavitis	3	3	-
Christos Kastoris	3	3	-

The framework for the operation of the Audit Committee is described in the Audit Committee Regulations, as approved by the Board of Directors.

Concisely, the objective of the Audit Committee is to support the Company's Board of Directors in the exercise of the latter's supervisory authority and the fulfillment of the latter's obligations towards shareholders, the investment community and third parties, especially with regards to the financial reporting process.

In 2015, the Audit Committee dealt with issues within the framework of its responsibilities, summarized as follows:

The approval and monitoring of the Company's Internal Audit business unit activities.
Approval and monitoring of the activities of the business unit Compliance, Enterprise Risk Management & Insurance.
The assessment of the accuracy and consistency of Financial Statements.
The assurance of the Statutory Auditors' independence, in relation to the services provided by the latter to the companies of OTE Group and approval of the budget for relevant fees of the Statutory Auditors for fiscal year 2015, in the context of the approved by the Board of Directors "Policy for Commissioning Services of Auditors".
The expression of opinion on the appointment of statutory auditors.
Handling of complaints and allegations.

Furthermore, the Audit Committee, during 2015, dealt with the review and assessment of the completeness, accuracy and precision of the Periodic Compliance Reports - which include, among others, information on the handling and results of complaints and allegations – as well as the Enterprise Risk Reports. The Compliance Reports and the Risk Reports are submitted, at least four times a year, to the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee, which reviews and assesses these Reports. Subsequently, the Reports are submitted to the competent corporate bodies, i.e. the Audit Committee and the Board of Directors.

To ensure the independence of statutory auditors, by resolution of the Board of Directors a "Policy for Commissioning Services of Auditors" has been approved.

[4] https://www.cosmote.gr/fixed/documents/10280/30232/Audit_Committee_Regulations_2015_eng.pdf/b4ce2421-25bb-4d23-aef4-71d0ba135c9f

The Audit Committee has a frequent communication with the Internal Audit during the course of its operations. In this context, the Head of the Internal Audit business unit is invited and participates in most of the meetings of the Audit Committee. The statutory auditors are also invited and participate, when the semi-annual and annual separate and consolidated financial statements are reviewed.

2.2. Compensation and Human Resources Committee, which is appointed by the Company's Board of Directors.

The Compensation and Human Resources Committee during 2015 consisted of the following members:
Up to 25/2/2015 consisted of Mr. Panagiotis Tabourlos (Chairman), Mrs. Claudia Nemat (Member) and Mr. Charalampos Mazarakis (Member). Following a formation of the said Committee on 25/2/2015, it consists of Mr. Panagiotis Tabourlos (Chairman), Mrs. Claudia Nemat (Member) and Mr. Raphael Kübler (Member). Following the above, since 25/2/2015 the Committee consists exclusively of non-executive members of the Board of Directors.

For the fiscal year 2015, by resolution of the ordinary General Assembly of the Company's shareholders held on June 12, 2015, the remuneration of the Chairman and the members of the Compensation and Human Resources Committee, for their participation in its meetings was determined on the amount of Euro 480 (absolute amount) "net" per meeting in which they participate.

According to the Regulation of its Operation, the Compensation and Human Resources Committee holds at least two (2) meetings every year. During 2015 the Committee held six (6) meetings.

The presences of the Chairman and the members of the Compensation and Human Resources Committee in its meetings during 2015 are described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Panagiotis Tabourlos	6	6	-
Claudia Nemat	6	6	-
Raphael Kübler	5	5	-
Charalampos Mazarakis	1	1	-

The framework for the operation of the Compensation and Human Resources Committee is described in the Regulation of its Operation, which has been approved by the Board of Directors.

Concisely, in 2015, the Committee, within the framework of its responsibilities, dealt with the issues below:

Setting the principles of the Company's human resources policy, that will guide the decisions and actions of the management.
Defining the Company's compensation and remuneration policy.
Approval of the schemes and plans concerning compensation, benefits, stock options and bonuses.
Proposal to the Board of Directors regarding the compensation and benefits of the Managing Director.
Study and process issues related to the Company's human resources.
Setting the principles of Corporate Social Responsibility.
Furthermore, in this context, in 2015 the Compensation and Human Resources Committee has examined and submitted to the Board of Directors proposals, among others, for compensation issues of the executive members of the Board and business policies on remuneration.

3. Other administrative, managerial or supervising corporate bodies or committees

3.1. OTE Group Management Meeting

By resolution of the Chairman of the Board of Directors & Managing Director, the OTE Group Management Meeting has been established and operates with primary mission to coordinate and ensure the necessary cohesion in the Company and its affiliated companies, the resolution of material issues regarding the current management and the examination and decision on any other matter entrusted to the Meeting either from the Board of Directors or the Managing Director of the Company. The Meeting takes place weekly, it is chaired by the Managing Director or his Deputy appointed by his decision. In the Meeting except for the Managing Director, the following executives participate: the Legal Counsel - OTE Group Chief Legal and Regulatory Affairs Officer, the OTE Group Chief Financial Officer, the OTE Group Chief Information Technology Officer, the OTE Group Chief Human Resources Officer, the OTE Group Chief Technology & Operations Officer, the OTE Group Chief Strategic Planning &Transformation Officer, the OTE Group Chief International Activities Officer and the Executive Director Corporate Communications OTE Group.
Furthermore in the Management Meeting participate, without voting rights, on a case by case basis, executives of the Group or third parties, depending on the issue under discussion and following an invitation of the Chairman of the Board. The Management Meeting operates in accordance with the Managing Director's decision for its formation and operation.

3.2 OTE Group Compliance, Enterprise Risks and Corporate Governance Committee
By resolution of the Chairman of the Board of Directors & Managing Director, the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee (GRC Committee) has been established with primary mission the support, the review and monitoring of the implementation of the Compliance and Risk Management Systems (CMS and RMS) and issues of Corporate Governance at OTE Group level.
The Committee supports the Head of Compliance, Enterprise Risk Management & Insurance of OTE Group on Compliance, Enterprise Risk Management, Corporate Governance and Human Rights issues.
Indicatively, the Committee designates the strategic issues regarding Corporate Governance, Compliance and Enterprise Risks, keeping abreast of best practices, monitors and reviews the implementation of RMS, CMS, supports business units in their risk analysis, ensuring efficient communication between employees and management about the RMS and CMS Programs. Proposes the appropriate measures/procedures and policies to the competent corporate bodies to be approved on the issues of its competences and supports the design of the implementation of these measures. Reviews the Reports and the results of CMS and RMS procedures and assess the completeness, accuracy and precision of the Reports that are being submitted to the competent corporate bodies, namely the Board of Directors and the Audit Committee. Members of the Committee are the Executive Director Compliance, Enterprise Risk Management & Insurance OTE Group (Committee's Chairman), the General Counsel - OTE Group Chief Legal and Regulatory Affairs Officer, the OTE Group Chief Financial Officer, the OTE Group Chief Human Resources Officer, the Executive Director Internal Audit OTE Group, the Executive Director Business Security & Continuity OTE Group and the Executive Director Corporate Communications OTE Group. The Committee's meetings may also attend other persons, extraordinarily if their presence is considered to be necessary for the discussion of the agenda items. The Committee operates in accordance with the Managing Director's decision for its formation and operation.

3.3. Managing Director
The Company's Managing Director, is elected by the Board of Directors, following the election by the General Assembly as a member of the Board. He is the chief executive officer of the Company, heads all the departments of the Company, directs their work, adopts the necessary decisions within the context of the provisions governing the operation of the Company, of the programs, the budgets and strategic plans approved by the Board. The Board of Directors may delegate to the Managing Director, the authority and power exercised either in person or by proxy, at his discretion to decide and represent the Company on any matter pertaining to administration of the Company affairs other than: (i) the matters reserved to the General Assembly of the Shareholders or the Board of Directors as provided by the C.L. 2190/1920, as in force and any other applicable legislation and (ii) the Special Matters pursuant article 8 paragraph 4 of the Company's Articles of Incorporation.
The Managing Director represents the Company in courts, extrajudicial proceedings and before every Authority for every act, be it under his own authority or the authority of the Board of Directors, acting in person or by granting proxy rights to third persons to represent the Company.

E. General Assembly and Shareholders' Rights

1. General Assembly - Operation and Powers
According to article 15 of the Company's Articles of Incorporation, the General Assembly of shareholders is the foremost body of the Company and has the right to resolve upon all matters concerning the Company unless otherwise specified in the Articles of Incorporation. Every shareholder of fully paid in shares having the right to vote may participate in the General Assembly of shareholders according to the number of shares held. The resolutions of the General Assembly also bind those shareholders who are absent or disagree.

The General Assembly of shareholders is convened by the Board of Directors pursuant to the provisions of the Law and meets mandatorily at the registered office of the Company, or the region of another municipality within the prefecture of the Company's registered office, or another municipality neighboring the Company's registered office or in the region of the municipality where the Stock Exchange is located, at least once every financial year and within six (6) months from the end of the financial year. The Board of Directors may convene the General Assembly of shareholders in an extraordinary meeting, if deemed expedient.

The notification of the ordinary or extraordinary General Assembly of shareholders and of every repeated General Assembly must specify the venue, the date and the time of the meeting, the items of the agenda, the shareholders that have right to participate, as well as precise instructions on how the shareholders will be able to participate in the meeting and exercise their rights. The Board of Directors decides on the items of the agenda and on the convocation of the General Assembly of shareholders in the same meeting. The notification is posted at a visible position at the Company's registered office and is published pursuant to the provisions in force.

The General Assembly is in quorum and convenes validly on the issues of the agenda when at least twenty (20) percent of its paid-in share capital is represented. In the event that such quorum is not reached during the first convocation a new repeated assembly is held within twenty (20) days. The repeated assembly is in quorum and convenes validly with the same agenda items, irrespectively of the percentage of the paid in share capital represented. The resolutions of the General Assembly are adopted upon an absolute majority of the votes represented at the assembly.

Exceptionally, according to article 20 of the Articles of Incorporation, the General Assembly is in quorum and convenes validly only if two thirds (2/3) of the paid-in share capital are represented, with respect to the following matters:
(a) Merger or dissolution of the Company.
(b) Increase or decrease of the share capital, with the exception of cases which are governed by different provisions under the law or the present Articles of Incorporation.
(c) Issuance of bond loans convertible to shares.
(d) Amendment of the manner of distribution of profits.
(e) Increase of the liability of shareholders.
(f) Limitation or cancellation of the preemption rights of existing shareholders in the event of increases of share capital in cash or contributions in kind.
(g) Amendment of the special majority of the Board of Directors provided in Article 6 paragraph 1 of the Articles of Incorporation.
(h) Amendment of Article 20.

In the event that the quorum of the preceding paragraph is not achieved during the first assembly, the first repeated assembly is held, within twenty (20) days of this assembly, which is in quorum and convenes validly when at least one half (1/2) of the paid in share capital is represented. In the event that this second quorum is not achieved, the General Assembly convenes once again within twenty days after the first repeated assembly, and is in quorum and convenes validly when at least one fifth (1/5) of the paid in share capital is represented. The resolutions on the above issues are adopted upon a majority of two thirds (2/3) of the votes represented at the assembly.

2. Participation of the Shareholders

2.1. Any natural person or legal entity, recognized as a shareholder according to the registry of the Dematerialized Securities System, managed by the Hellenic Exchanges S.A., in which the shares of the Company are recorded, is entitled to participate in the General Assembly provided that he is qualified as a shareholder on the Record Date, i.e. at the beginning of the fifth (5^{th}) day before the date of the General Assembly.

Proof of qualification as a shareholder either via a relevant written certification of the above organization or, alternatively, through the direct electronic link of the Company with the records of the Hellenic Exchanges S.A. must be submitted to the Company at the latest, the third day before the date of the General Assembly.

In case of a Repeated General Assembly, the deadlines are those provided by law.

Shareholders who are not in compliance with the provisions of article 28a of C.L. 2190/1920 may participate in the General Assembly only after its approval.

The exercise of the above rights does not require blocking of shares or any other similar processes that would restrict the possibility of sale and transfer of shares during the period between the Record Date and the General Assembly.

The information of article 27 paragraph 3 of C.L. 2190/1920 including the invitation, the forms of appointment and revocation of a proxy, the procedure of voting by proxy, the draft resolutions for the agenda items, as well as further information regarding the exercise of minority rights of article 39, paragraphs 2, 2a, 4 and 5 of C.L. 2190/1920 are available before every General Assembly in electronic form on the Company’s website and in hard copy, at the Company’s competent department.

2.2. Shareholders may participate in the General Assembly and may either vote in person or by proxy. Each shareholder may appoint up to 3 proxies. Legal entities may participate in the General Assembly by appointing up to 3 natural persons as proxies. However, if a shareholder has shares of the Company held in more than one securities account, the above limitation shall not prevent the shareholder from appointing a separate proxy as regards shares held in each securities account. A proxy, acting on behalf of several shareholders may cast votes differently in respect of shares held by each shareholder so represented.

The appointment and the revocation of the appointment of a proxy shall be made in writing and shall be notified to the Company following the same procedure, at least 3 days before the date of the General Assembly. The forms on the appointment of a proxy or on the recovation, completed and signed by the shareholder must be submitted to the Company at least 3 days before the date of the General Assembly. The shareholders are requested to ensure the successful dispatch of the form and receipt thereof by the Company. Same procedure is being followed in case a shareholder appoints a bank as a proxy.

The proxy is obliged to disclose to the Company, before the commencement of the General Assembly, any fact which might be useful to the shareholders in assessing whether the proxy might pursue any interest other than the interest of the represented shareholder. A conflict of interest within this context may in particular arise where the proxy:
a. Is a controlling shareholder of the Company, or is another entity controlled by such shareholder;
b. Is a member of the Board of Directors or the management of the Company, or of a controlling shareholder or an entity controlled by such shareholder;
c. Is an employee or an auditor of the Company, or of a controlling shareholder or an entity controlled by such shareholder;
d. Is a spouse or close relative (of 1st degree) with a natural person referred to in points (a) to (c).

The Company does not provide for shareholders' participation and voting in the General Assembly via electronic or long-distance means, however article 18 par.3 of the Company's Articles of Incorporation provides that the Board of Directors may decide upon a procedure for remote voting during the shareholders' General Assembly.

3. Minority Shareholders' Rights

Following a request by the shareholders, representing the one twentieth (1/20) of the paid-up share capital, the Board of Directors must convoke an extraordinary General Assembly of shareholders, setting the date of the meeting which must not be later than forty five (45) days from the date of service of the request to the Chairman of the Board of Directors. The request includes the subject of the agenda. If the General Assembly is not convoked by the Board of Directors within twenty (20) days from the service of the relevant request, the convocation is made by the requesting shareholders at the expense of the Company by decision of the Single-Member Court of First Instance of the Company's seat, issued following the procedure of interim measures. This decision sets the date and place of the meeting as well as the agenda.

Shareholders representing 1/20 of the paid-in share capital may request from the Board of Directors of the Company to include in the agenda of the General Assembly already held, additional items, provided that the relevant request is communicated to the Board of Directors at least fifteen (15) days before the General Assembly. The additional items have to be published or disclosed by responsibility of the Board of Directors according to the Article 26, at least seven (7) days before the General Assembly. The request for an additional item on the agenda must be accompanied by a justification or a draft resolution to be adopted in the General Assembly. The revised agenda is made available in the same manner as the previous agenda thirteen (13) days before the General Assembly and at the same time, it is made available to the shareholders on the Company's website, together with the justification or the draft resolution that had been submitted by the shareholders.

Following a request of shareholders, representing one twentieth (1/20) of the paid-in share capital, the Board of Directors makes available to the shareholders the draft resolutions for the items included in the initial or revised agenda, in accordance with article 27 paragraph 3 of C.L. 2190/1920, at least six (6) days before the General Assembly, if the relevant request is communicated to the Board of Directors at least seven (7) days before the General Assembly.

The Board of Directors is not obliged, in the above cases, to proceed with the inclusion of subjects in the agenda or to publication or notification of the subjects along with the justification or the draft decisions submitted by the shareholders, if their content is contrary to the law and to bonos mores.

Following a request by a shareholder or shareholders representing the one twentieth (1/20) of the paid-up share capital, the chairman of the Assembly is obliged to postpone, only once, the taking of a decision by the General Assembly, ordinary or extraordinary, for all or some subjects of the agenda, setting as date on which the Assembly will continue the date set in the shareholders' request which may not be later that thirty (30) days from the date of the postponement. The General Assembly which follows a postponed one is a continuation of the previous one and the publicity formalities of the invitation of shareholders need not be repeated. New shareholders may also participate abiding to the provisions of the Law.

Following the request of any shareholder, communicated to the Company at least 5 full days before the General Assembly, the Board of Directors must provide to the General Assembly, the requested, specific information with respect to matters of the Company, to the extent that this information is useful for the actual assessment of the items on the agenda. The Board of Directors may refuse to provide information on the grounds of a substantial cause, which must be mentioned in the minutes.

The Board of Directors may provide an overall response to requests of shareholders of the same content. The obligation of providing information does not exist if the relevant information is already available on the Company's website, especially in a question and answer format.

Following a request by the shareholders representing the one twentieth (1/20) of the paid-up share capital, the Board of Directors must announce to the General Assembly, provided that it is ordinary, the amounts which during the last two years were paid to each member of the Board of Directors or the managers of the Company, as well as any benefit to these persons for any reason or any contract between them and the Company. In the above cases, the Board of Directors may decline to provide such information on reasonable grounds which must be mentioned in the minutes.

Following a request of shareholders representing one fifth (1/5) of the paid-up share capital which is communicated to the Company five (5) complete days before the General Assembly, the Board of Directors must provide to the General Assembly information with respect to the course of the Company affairs and the financial condition of the Company. The Board of Directors may refuse to provide this information on reasonable grounds which must be mentioned in the minutes.

Following a request by shareholders representing the one twentieth (1/20) of the paid-up share capital, the decision on any subject of the agenda of the General Assembly is taken by roll-call vote.

In the aforementioned cases, the shareholders, who are communicating a request, must provide proof of their qualification as shareholders as well as the number of shares held by them at the moment of the exercise of the relevant right. The presentation of a certification of the Hellenic Exchanges S.A. or the verification of a shareholder's qualification through the direct electronic link of the Hellenic Exchanges S.A. and the Company, may be recognized as such proofs.

4. Decisions of the General Assembly (Ordinary and Extraordinary) of the shareholders of OTE S.A. for important issues, during 2015:

Beyond the issues within the competence of the General Assembly, which are discussed annually, such us the approval of the annual financial statements, the election of the statutory auditor etc, the General Assembly decided in 2015, inter alia the amendment of article 2 (Object) and 14 (Non Competition) of the Company's Articles of Incorporation, the buy-back of own shares, the compensation of executive Board Members and the approval of agreements under article 23a of C.L. 2190/1920.

F. Internal control and risk management systems of the Company in relation to financial reporting process

INTERNAL CONTROL SYSTEM (ICS)

OTE Group applies an internal control system (ICS) in order to ensure proper financial reporting, the effectiveness and efficiency of operations and adherence to legal requirements. OTE Group ICS is based on the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework.

OTE Group has established a standardized process for documenting and evaluating the ICS. The scope of the ICS is defined based on certain materiality levels (both quantitative and qualitative) to ensure that financial reporting risks are appropriately identified and assessed and internal controls are designed and applied on a continuous basis by the management and the personnel. The process contains two types of controls: a) "Basic Principles" that provide the basic safeguards for financial reporting, compliance and operations and b) "Transaction level controls" that are focused on financial reporting risks.

Corporate Governance best principles and practices are embedded in the ICS which contributes to the effective and secure operation of the Company. Management tests and evaluates the internal controls annually and provides a written assurance of the effectiveness of the system.

The responsibility of the OTE Group Internal Audit business unit is to provide an opinion on the ICS for every area under review that result from its annual audit plan. The annual audit plan, as approved by the Audit Committee, is the result of a risk assessment methodology of potential Company's risks as well as an evaluation of the Internal Control System.

Furthermore, there are mechanisms that support the evaluations and review of the ICS process performed by the Board of Directors. Indicatively, the principles and policies that comprise the OTE Group Compliance Management System, the Compliance, Enterprise Risk Management and Insurance business unit under the relevant Executive Director, the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee (OTE Group GRC Committee), the Compensation and Human Resources Committee as well as the Audit Committee.

RISK & INSURANCE MANAGEMENT SYSTEM (RIMS)

According to the 8th EU Company Law Directive on Statutory Audit (European Directive 2006/43/EC - article 41: "Three lines of defense model"), FERMA (Federation of European Risk Management Associations) and ECIIA (European Confederation of Institutes of Internal Auditing) introduced a guidance about monitoring the effectiveness of internal control, internal audit and risk management systems. Part of this system, in the Second line of defense, is the OTE Group Compliance, Enterprise Risk Management and Insurance business unit, which is responsible for the continuous development of the Early Warning, Compliance and Risk Management Systems, as well as adopting standards applicable to the entire Group in order to ensure their implementation methodically and consistently. Its key goal is to safeguard the OTE Group existence and maintain corporate success.

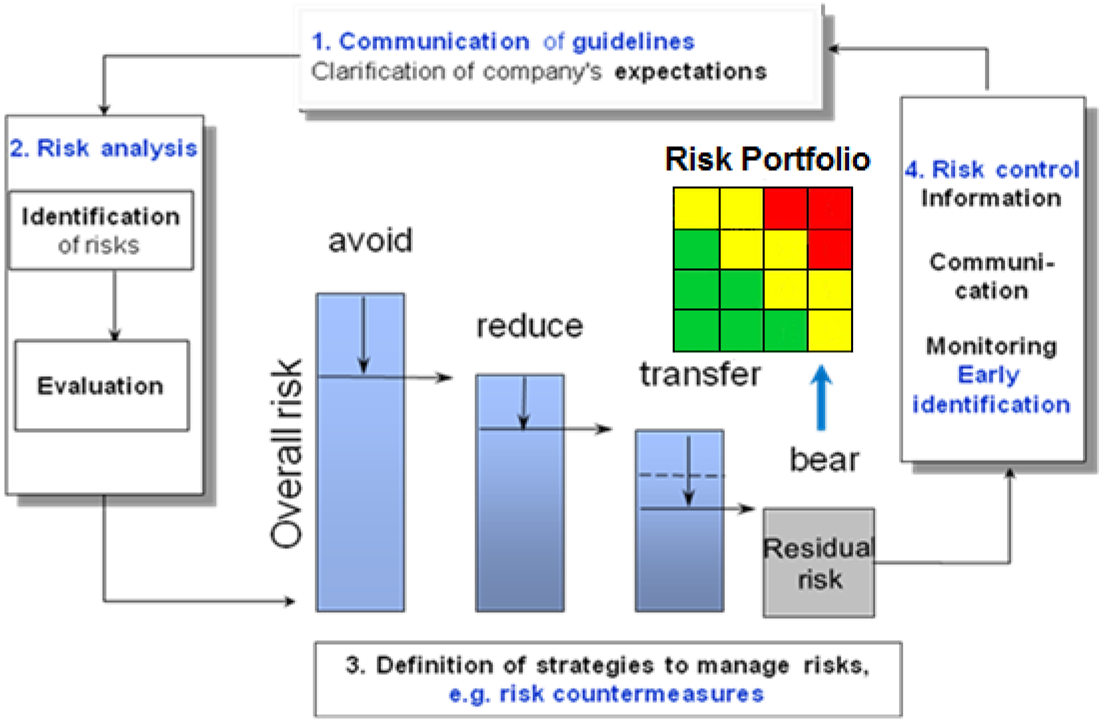
The operation of the OTE Group Risk & Insurance Management System, is based on the COSO standard, developed by the Committee of Sponsoring Organizations of the Treadway Commission and recognized by the US Securities and Exchange Commission (SEC), as well as the ISO 31000 "Risk Management - Principles and guidelines", a risk management standard with global application.

The RIMS at OTE Group comprises a continuous process for the early identification, assessment, communication and controlling of corporate risks, including also all the strategic, operational and organizational controls and monitoring measures used to manage risks by undertaking the following tasks:

- Ensuring that existing risks are systematically identified, analyzed and evaluated and that information relevant to risks and/or opportunities is promptly communicated to the respective decision-makers.
- Providing prompt risk information (reporting), that could have a material impact on future business success, either financial impact and revenue loss or operational impact that involves company's activities.
- Recording OTE Group's response to mitigate identified, analyzed and communicated to all stakeholders risks.
- Reviewing options for mitigating and transferring risks to external risk takers (e.g. insurance companies).
- Establishing tolerance thresholds for each level of risk evaluation (risk appetite), triggering a reporting requirement when these are exceeded (a limit system).
- Establishing an enterprise risk methodology regarding the risk identification, assessment and response, integrated with relative risk assessments of all business units.
- Maintaining the OTE Group Risk Register, consolidating all individual risk reports of OTE Group subsidiaries.

Enterprise Risk Management (ERM) involves the adequate depiction of business risks, increasing the value of OTE Group. The Risk Landscape, which is a "risk map" of the organization's most critical risk areas, is used as a basis for optimized decisions. ERM aims to manage risks to an acceptable level that has been determined by the Board of Directors and the senior management. ERM provides a framework for risk management, which involves identifying particular events or circumstances relevant to the organization's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy and monitoring progress.

The Risk Management process, also called RM loop, is performed in the following order:



The OTE Group Enterprise Risk Management business unit facilitates and monitors the implementation of effective risk management practices by operational management and assists the risk owners in defining the target risk exposure and reporting adequate risk related information through the organization. The duties of the risk managers include reporting and monitoring the identified risks and complying with the methodology of risk analysis and risk assessment. The OTE Group ERM submits, at least four times a year, the Enterprise Risk Report to the OTE Group GRC Committee for its review, evaluation and submission to the competent corporate bodies, namely the Audit Committee and the Board of Directors.

External auditing provides assurance to the organization's shareholders, board and senior management regarding the true and fair view of the organization's financial statements. The external auditors are entrusted with the duty to determine whether a risk monitoring system has been installed in accordance with the Greek and European auditing standards, and whether it is sufficient to meet the requirements that have been set. This determines whether the measures taken to identify and notify all potential risks early enough are sufficient, in order for the Management to be able to take all the appropriate measures. The external auditors also consider whether the risk management system, and the risks and opportunities arising from business developments, are accurately described in the OTE Group Risk Report which is submitted by the Executive Director Compliance, Enterprise Risk Management & Insurance OTE Group to the Audit Committee and the Board of Directors.

F. MATERIAL TRANSACTIONS WITH RELATED PARTIES

OTE's related parties have been identified based on the requirements of IAS 24 "Related Party Disclosures".

The OTE Group includes all entities which OTE controls, either directly or indirectly. Transactions and balances between companies in the OTE Group are eliminated on consolidation.

DEUTSCHE TELEKOM AG is a 40.00% shareholder of OTE and consolidates OTE using the full consolidation method. Therefore, all companies included in the DEUTSCHE TELEKOM group are also considered related parties.

The Company purchases goods and services from these related parties, and provides services to them. Furthermore, OTE grants/ receives loans to/ from these related parties, receives dividends and pays dividends.

OTE's purchases and sales with related parties are analyzed as follows:

	2015		2014	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE group of companies	75.8	107.9	70.3	69.8
OTE INTERNATIONAL INVESTMENTS LTD	0.6	3.5	0.7	4.1
COSMO-ONE	-	0.6	-	0.6
VOICENET	-	-	0.9	1.8
OTE SAT – MARITEL	0.6	0.3	0.5	0.4
OTE PLUS	0.3	21.3	0.4	64.8
OTE ESTATE	0.7	42.1	0.3	45.3
OTE-GLOBE	13.3	57.5	11.2	55.3
OTE ACADEMY	0.2	6.0	0.1	5.7
TELEKOM ROMANIA	-	0.2	-	0.3
OTE RURAL NORTH	6.8	-	-	-
OTE RURAL SOUTH	7.8	-	-	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.0	3.2	1.3	1.8
TOTAL	**111.1**	**242.6**	**85.7**	**249.9**

The Group's purchases and sales with related parties which are not eliminated in the consolidation are analyzed as follows:

	2015		2014	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	33.3	27.1	27.2	21.4
TOTAL	**33.3**	**27.1**	**27.2**	**21.4**

OTE's other operating income with related parties is analyzed as follows:

	Other operating income OTE	
	2015	2014
COSMOTE group of companies	0.1	0.1
OTE ESTATE	0.3	-
OTE-GLOBE	2.4	-
TOTAL	**2.8**	**0.1**

The Group's other operating income with related parties which is not eliminated in the consolidation is analyzed as follows:

	Group's other operating income	
	2015	2014
DEUTSCHE TELEKOM group of companies (except for OTE Group)	1.4	0.8
TOTAL	**1.4**	**0.8**

OTE's financial activities with its related parties comprise interest on loans granted and received and are analyzed as follows:

	2015		2014	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	88.0	-	147.4
OTE RURAL NORTH	0.1	-	-	-
OTE RURAL SOUTH	0.2	-	-	-
TOTAL	0.3	88.0	-	147.4

OTE's dividend income from its related parties is analyzed as follows:

	Dividend income OTE	
	2015	2014
OTE – SAT MARITEL	0.6	1.0
OTE INSURANCE	-	0.1
TOTAL	0.6	1.1

Amounts owed to and by the related parties as a result of OTE's transactions with them are analyzed as follows:

	31/12/2015		31/12/2014	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE group of companies	64.2	130.8	85.7	117.2
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.1	0.2	1.0
COSMO-ONE	-	0.2	-	0.1
OTE SAT – MARITEL	3.0	0.2	3.3	4.5
OTE PLUS	0.4	13.2	0.5	23.6
OTE ESTATE	1.6	4.5	0.5	4.6
OTE-GLOBE	4.9	20.7	14.8	53.5
OTE ACADEMY	0.7	1.0	0.5	1.1
TELEKOM ROMANIA	0.8	0.2	0.5	0.2
OTE RURAL NORTH	7.3	-	-	-
OTE RURAL SOUTH	8.6	-	-	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.5	3.0	1.3	1.6
TOTAL	97.1	174.9	107.3	207.4

Amounts owed to and by the related parties as a result of the Group's transactions with them, which are not eliminated in the consolidation, are analyzed as follows:

	31/12/2015		31/12/2014	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM group of companies (except for OTE Group)	63.0	105.4	17.3	72.6
TOTAL	63.0	105.4	17.3	72.6

Amounts owed to and by OTE relating to loans granted and received, are analyzed as follows:

	31/12/2015		31/12/2014	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1.866,3	-	2.344,5
OTE RURAL NORTH	5.4	-	-	-
OTE RURAL SOUTH	10.1	-	-	-
TOTAL	15.5	1.866,3	-	2.344,5

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Key management compensation comprises salaries and other short term benefits, termination benefits, post-employment benefits and other long term benefits (as defined in IAS 19 "Employee Benefits") and share based payments (as defined in IFRS 2 "Share-based Payment").

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 7.6 and Euro 6.1 for the years 2015 and 2014, respectively. Furthermore, as of December 31, 2015, 20,000 outstanding options under OTE's share based payment plan have been granted to the Company's key management personnel.

G. SIGNIFICANT EVENTS AFTER THE YEAR END

There were no significant events after December 31, 2015 that should be disclosed in these financial statements.

H. INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 16 par. 9 OF C.L. 2190/1920 REGARDING ACQUIRED OWN SHARES

(a) OTE has acquired own shares in the context of share option plans.
(b) During 2015, OTE acquired 50,500 own shares of a nominal value of Euro 0.1 representing the 0.01% of its share capital. In 2015, 59,191 vested rights were exercised and an equal number of shares of nominal value Euro 0.2, representing the 0.01% of OTE's share capital were transferred.
(c) The consideration of the 50,500 own shares acquired amounted in total to Euro 0.4 and the consideration that the above beneficiaries of the plan had paid for the 59,191 shares transferred to them, amounted in total to Euro 0.1.
(d) As a result of the above transfer of 59,191 own shares, at December 31, 2015, the outstanding number of own shares held by OTE was 1,361,260 shares of a nominal value of Euro 3.9 representing the 0.28% of its share capital.

I. INFORMATION ACCORDING TO ARTICLE 4.7 OF LAW 3556/2007

(a) Share capital structure

The Company's share capital amounts to one billion three hundred eighty seven million one hundred twenty five thousand six hundred Euros and eighty seven cents (Euro 1,387,125,600.87) (absolute amount), divided into four hundred ninety million, one hundred fifty thousand three hundred eighty-nine (490,150,389) common registered shares of a nominal value of two Euros and eighty three cents (Euro 2.83) each (absolute amount).

According to the Company's share registry as of December 31, 2015 the Company's ownership was as follows:

Shareholder	Number of shares	Percentage %
Hellenic State	29,409,027	6.00%
IKA–ETAM (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Institutional investors	211,032,105	43.05%
Private investors	32,681,826	6.67%
Treasury shares	1,361,260	0.28%
TOTAL	**490,150,389**	**100.00%**

All of the Company's shares are common, registered with voting rights and there are no special shareholder categories. The Company's shares are listed (dematerialized) on the Athens Exchange under the High Capitalization category. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed in the New York Stock Exchange. Following OTE's delisting from NYSE, OTE ADRs now trade in the US OTC (Over the Counter) market. OTE Global Depositary Receipts (GDRs) are also listed on London Stock Exchange.

Each share incorporates all rights and obligations as these derive from C.L. 2190/1920 and the Company's Articles of Incorporation, the provisions of which are in line with the provisions of the Law.

Any shareholder that has in his possession any number of shares has the right to participate in the General Assembly of the shareholders of the Company either in person or by proxy. The Greek State, as shareholder, is represented at the General Assembly by the Minister of Finance or by a representative.

Each share is entitled to one vote.

The allocation of the Company's net profits is being executed as provided by Law and the Company's Articles of Incorporation.

The General Assembly of shareholders maintains all its rights during liquidation. Shareholder's liability is limited to the nominal value of shares that they have in their possession. Shareholders' rights are the ones determined by the provisions of C.L. 2190/1920, as in force.

(b) Restrictions in the transfer of the Company's shares

The Company's shares are intangible and freely traded on the Athens Exchange and are transferred according to the Law.

According to article 4 of Law 3016/2002, the independent non-executive members of the Company's Board of Directors cannot possess more than 0.5% of the paid-in share capital.

According to article 13 of Law 3340/2005, management personnel and their close relatives, are obliged to disclose their transactions in the Company's shares or derivatives or other financial instruments linked to them, conducted, directly or indirectly, either for their own account or for the account of third parties, exceeding the amount of Euro 5,000 (absolute amount) on an annual basis. The obligation of such disclosures is dictated by Law and the relevant decisions of the Hellenic Capital Market Commission.

According to article 25 of Law 4070/2012, (Regulation of Electronic Telecommunications, Transports and Public Constructions and other provisions), any change in control of the Company is approved by the Hellenic Telecommunications and Post Committee ("HTPC"). The approval of HTPC with respect to the change in control is also required by Law 3959/2011 on Protection of Free Competition, in combination with article 12, par. f of the above Law 4070/2012.

According to the shareholders agreement of May 14, 2008 between the Hellenic Republic and DEUTSCHE TELEKOM AG, ratified by the Law 3676/2008, no other member of DEUTSCHE TELEKOM AG Group possesses OTE shares or voting rights.

(c) Significant direct or indirect investments

Significant direct ownership in the Company's share capital as of December 31, 2015, according to Law 3556/2007 (Official Gazette A' 91/2007), was as follows:

1. The Hellenic Republic, which as shareholder holds directly 6.00% of the paid-up share capital of the Company and the respective voting rights. Moreover, based on the agreement signed on March 4, 2009 for the transfer of 4% of OTE's share capital from the Hellenic Republic to "Institute for Social Security - Unified Insurance Fund for Employees" "IKA-ETAM", the latter undertakes to exercise its voting rights corresponding to the above shares, in coordination with the Hellenic Republic and has to instruct individuals who will be authorized to exercise the voting rights at any General Assembly of the OTE's shareholders on its behalf in the same way the Hellenic Republic does.
2. DEUTSCHE TELEKOM AG's direct participation in OTE's paid-up share capital which stands at 40.00%, corresponding to 196,060,156 shares, with respective voting rights.

As of December 31, 2015, the Company is not aware of any other shareholder who holds, has acquired or has transferred to a third person or corporate body the ownership of 5% or more of its paid-up share capital with the respective voting rights.

(d) Owners of shares that offer special control rights

There are no issued shares of the Company that offer special control rights.

(e) Restrictions on voting rights - Deadlines in exercising relating rights

There are no restrictions on voting rights according to the Company's Articles of Incorporation. Regarding restrictions deriving indirectly from shareholders agreements see below under paragraph (f).

(f) Shareholder agreements for restrictions in the transfer of shares or in exercising of voting rights

A. On May 14, 2008, an agreement was signed between the two shareholders, i.e. the Hellenic Republic and DEUTSCHE TELEKOM AG, which was ratified by Law 3676/2008 and which provides restrictions in the transfer of shares or in the exercising of voting rights regarding the shares held by the shareholders mentioned in this agreement.

B. In the transfer agreement signed on March 4, 2009 between the Hellenic Republic and the public entity under the name "Institute for Social Security - Unified Insurance Fund for Employees" (IKA-ETAM), restrictions on transfer of shares (put option held by the Hellenic Republic and call option held by IKA-ETAM) are provided. Also the same agreement provides restrictions on the exercise of voting shares held by IKA-ETAM (obligation of IKA- ETAM to exercise its voting rights in coordination with the Hellenic Republic).

These limitations are imposed on the contractual parties of each of the foregoing (under A and B) agreements.

(g) Rules of appointment and replacement of members of the Board of Directors and amendment of the Company's Articles of Incorporation if they differ from the provisions of C.L.2190/1920

The provisions of the Company's Articles of Incorporation in relation to the appointment and replacement of the members of the Board of Directors and the amendment of its Articles of Incorporation are in accordance with the provisions of C.L. 2190/1920.

In particular, according to the provisions in the Articles of Incorporation, the Board of Directors consists of nine (9) up to eleven (11) members, elected by the General Assembly, which also defines the number of members. The term of each Board member is three years and their service term commences on the day of the member's election by the General Assembly and terminates on the Annual General Assembly of the year when the three years from their election are completed. By resolution of the General Assembly the Board members are eleven (11).

In case of resignation, death or for any reason occurs derogation of one or more members before the end of their term, the remaining members of the Board of Directors, either elect – provided that at least five (5) members are present or represented- one or more replacements, or they continue to exercise the management or the representation of the Company, without having elected one or more replacements. If someone is elected by the Board of Directors as temporary member in someone else's position, this election is announced at the next General Assembly (regular or extraordinary), which has the authorization to replace the elected members even if this issue has not been included in the agenda of this General Assembly. In the above context, following resignation of Mr. Manoussos Manoussakis on 02-11-2015, the Board of Directors, continued to exercise the management and representation of the Company with the remaining ten (10) members until February 16,2016, date on which the Board of Directors elected Mr Andreas Psathas as new member, in replacement of the resigned.

The members of the Board of Directors may always be re-elected and can be revoked anytime by the General Assembly of shareholders.

(h) Authority of the Board of Directors or of some of its members for the issuance of new shares/share buy backs according to article 16 of Law 2190/1920

In accordance with article 6 of the Company's Articles of Incorporation, the General Assembly of shareholders, following its decision (subject to the disclosure procedures specified by article 7b of C.L. 2190/1920) can transfer to the Board of Directors the authority to decide with a majority of two thirds (2/3) of its members and within five (5) years from the date of the relevant decision for:

I. The increase of the share capital with the issuance of new shares. The amount of the increases cannot exceed the total amount of the share capital as at the date of the delegation of the relevant authority by the General Assembly to the Board of Directors.

II. The issue of bond loans, up to an amount not exceeding the paid-up share capital, by issuing convertible bonds.

The above authorities of the Board of Directors may be renewed by the General Assembly for a period not exceeding five (5) years for each renewal.

Exceptionally, in the event the reserves of the Company exceed one fourth (1/4) of the paid-up share capital, a resolution of the General Assembly for the increase of the share capital through the issuance of new shares or a bond convertible into shares, will always be required.

There are no resolutions of the General Assembly of shareholders in force for the concession of the above authorities to the Board of Directors.

Following a resolution of the General Assembly of shareholders and pursuant to the regulations that are in force, the Company may acquire own shares corresponding to a maximum of 10% of its paid-up share capital. Such resolutions of the General Assembly are implemented by decisions either of the Board of Directors' or of the persons in which the Board of Directors has delegated such powers.

In light of the above, the General Assembly of shareholders decided on June 12, 2015 the approval of the acquisition by the Company of own shares, pursuant to article 16 of C.L. 2190/1920, as in force, up to one tenth (1/10) of its total paid-up share capital for a period of 24 months as of the date of the General Assembly's decision, at a maximum purchase price of Euro 30 and a minimum purchase price of Euro 2 (absolute amounts). The Board of Directors has delegated to the Managing Director the power to implement the respective decision of the General Assembly of buying own shares, along with the right to delegate further the respective power. More detailed information regarding own shares having been acquired by the Company are provided above at respective Chapter H bearing title "INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 16 par. 9a OF C.L. 2190/1920 REGARDING ACQUIRED OWN SHARES".

(i) Significant Group's agreements that are in force and are amended/ terminated upon a change in control applicable to OTE or a Group subsidiary

LOAN AGREEMENTS

The Group has entered into various loan agreements and bond issuance agreements in which a change of control clause applicable to OTE or a Group subsidiary is included. If the clause is activated the relevant company must proceed with prepayment of the loan in line with what is contractually stipulated.

The wording of the specific clause varies in each contract and specifically the text is as follows:

1) OTE PLC Euro 700.0 due 2018, Euro 700.0 due 2020 and new Euro 350.0 due 2019 notes under the Global Medium-Term Note Programme

The Euro 700.0 notes due 2018, the Euro 700.0 notes due 2020 and the new Euro 350.0 notes include a change of control clause applicable to OTE which is triggered if an entity (other than (i) DEUTSCHE TELEKOM AG, (ii) DEUTSCHE TELEKOM AG together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities, or (iii) any telecommunications operator (other than DEUTSCHE TELEKOM AG) with credit rating equivalent or better than the credit rating of DEUTSCHE TELEKOM AG), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise. In the event that the clause is triggered OTE PLC is obliged to notify the bondholders, who can request (within 45 days) the repayment of their notes.

2) OTE PLC 900.0 notes due 2016 under the Global Medium-Term Note Programme:

The Euro 900.0 notes include a change of control clause applicable to OTE which is triggered if both of the following events occur:

a) any person or persons acting in concert (other than the Hellenic Republic) at any time directly or indirectly come(s) to own or acquire(s) more than 50% of the issued ordinary share capital or of the voting rights of OTE, and

b) as a consequence of (a), the rating previously assigned to the bonds by any international rating agency is withdrawn or downgraded to BB+/Ba1 or their respective equivalents (non-investment grade), within a specific period and under specific terms and conditions.

In the event that the clause is triggered OTE PLC is obliged to notify the bondholders, who can request (within 45 days) the repayment of their notes.

3) Euro 225.0 Syndicated Loan arranged by the European Bank for Reconstruction and Development Loan ("EBRD")

On July 24, 2013, Telekom Romania Mobile signed a Euro 225.0 loan arranged by the EBRD. The loan includes a change of control clause applicable to TELEKOM ROMANIA MOBILE, SUNLIGHT ROMANIA FILIALA, TELEMOBIL, GERMANOS TELECOM ROMANIA (all referred to as "Obligors"), which is triggered if OTE ceases to own, directly or indirectly, at least 50% plus one share of the voting share capital of, or otherwise ceases to control, any Obligor or TELEKOM ROMANIA. In the event that the clause is triggered, EBRD may at its option, by notice to TELEKOM ROMANIA MOBILE, require the prepayment of the whole or any portion of the loan.

The loan also includes three financial covenants tested on the Romanian mobile business consisting of the entities TELEKOM ROMANIA MOBILE, GERMANOS TELECOM ROMANIA S.A., ZAPP and SUNLIGHT ROMANIA S.R.L. FILIALA, namely: (i) The ratio of cash available for debt service over senior debt should exceed 1.25:1 for 2014, 1.20:1 for 2015 and 2016 and 1.15:1 for 2017 (2013: Non-applicable), (ii) The ratio of EBITDA to net interest expense of senior debt should exceed 5:1 at all times, and (iii) The ratio of senior debt to EBITDA should not exceed 2.5:1 for 2013, 2.3:1 for 2014 and 2.0:1 for each subsequent year.

COMMERCIAL AGREEMENTS

OTE or OTE Group companies have entered into various commercial agreements in which a change of control clause applicable to OTE or OTE Group companies is included. The most significant of them are the following:

- Agreements with UEFA for the rights of Champions League and Europa League 2015 – 2018 championships:

In 2014 OTE has concluded agreements with UEFA for the rights of Champions League and Europa League 2015 – 2018 championships. In case of a substantial change in the direct or indirect ownership or control of OTE which in the reasonable opinion of UEFA adversely affects the ability of OTE to perform its obligations under the agreements or is detrimental to the interests of UEFA, UEFA may terminate the agreements with immediate effect.

- Agreement with Die Liga e.V represented by DFL Sports Enterprises GmbH for the Bundesliga 2015 - 2017 championship rights

In 2014 OTE has concluded agreements with Die Liga e.V represented by DFL Sports Enterprises GmbH for the Bundesliga 2015 - 2017 championship rights. In case of a change of control of OTE, Licensor may terminate the agreement with immediate effect.

- Agreement with ASSET OGILVY PUBLIC RELATIONS S.A. for the Formula 1 2015 - 2017 rights

In 2014 OTE has concluded agreement with ASSET OGILVY PUBLIC RELATIONS S.A. for the Formula 1 2015 - 2017 rights. In case of a material change in the ownership (either direct or indirect) or control of OTE, ASSET OGILVY PUBLIC RELATIONS S.A. shall have the right at its discretion to terminate the agreement.

- Agreement (output deal) with Universal Studios International B.V. for the acquisition of film rights

OTE has concluded agreement with Universal Studios International B.V. for the acquisition of film rights until 30-6-2018. In case of a change of control of OTE, Universal may terminate the agreement.

- Agreement with CCBMS on behalf of the Coca-Cola group in Europe

In 2015 OTE has concluded a significant services agreement with CCBMS Gmbh (on behalf of the Coca-Cola group in Europe) concerning the provision by OTE of outsourced Data Center services to the Coca-Cola group for 6 years. This agreement includes terms according to which the client (CCBMS Gmbh) has the right to terminate the agreement in the event of a change of control of OTE.

- OTE, following a Public Open International Tender by “Information Society S.A.” (KTP SA), was selected as a Private Partnership (PP) for the Project "Development of Broadband Infrastructure in Rural “White” Areas" of Greek Territory and Infrastructure Exploitation and Development Services via Public Private Partnership" at zones 1 and 3. In accordance with the tender requirements, OTE established the special purpose company (SPV) “OTE RURAL NORTH”, which signed with KTP SA a partnership contract regarding the implementation of the above project at zone 1 and the special purpose company (SPV) “OTE RURAL SOUTH”, which signed with KTP SA a partnership contract regarding the implementation of the above project at zone 3. Both partnership contracts contain a term according to which the written consent of KTP SA is required for a change in each of these SPV shareholding structure. In case of shares transfer or for any other act by which the rights of vote are transferred, the written consent of KTP SA is required.
- OTE has concluded business agreements with strategic partners/sellers (Nec Nederland B.V, Alcatel –Lucent, Unify, Cisco, SAP και HP) for the purchase of products and services for the purposes of reselling to business and enterprise customers. Said Agreements include terms according to which the partners have a right to terminate the Agreement in case of a change of control of OTE.
- OTE and other companies of OTE Group have signed a number of agreements with entities of DEUTSCHE TELEKOM Group for the provision of services in certain areas, which include a change of control clause.

OTE’S CREDIT EVALUATION

OTE’s credit rating as of 31/12/2015 was B+ by Standard & Poor's Ratings Services and Caa2 by Moody's Investors Service. During 2015 there have been a number of credit rating actions summarized as follows:

S&P

Date	Action	Rating	Outlook
16/2/2015	Downgraded	BB-	on credit watch negative
17/4/2015	Affirmed	BB-	negative
4/6/2015	Downgraded	B+	negative
1/7/2015	Downgraded	B	on credit watch negative
12/8/2015	Affirmed	B	negative
18/9/2015	Upgraded	B+	stable

Moody’s

Date	Action	Rating	Outlook
9/2/2015	-	Ba3	on review for downgrade
4/5/2015	Downgraded	B3	negative
2/7/2015	Downgraded	Caa2	on review for downgrade
29/9/2015	Affirmed	Caa2	stable

(j) Compensating agreements with Board of Directors members or personnel in case of resignation/unfair dismissal or service employment termination due to a public offer

The Company has not entered into any agreements with the members of the Board of Directors or its personnel to compensate these persons, in case they are forced to resign or dismissed unfairly or their services or employment are terminated due to a public offer for the acquisition of its shares.

Athens, February 24, 2016

Michael Tsamaz
Chairman and Managing Director

III. AUDITORS’ REPORT OF THE FINANCIAL STATEMENTS

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. which comprise the separate and consolidated statement of financial position as of 31 December 2015 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. and its subsidiaries as at December 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a (par.3a), 108 and 37 of Codified Law 2190/1920.

pwc

Athens, 24 February 2016
Certified Auditor - Accountant

PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. No 113

Despina Marinou
SOEL Reg. No 17681

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF DECEMBER 31, 2015

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
as adopted by the European Union

(TRANSLATED FROM THE GREEK ORIGINAL)

The Annual Financial Statements presented on pages 46-103, were approved by the Board of Directors on February 24, 2016 and are signed by:

Chairman & Managing Director	Board Member & OTE Group Chief Financial Officer	Executive Director Financial Operations OTE Group	Accounting Director
Michael Tsamaz	Charalampos Mazarakis	George Mavrakis	Konstantinos Vasilopoulos

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.
REGISTRATION No 1037501000
99 KIFISSIAS AVE–151 24 MAROUSSI ATHENS, GREECE

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STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,950.6	3,103.3	1,216.7	1,277.5
Goodwill	5	506.4	505.9	-	-
Telecommunication licenses	6	543.0	575.4	4.1	4.6
Other intangible assets	7	533.4	568.2	214.6	225.8
Investments	8	0.1	0.2	3,539.5	3,539.5
Loans to pension funds	19	88.2	104.4	88.2	104.4
Deferred tax assets	22	339.8	360.0	149.0	178.6
Other non-current assets	9	88.4	93.0	65.9	63.4
Total non-current assets		**5,049.9**	**5,310.4**	**5,278.0**	**5,393.8**
Current assets					
Inventories	10	97.2	87.9	18.1	11.8
Trade receivables	11	728.6	684.9	354.4	349.1
Other financial assets	12	6.8	3.7	2.1	2.2
Other current assets	13	252.4	203.0	103.8	110.7
Restricted cash		2.8	4.5	-	-
Cash and cash equivalents	14	1,322.5	1,509.9	290.3	613.1
Total current assets		**2,410.3**	**2,493.9**	**768.7**	**1,086.9**
TOTAL ASSETS		**7,460.2**	**7,804.3**	**6,046.7**	**6,480.7**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	1,387.1	1,387.1	1,387.1	1,387.1
Share premium	15	496.3	496.7	496.3	496.7
Treasury shares	15	(14.7)	(14.8)	(14.7)	(14.8)
Statutory reserve	16	357.3	352.7	357.3	352.7
Foreign exchange and other reserves	16	(164.1)	(186.6)	(17.3)	(31.1)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings	16	3,509.2	3,401.0	545.8	496.9
Total equity attributable to owners of the parent		**2,257.0**	**2,122.0**	**2,754.5**	**2,687.5**
Non-controlling interests	8	352.2	376.4	-	-
Total equity		**2,609.2**	**2,498.4**	**2,754.5**	**2,687.5**
Non-current liabilities					
Long-term borrowings	18	1,755.6	2,173.1	1,089.1	1,316.7
Provision for staff retirement indemnities	19	219.1	244.6	185.4	206.5
Provision for youth account	19	157.2	188.8	157.2	188.8
Deferred tax liabilities	22	55.3	60.3	-	-
Other non-current liabilities	20	174.9	204.2	164.3	205.0
Total non-current liabilities		**2,362.1**	**2,871.0**	**1,596.0**	**1,917.0**
Current liabilities					
Trade accounts payable		1,202.5	975.1	460.4	387.6
Short-term borrowings	21	-	-	492.0	270.6
Short-term portion of long-term borrowings	18	433.5	465.4	256.4	692.0
Income tax payable	22	30.4	46.4	-	-
Deferred revenue		150.9	143.0	84.6	78.6
Provision for voluntary leave scheme		140.7	142.9	140.7	142.9
Dividends payable	17	0.3	0.5	0.3	0.5
Other current liabilities	23	530.6	661.6	261.8	304.0
Total current liabilities		**2,488.9**	**2,434.9**	**1,696.2**	**1,876.2**
TOTAL EQUITY AND LIABILITIES		**7,460.2**	**7,804.3**	**6,046.7**	**6,480.7**

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Revenue					
Fixed business:					
Retail services revenues		1,202.1	1,228.2	872.1	865.5
Wholesale services revenues		621.7	610.8	333.6	328.2
Other revenues		310.4	332.7	230.6	220.2
Total revenues from fixed business		**2,134.2**	**2,171.7**	**1,436.3**	**1,413.9**
Mobile business:					
Service revenues		1,337.6	1,390.7	-	-
Handset revenues		232.7	242.2	22.6	16.7
Other revenues		19.2	18.1	-	-
Total revenues from mobile business		**1,589.5**	**1,651.0**	**22.6**	**16.7**
Miscellaneous other revenues		**179.2**	**95.7**	**77.1**	**81.1**
Total revenues		**3,902.9**	**3,918.4**	**1,536.0**	**1,511.7**
Other operating income	24	**60.7**	**66.4**	**18.0**	**4.1**
Operating expenses					
Interconnection and roaming costs		(487.0)	(473.6)	(110.7)	(119.8)
Provision for doubtful accounts	11	(86.8)	(92.0)	(20.3)	(21.9)
Personnel costs		(667.2)	(697.1)	(331.9)	(315.1)
Costs related to early retirement programs	19	(100.7)	(8.4)	(80.0)	-
Commission costs		(148.6)	(151.2)	(13.9)	(9.8)
Merchandise costs		(292.1)	(300.7)	(55.8)	(50.3)
Maintenance and repairs		(103.2)	(96.4)	(40.6)	(53.7)
Marketing		(113.6)	(119.8)	(27.5)	(27.0)
Other operating expenses, out of which:		(743.9)	(660.1)	(335.3)	(331.8)
Rental, leasing and facility costs		*(201.8)*	*(195.0)*	*(104.3)*	*(103.3)*
Third party fees and services		*(164.9)*	*(129.7)*	*(145.2)*	*(136.9)*
Other taxes and regulatory charges		*(83.9)*	*(89.3)*	*(19.8)*	*(19.7)*
Construction cost network		*(50.9)*	*(2.9)*	-	-
Other sundry operating expenses		*(242.4)*	*(243.2)*	*(66.0)*	*(71.9)*
Total operating expenses before depreciation, amortization and impairment		**(2,743.1)**	**(2,599.3)**	**(1,016.0)**	**(929.4)**
Operating profit before financial activities and depreciation, amortization and impairment		**1,220.5**	**1,385.5**	**538.0**	**586.4**
Depreciation, amortization and impairment	4,6,7	(829.4)	(796.4)	(305.9)	(279.4)
Operating profit before financial activities		**391.1**	**589.1**	**232.1**	**307.0**
Income and expense from financial activities					
Interest and related expenses		(157.4)	(202.7)	(100.7)	(149.5)
Interest income		2.4	5.4	2.2	2.4
Foreign exchange differences, net		(5.7)	3.5	1.1	1.0
Dividend income	8	-	-	0.6	1.1
Impairment of investments and other financial assets	12,19	(19.9)	-	(17.0)	-
Gains from investments and financial assets	8	36.0	0.1	-	0.1
Total loss from financial activities		**(144.6)**	**(193.7)**	**(113.8)**	**(144.9)**
Profit before tax		**246.5**	**395.4**	**118.3**	**162.1**
Income tax	22	(117.8)	(123.9)	(25.7)	(52.0)
Profit for the year		**128.7**	**271.5**	**92.6**	**110.1**
Attributable to:					
Owners of the parent		151.9	267.4	92.6	110.1
Non-controlling interests		(23.2)	4.1	-	-
Profit for the year		**128.7**	**271.5**	**92.6**	**110.1**
Earnings per share attributable to owners of the parent					
Basic earnings per share	25	0.3108	0.5480		
Diluted earnings per share	25	0.3107	0.5478		

The accompanying notes on pages 54-103 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2015	2014	2015	2014
Profit for the year		**128.7**	**271.5**	**92.6**	**110.1**
Other comprehensive income: **Items that will not be reclassified subsequently to profit or loss**					
Actuarial gains/(losses)	19,20	21.3	(37.2)	18.0	(27.0)
Deferred taxes on actuarial gains/(losses)		(5.4)	9.2	(5.4)	7.4
Deferred taxes on actuarial gains/(losses) due to change in the tax rate		1.3	-	1.3	-
Total items that will not be reclassified subsequently to profit or loss		**17.2**	**(28.0)**	**13.9**	**(19.6)**
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		2.8	(2.7)	-	-
Net movement in available for sale financial assets	12	2.1	(1.2)	(0.1)	(0.2)
Deferred taxes on net movement in available for sale financial assets		(0.6)	0.2	-	-
Total items that may be reclassified subsequently to profit or loss		**4.3**	**(3.7)**	**(0.1)**	**(0.2)**
Other comprehensive income / (loss) for the year		**21.5**	**(31.7)**	**13.8**	**(19.8)**
Total comprehensive income for the year		**150.2**	**239.8**	**106.4**	**90.3**
Attributable to:					
Owners of the parent		174.4	238.7	106.4	90.3
Non-controlling interests		(24.2)	1.1	-	-
		150.2	**239.8**	**106.4**	**90.3**

The accompanying notes on pages 54-103 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total		
Balance as at January 1, 2014	**1,387.1**	**511.9**	**(11.2)**	**347.2**	**(157.9)**	**(3,315.2)**	**3,158.4**	**1,920.3**	**375.4**	**2,295.7**
Profit for the year	-	-	-	-	-	-	267.4	**267.4**	4.1	**271.5**
Other comprehensive income / (loss)	-	-	-	-	(28.7)	-	-	**(28.7)**	(3.0)	**(31.7)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(28.7)**	**-**	**267.4**	**238.7**	**1.1**	**239.8**
Dividend payment	-	-	-	-	-	-	-	-	(0.1)	**(0.1)**
Transfer to statutory reserve	-	-	-	5.5	-	-	(5.5)	-	-	-
Net change of participations in subsidiaries	-	-	-	-	-	1.1	(1.1)	-	-	-
Acquisition of treasury shares	-	-	(63.2)	-	-	-	-	**(63.2)**	-	**(63.2)**
Transfer of treasury shares	-	-	59.6	-	-	-	-	**59.6**	-	**59.6**
Exercise of share options	-	(15.2)	-	-	-	-	(18.2)	**(33.4)**	-	**(33.4)**
Balance as at December 31, 2014	**1,387.1**	**496.7**	**(14.8)**	**352.7**	**(186.6)**	**(3,314.1)**	**3,401.0**	**2,122.0**	**376.4**	**2,498.4**
Balance as at January 1, 2015	**1,387.1**	**496.7**	**(14.8)**	**352.7**	**(186.6)**	**(3,314.1)**	**3,401.0**	**2,122.0**	**376.4**	**2,498.4**
Profit / (loss) for the year	-	-	-	-	-	-	151.9	**151.9**	(23.2)	**128.7**
Other comprehensive income / (loss)	-	-	-	-	22.5	-	-	**22.5**	(1.0)	**21.5**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**22.5**	**-**	**151.9**	**174.4**	**(24.2)**	**150.2**
Dividend payment	-	-	-	-	-	-	(39.1)	**(39.1)**	-	**(39.1)**
Transfer to statutory reserve	-	-	-	4.6	-	-	(4.6)	-	-	-
Acquisition of treasury shares (see Note 15)	-	-	(0.4)	-	-	-	-	**(0.4)**	-	**(0.4)**
Transfer of treasury shares (see Note 15)	-	-	0.5	-	-	-	-	**0.5**	-	**0.5**
Exercise of share options	-	(0.4)	-	-	-	-	-	**(0.4)**	-	**(0.4)**
Balance as at December 31, 2015	**1,387.1**	**496.3**	**(14.7)**	**357.3**	**(164.1)**	**(3,314.1)**	**3,509.2**	**2,257.0**	**352.2**	**2,609.2**

The accompanying notes on pages 54-103 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(Amounts in millions of Euro)	Share capital	Share premium	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance as at January 1, 2014	**1,387.1**	**511.9**	**(11.2)**	**347.2**	**(11.3)**	**393.1**	**2,616.8**
Profit for the year	-	-	-	-	-	110.1	**110.1**
Other comprehensive income / (loss)	-	-	-	-	(19.8)	-	**(19.8)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(19.8)**	**110.1**	**90.3**
Absorption of subsidiary	-	-	-	-	-	(0.8)	**(0.8)**
Transfer to statutory reserve	-	-	-	5.5	-	(5.5)	**-**
Acquisition of treasury shares	-	-	(63.2)	-	-	-	**(63.2)**
Transfer of treasury shares	-	-	59.6	-	-	-	**59.6**
Exercise of share options	-	(15.2)	-	-	-	-	**(15.2)**
Balance as at December 31, 2014	**1,387.1**	**496.7**	**(14.8)**	**352.7**	**(31.1)**	**496.9**	**2,687.5**
Balance as at January 1, 2015	**1,387.1**	**496.7**	**(14.8)**	**352.7**	**(31.1)**	**496.9**	**2,687.5**
Profit for the year	-	-	-	-	-	92.6	**92.6**
Other comprehensive income	-	-	-	-	13.8	-	**13.8**
Total comprehensive income	**-**	**-**	**-**	**-**	**13.8**	**92.6**	**106.4**
Dividend payment	-	-	-	-	-	**(39.1)**	**(39.1)**
Transfer to statutory reserve	-	-	-	4.6	-	**(4.6)**	**-**
Acquisition of treasury shares (see Note 15)	-	-	(0.4)	-	-	-	**(0.4)**
Transfer of treasury shares (see Note 15)	-	-	0.5	-	-	-	**0.5**
Exercise of share options	-	(0.4)	-	-	-	-	**(0.4)**
Balance as at December 31, 2015	**1,387.1**	**496.3**	**(14.7)**	**357.3**	**(17.3)**	**545.8**	**2,754.5**

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2015	2014	2015	2014
Cash flows from operating activities					
Profit before tax		246.5	395.4	118.3	162.1
Adjustments for:					
Depreciation, amortization and impairment	4,6,7	829.4	796.4	305.9	279.4
Costs related to early retirement programs	19	100.7	8.4	80.0	-
Provision for staff retirement indemnities	19	14.9	9.4	15.8	7.2
Provision for youth account	19	1.0	1.0	1.0	1.0
Provision for write down of inventories	10	10.0	11.7	1.5	-
Provision for doubtful accounts	11	86.8	92.0	20.3	21.9
Other provisions		-	3.1	-	(0.1)
Foreign exchange differences, net		5.7	(3.5)	(1.1)	(1.0)
Interest income		(2.4)	(5.4)	(2.2)	(2.4)
Dividend income	8	-	-	(0.6)	(1.1)
(Gains) / losses from investments and financial assets - Impairments		(16.1)	(0.1)	17.0	(0.1)
Interest and related expenses		157.4	202.7	100.7	149.5
Working capital adjustments:					
Decrease / (increase) in inventories		(19.8)	(2.8)	(7.8)	4.9
Decrease / (increase) in receivables		(205.4)	(38.9)	(36.4)	(10.0)
(Decrease) / increase in liabilities (except borrowings)		202.9	32.4	17.3	26.4
Plus /(Minus):					
Payment for early retirement programs and voluntary leave scheme	19	(103.9)	(114.5)	(84.0)	(105.7)
Payment of staff retirement indemnities and youth account, net of employees' contributions	19	(27.3)	(12.0)	(26.5)	(8.9)
Interest and related expenses paid		(183.2)	(238.3)	(119.8)	(172.5)
Income taxes paid		(154.0)	(137.3)	(9.4)	(58.2)
Net cash flows from operating activities		**943.2**	**999.7**	**390.0**	**292.4**
Cash flows from investing activities					
Establishment of new subsidiaries		-	-	-	(4.1)
Loans granted	9	-	-	(17.0)	-
Sale or maturity of financial assets		-	12.8	-	9.0
Repayment of loans receivable		8.9	12.0	10.4	12.0
Purchase of property plant and equipment and intangible assets		(658.4)	(603.9)	(237.9)	(222.3)
Movement in restricted cash		1.7	-	-	-
Proceeds from disposal of subsidiaries / investments, net of cash disposed		-	(2.2)	-	-
Interest received		2.4	5.3	2.2	2.2
Dividends received		-	-	1.5	0.7
Net cash flows used in investing activities		**(645.4)**	**(576.0)**	**(240.8)**	**(202.5)**
Cash flows from financing activities					
Share option plan		(0.4)	(43.1)	17.8	(43.1)
Proceeds from loans granted and issued	18,21	350.0	700.0	677.1	1,230.3
Repayment of loans	18,21	(800.3)	(1,013.9)	(1,127.5)	(1,091.4)
Dividends paid to Company's owners		(39.4)	(0.5)	(39.4)	(0.5)
Net cash flows from / (used in) financing activities		**(490.1)**	**(357.5)**	**(472.0)**	**95.3**
Net increase / (decrease) in cash and cash equivalents		**(192.3)**	**66.2**	**(322.8)**	**185.2**
Cash and cash equivalents, at the beginning of the year		**1,509.9**	**1,444.3**	**613.1**	**426.6**
Net foreign exchange differences		4.9	(0.6)	-	-
Absorption of subsidiary		-	-	-	1.3
Cash and cash equivalents, at the end of the year	14	**1,322.5**	**1,509.9**	**290.3**	**613.1**

1. CORPORATE INFORMATION

Hellenic Telecommunications Organization S.A. ("Company", "OTE" or "parent"), was incorporated as a société anonyme in Athens, Greece in 1949, and is listed in the Greek General Commercial Registry (Γ.Ε.ΜΗ.) with the unique number 1037501000. The registered office is located at 99 Kifissias Avenue – 151 24 Maroussi Athens, Greece, and the website is www.cosmote.gr. The Company is listed on the Athens Exchange. Until September 19, 2010, OTE ADRs (American Depositary Receipts) were also listed on the New York Stock Exchange. Following OTE's delisting from NYSE, OTE ADRs now trade in the US OTC (Over the Counter) market. OTE GDRs (Global Depositary Receipts) are also listed on the London Stock Exchange.

OTE's principal activities are the provision of telecommunications and related services.

Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and as of December 31, 2015 holds a 40.00% interest in OTE (see Note 15).

The OTE Group ("Group") includes other than the parent Company, all the entities which OTE controls directly or indirectly.

The Annual Consolidated and Separate Financial Statements ("financial statements") as of December 31, 2015 and for the year then ended, were approved for issuance by the Board of Directors on February 24, 2016, and are subject to the final approval of OTE's General Assembly.

The total number of Group and Company employees as of December 31, 2015 and 2014 is as follows:

	GROUP	COMPANY
December 31, 2015	21,573	8,496
December 31, 2014	22,144	6,924

The consolidated financial statements include the financial statements of OTE and the following subsidiaries which OTE controls directly or indirectly:

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2015	2014
			GROUP's OWNERSHIP INTEREST	
COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	100.00%
OTE INTERNATIONAL INVESTMENTS LTD	Investment holding company	Cyprus	100.00%	100.00%
COSMO-ONE HELLAS MARKET SITE S.A. ("COSMO-ONE")	E-commerce services	Greece	61.74%	61.74%
OTE PLC	Financing services	U.K.	100.00%	100.00%
OTE SAT-MARITEL S.A. ("OTE SAT – MARITEL")	Satellite telecommunications services	Greece	94.08%	94.08%
OTE PLUS TECHNICAL AND BUSINESS SOLUTIONS S.A.– SECURITY SERVICES ("OTE PLUS")	Consulting and security services	Greece	100.00%	100.00%
DIERGASIA ENERGY TECHNICAL COMMERCIAL S.A. – GENERAL CONSTRUCTION COMPANY ("DIERGASIA") (see below)	Consulting services	Greece	-	100.00%
OTE ESTATE S.A. ("OTE ESTATE")	Real estate	Greece	100.00%	100.00%
OTE INTERNATIONAL SOLUTIONS S.A. ("OTE-GLOBE")	Wholesale telephony services	Greece	100.00%	100.00%
HATWAVE HELLENIC-AMERICAN TELECOMMUNICATIONS WAVE LTD ("HATWAVE")	Investment holding company	Cyprus	52.67%	52.67%
OTE INSURANCE AGENCY S.A. ("OTE INSURANCE")	Insurance brokerage services	Greece	100.00%	100.00%
OTE ACADEMY S.A. ("OTE ACADEMY")	Training services	Greece	100.00%	100.00%
TELEKOM ROMANIA COMMUNICATIONS S.A. ("TELEKOM ROMANIA")	Fixed line telephony services	Romania	54.01%	54.01%
NEXTGEN COMMUNICATIONS SRL ("NEXTGEN")	Telecommunications services	Romania	54.01%	54.01%
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. ("TELEKOM ROMANIA MOBILE")	Mobile telecommunications services	Romania	86.20%	86.20%
COSMO-HOLDING ALBANIA S.A. ("CHA") (see below)	Investment holding company	Greece	-	100.00%
TELEKOM ALBANIA ex ALBANIAN MOBILE COMMUNICATIONS Sh.a ("AMC") (see below)	Mobile telecommunications services	Albania	99.76%	99.76%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
COSMOTE E-VALUE (ex E-VALUE S.A.) (see below)	Marketing services	Greece	100.00%	100.00%

COMPANY NAME	LINE OF BUSINESS	COUNTRY	2015	2014
			GROUP's OWNERSHIP INTEREST	
GERMANOS TELECOM ROMANIA S.A.	Retail services	Romania	100.00%	100.00%
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	100.00%	100.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
OTE INVESTMENT SERVICES S.A.	Investment holding company	Greece	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding company	Cyprus	100.00%	100.00%
TELEMOBIL S.A. ("ZAPP")	Mobile telecommunications services	Romania	100.00%	100.00%
E-VALUE DEBTORS AWARENESS ONE PERSON LTD ("E-VALUE LTD")	Overdue accounts management	Greece	100.00%	100.00%
COSMOHOLDING INTERNATIONAL B.V.	Investment holding company	Netherlands	100.00%	100.00%
E-VALUE INTERNATIONAL S.A.	Marketing services	Romania	100.00%	100.00%
OTE RURAL NORTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A. ("OTE RURAL NORTH")	Wholesale broadband and infrastructure services	Greece	100.00%	100.00%
OTE RURAL SOUTH SPECIAL PURPOSE DEVELOPMENT AND MANAGEMENT OF BROADBAND INFRASTRUCTURE S.A. ("OTE RURAL SOUTH ")	Wholesale broadband and infrastructure services	Greece	100.00%	100.00%

DISSOLUTION AND LIQUIDATION OF DIERGASIA
On June 21, 2013, the Extraordinary General Assembly of shareholders of DIERGASIA (OTE PLUS's wholly owned subsidiary) decided to proceed with the dissolution and liquidation of DIERGASIA. The process was completed in 2015.

MERGER OF CHA
On September 4, 2014, the Board of Directors of COSMOTE and CHA approved the initiation of the merger process between CHA and COSMOTE, by which CHA would be absorbed by COSMOTE. The process was completed in July 2015.

REBRANDING OF AMC
On July 22, 2015, after the necessary approvals, AMC was renamed to TELEKOM ALBANIA.

REBRANDING OF E-VALUE S.A.
On February 16, 2015, the Board of Directors of E-VALUE S.A. approved the rebranding of E-VALUE S.A. to COSMOTE E-VALUE. The relevant decision was published on the General Commercial Registry (Γ.Ε.ΜΗ.) on February 25, 2015.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, available-for-sale financial assets and derivative financial instruments which have been measured at fair values in accordance with IFRS. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being in effective hedge relationships.

The financial statements are presented in millions of Euro, except when otherwise indicated.

Significant accounting judgments, estimates and assumptions
The preparation of the financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities included in the financial statements. On an ongoing basis, management evaluates its estimates, including those related to legal contingencies, allowance for doubtful accounts, the estimated useful life of non-financial assets, impairment of property, plant and equipment, impairment of goodwill and intangible assets, reserve for staff retirement indemnities and youth account, recognition of revenues and expenses and income taxes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details on impairment testing are disclosed in Note 5.

Provision for income taxes

The provision for income taxes in accordance with IAS 12 "Income taxes", are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in various jurisdictions and significant management judgment is required in determining provision for income taxes. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which the Group and the Company operate, or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on the Group's and the Company's financial position. Where the actual additional taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred tax provisions in the period in which such a determination is made. Further details are provided in Note 22.

Deferred tax assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused losses can be utilized. The Group and the Company have considered future taxable income and followed ongoing feasible and prudent tax planning strategy in the assessment of the recoverability of deferred tax assets. The accounting estimate related to deferred tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities. Further details are provided in Note 22.

Allowance for doubtful trade receivables

The Group and the Company establish an allowance for doubtful accounts sufficient to cover reasonably estimable loss for these accounts. Because of the number of accounts, it is not practical to review the collectibility of each account; therefore, at each reporting date all accounts receivable are assessed based on historical trends, statistical information, future expectations regarding suspended or cancelled customers, reactivation rates for suspended or cancelled customers and collection rates for amounts due from cancelled customers. Other domestic and international operators are examined and assessed on an individual basis. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement of the reporting period. Any amount written off with respect to customer account balances is charged against the existing allowance for doubtful accounts. Additional details are provided in Note 11 and Note 29.

Post retirement and other defined benefit plans

Staff Retirement Indemnities and Youth Account obligations are calculated at the discounted present value of the future retirement benefits and benefits to children of employees deemed to have accrued at year-end. Retirement and Youth Account obligations are calculated on the basis of financial and actuarial assumptions that require management to make assumptions regarding discount rates, pay increases, mortality and disability rates, retirement ages and other factors. Changes in these key assumptions can have a significant impact on the obligation and pension costs for the period. Net pension costs for the period consist of the present value of benefits earned in the year, interest costs on the benefits obligation, prior service costs and actuarial gains or losses. The Staff Retirement Indemnities and Youth Account benefit obligations are not funded. Due to the long term nature of these defined benefit plans these assumptions are subject to a significant degree of uncertainty. Further details are provided in Note 19.

Estimating the useful life of non-financial assets

The Group and the Company must estimate the useful life of property, plant and equipment and intangible assets recognized at acquisition or as a result of a business combination. These estimates are revisited at least on an annual basis taking into account new developments and market conditions.

Contingent liabilities

The Group and the Company are currently involved in various claims and legal proceedings. Periodically, the Group and the Company review the status of each significant matter and assess potential financial exposure, based in part on the advice of legal counsel. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reliably estimated, the Group and the Company recognize a provision for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. As additional information becomes available, the Group and the Company reassess the potential liability related to pending claims and litigation and may revise assessments of the probability of an unfavorable outcome and the related estimate of potential loss. Such revisions in the estimates of the potential liabilities could have a material impact on the Group's or the Company's financial position and results of operations.

Impairment of property, plant and equipment

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount is typically determined using a discounted cash flow method. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years.

Standards and Interpretations effective for the current financial year

- **IFRIC 21 "Levies"**: This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

Annual Improvements to IFRSs 2013

The amendments set out below describe the key changes to three IFRSs, following the publication of the results of the IASB's 2011-2013 cycle of the annual improvements project.

- **IFRS 3 "Business Combinations"**: This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

- **IFRS 13 "Fair Value Measurement":** The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

- **IAS 40 "Investment Property"**: The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

Standards and Interpretations effective for subsequent periods

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2015, reporting periods and have not been early adopted by the Group. The Group is currently investigating the impact of the new standards and amendments on its financial statements. There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future periods and on foreseeable future transactions.

- **IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after January 1, 2018): IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The standard has not yet been endorsed by the European Union ("EU").

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after January 1, 2018): The objective of the Standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group is currently analyzing its products in order to decide which approach available by the standard will be adopted. The standard has not yet been endorsed by the EU.

- IFRS 16 "Leases" (effective for annual periods beginning on or after January 1, 2019): IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard has not yet been endorsed by the EU.

- IAS 19 (Amendment) "Employee Benefits" (effective for annual periods beginning on or after February 1, 2015): This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- IFRS 11 (Amendment) "Joint Arrangements" (effective for annual periods beginning on or after January 1, 2016): This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "business".

- IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortization" (effective for annual periods beginning on or after January 1, 2016): These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and they also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- IAS 27 (Amendment) "Separate Financial Statements" (effective for annual periods beginning on or after January 1, 2016): This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements.

- IAS 1 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after January 1, 2016): These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Entities: Applying the Consolidation Exception" (effective for annual periods beginning on or after January 1, 2016): These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments have not yet been endorsed by the EU.

- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after January 1, 2017): These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after February 1, 2015):

The amendments set out below describe the key changes to six IFRSs, following the publication of the results of the IASB's 2010-2012 cycle of the annual improvements project.

- IFRS 2 "Share-based Payment": The amendment clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".

- IFRS 3 "Business Combinations": The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

- IFRS 8 "Operating Segments": The amendment requires disclosure of the judgments made by management in aggregating operating segments.

- IFRS 13 "Fair Value Measurement": The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- **IAS 24 "Related Party Disclosures":** The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after January 1, 2016):

The amendments set out below describe the key changes to four IFRSs.

- **IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations":** The amendment clarifies that, when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

- **IFRS 7 "Financial Instruments: Disclosures"**: The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

- **IAS 19 "Employee Benefits":** The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

- **IAS 34 "Interim Financial Reporting":** The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report".

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied for the preparation of the financial statements are as follows:

1. Basis of Consolidation and Investments

Subsidiaries

The consolidated financial statements are comprised of the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

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 through profit or loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements. An intercompany loan to a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, is considered to be part of the net investment in that foreign operation, and any foreign exchange gains and losses arising are recorded in other comprehensive income.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

Disposal of subsidiaries

When the group disposes of or ceases to have control or any retained interest in the subsidiary it is remeasured to its fair value at the date of disposal or when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are reclassified to profit or loss.

Associates

Associates are those entities in which the Group has significant influence upon, but not control over their financial and operating strategy, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in which the Group has significant influence are accounted for using the equity method of accounting. Under this method the investment is initially recognized at cost, and is adjusted to recognize the investor's share of the profit or loss after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognized in the income statement and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.

Gains or losses from transactions with associates are eliminated to the extent of the interest in the associate. Dividends received from associates are eliminated against the carrying value of the investment. The associate's value is adjusted for any accumulated impairment loss. When the Group's share of losses exceeds the carrying amount of the investment, the carrying value of the investment is reduced to nil and recognition of further losses is discontinued, except to the extent the Group has created obligations or has made payments on behalf of the associate.

Transactions between companies under common control

Transactions between companies under common control are excluded from the scope of IFRS 3. Therefore the Group (implementing the guidance of IAS 8 "Accounting policies, changes in accounting estimates and errors" for similar cases) accounts for such transactions using a method like "pooling of interests". Based on this principle, the Group consolidates the book values of the combined entities (without revaluation to fair values). The financial statements of the Group or the new entity after the transaction are prepared on the basis as if the new structure was in effect since the beginning of the first period which is presented in the financial statements and consequently the comparative figures are adjusted. The difference between the purchase price and the book value of the percentage of the net assets acquired is recognized directly in equity.

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost adjusted for any impairment where necessary.

2. Foreign Currency Translation

OTE's functional and presentation currency is the Euro. Transactions involving other currencies are translated into Euro at the exchange rates, ruling on the date of the transactions. At the reporting date, monetary assets and liabilities, which are denominated in foreign currencies, are retranslated at the exchange rates at that date. Gains or losses resulting from foreign currency translation are recognized in the income statement.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rate at the date of the initial transaction. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the exchange rates at the date that the fair value was determined. The foreign currency differences arising from the change in the fair value of these items are recognized in the income statement or directly in other comprehensive income depending on the underlying item.

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Assets and liabilities of entities that have a functional currency different from the presentation currency, including goodwill and the fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition, are translated into Euro using exchange rates ruling at the reporting date. Revenues and expenses are translated at rates prevailing at the date of the transaction. All resulting foreign exchange differences are recognized in other comprehensive income and are recognized in the income statement on the disposal of the foreign operation.

An intercompany loan to a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, is considered to be part of the net investment in that foreign operation, and any foreign exchange gains and losses arising are recorded in other comprehensive income.

3. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and the acquisition date fair value of any previous equity interest held over the fair value of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

4. Telecommunication licenses

Telecommunication licenses are recognized at historical cost. These licenses have a finite useful life and are carried at cost less accumulated amortization. Amortisation is calculated using the straight-line method over their useful lives, being between 1 and 25 years.

5. Other intangible assets

Intangible assets acquired separately are recognised at historical cost, while those acquired from a business combination are recognised at fair value on the date of acquisition. Subsequently, they are carried at cost less accumulated amortization and accumulated impairment losses. All intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life. The useful lives of intangible assets are reviewed on an annual basis, and adjustments, where applicable, are made prospectively.

The main categories of intangible assets are as follows:
Brand name: Recognized on acquisition of Germanos during 2006. The brand name was initially determined to have an indefinite useful life. During 2008, the useful life was reassessed and it was determined to be 15 years from the end of October 2008.
Customer relationship: Recognised on acquisition of Zapp. The useful economic life is 7 years.
Franchise agreements: Recognised on acquisition of Germanos. These agreements have a useful economic life of 20 years.
Software: The useful economic lives are 1 to 10 years.
TV broadcasting rights: The useful economic lives are 1 to 4 years.
Concession rights: 15 years (See Note 3, paragraph 31).

6. Property, Plant and Equipment

Items of property, plant and equipment are measured at historical cost, net of subsidies received, plus interest costs incurred during periods of construction, less accumulated depreciation and any impairment in value.

Subsidies are presented as a reduction of the cost of property, plant and equipment and are recognized in the income statement over the estimated life of the assets through reduced depreciation expense.

Construction in progress is recorded as part of property, plant and equipment and depreciation on the self constructed assets commences when the asset is available for use. The cost of self-constructed assets includes the cost of materials, direct labor costs, borrowing costs capitalized and relevant general overhead costs. Investment supplies comprise of assets to be utilized in the construction of assets.

The present value of the expected retirement costs, for a relevant asset, is included in the cost of the respective asset if the recognition criteria for a provision are met and are depreciated accordingly.

Repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of assets retired or sold are removed from the corresponding accounts at the time of sale or retirement, and any gain or loss is recognised in the income statement.

When significant parts of the property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation.

Investment property consists of all property held to earn rentals or for capital appreciation and not used in the production or for administrative purposes. Investment property is measured using the cost model.

Depreciation is recognized on a straight-line basis over the estimated useful lives of property, plant and equipment, which are periodically reviewed. The estimated useful lives and the respective rates are as follows:

	Estimated Useful Life	Depreciation Rates
Buildings – building installations	1 - 45 years	2.2% – 100%
Telecommunication equipment and installations:		
Telecommunications line network	3 – 27 years	3.7% – 33.3%
Switching equipment	3 – 10 years	10% – 33.3%
Transmission equipment	3 – 12 years	8.3% – 33.3%
Broadband distribution network	3 – 9 years	11.1% – 33.3%
Radio equipment	5 – 12 years	8.3% – 20%
Other telecommunications equipment	2 – 15 years	6.7% – 50%
Miscellaneous other technical equipment and machinery	1 – 16 years	6.3% – 100%
Network buildings	5 – 18 years	5.6% – 20%
Transportation means	3 – 11 years	9.1% – 33.3%
Furniture and fixtures	1 – 18 years	5.6% – 100%

7. Non- current Assets Held for Sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Immediately before the initial classification of a non-current asset (or a disposal group) as held for sale, the asset (or the assets and liabilities included in the disposal group) is measured in accordance with the applicable IFRS. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and any possible resulting impairment losses are recognized in the income statement. Any subsequent increase in fair value is recognized, but not in excess of the cumulative impairment loss which was previously recognized. While a non-current asset (or non-current assets that are included in a disposal group) is classified as held for sale, it is not depreciated or amortized.

8. Impairment of Non - Financial Assets (excluding goodwill)

The carrying values of the Group's or the Company's non-financial assets are tested for impairment, when there are indications that their carrying amount is not recoverable. In such cases, the recoverable amount is estimated and if the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognized in the income statement. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In measuring value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. If an asset does not generate cash flows individually, the recoverable amount is determined for the cash generating unit to which the asset belongs. At each reporting date the Group and the Company assess whether there is an indication that an impairment loss recognized in prior periods may no longer exist. If any such indication exists, the Group and the Company estimate the recoverable amount of that asset and the impairment loss is reversed, increasing the carrying amount of the asset to its recoverable amount, to the extent that the recoverable amount does not exceed the carrying value of the asset that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

9. Financial Instruments

Financial assets

Financial assets are initially measured at their fair value, which is normally the acquisition cost, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Financial assets are classified as being at fair value through profit or loss, held to maturity, loans and receivables or available-for-sale as appropriate. The Group and the Company determine classification of their financial assets at initial recognition.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets carried at fair value through profit or loss are recognized in the income statement within "Gains/ losses from investments and financial assets". Changes in the fair value of assets classified as available for sale are recognized in other comprehensive income.

The fair values of quoted investments are based on quoted market bid prices. For investments where there is no quoted market price, fair value is determined using valuation techniques, unless the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, where the entity is precluded from measuring these investments at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the settlement date (i.e. the date that the asset is transferred or delivered to the Group or the Company).

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Group or the Company has a legally enforceable right to set off the recognized amounts and intends either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

The Group and the Company assess at each reporting date, whether a financial asset or group of financial assets is impaired as follows:

(i) Assets carried at amortised cost:
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in the income statement.

(ii) Available-for-sale financial assets:
If there is objective evidence that an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement is transferred from other comprehensive income to the income statement. Reversals of impairment in respect of equity instruments classified as available-for-sale are not recognized in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment losses were recognized in the income statement.

Derecognition of financial assets

A financial asset (or, a part of a financial asset or part of a group of similar financial assets) is derecognized when:
the rights to receive cash flows from the asset have expired;
the Group or the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
the Group or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group or the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's or the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company or the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's or the Company's continuing involvement is the amount of the transferred asset that the Group or the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's or the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

10. Derivative Financial Instruments and Hedging Instruments

Derivative financial instruments include interest rate swaps, currency swaps and other derivative instruments.

Derivatives for trading purposes

Derivatives that do not qualify for hedging are considered as derivatives for trading purposes. Initially, these derivatives are recognized at their fair value (which is essentially the transaction cost) at the commencement date. Subsequent to the initial recognition, they are measured at fair value based on quoted market prices, if available, or based on valuation techniques such as discounted cash flows. These derivatives are classified as assets or liabilities depending on their fair value, with any changes recognized in the income statement.

Hedging

For hedge accounting purposes, hedges are classified either as fair value hedges, where the exposure to changes in the fair value of a recognized asset or liability is being hedged, or as a cash flow hedge, where the exposure to variability in cash flows associated with a specifically identified risk which may be directly related to the recognized asset or liability is being hedged. When hedge accounting is applied, at the inception of the hedge there is formal documentation which includes identification of the hedging instrument, the hedged item, the hedging relationship, the nature of the risk being hedged and the risk strategy.

In a fair value hedge, the gain or loss from re-measuring the hedging instrument at fair value is recognized in the income statement and the carrying amount of the hedged item is adjusted to fair value with respect to the risk being hedged and the fair value adjustment is recognized in the income statement within "Interest and related expenses".

In a cash flow hedge, the portion of the gain or loss arising from the fair value movement on the hedging instrument that is determined to be effective is recognized directly in other comprehensive income and the ineffective portion is recognized in the income statement.

11. Financial Guarantee Contracts

Financial guarantee contracts issued by the Group or the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

12. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is based on the weighted average cost method, where the average is calculated at the end of the period. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When there is any subsequent increase of the net realizable value of inventories that have been previously written-down, the amount of the write-down is reversed.

13. Trade Receivables and Allowance for Doubtful Accounts

Trade receivables are initially recognized at their fair value which is equal to the transaction amount. Subsequently they are measured at amortised cost, less an allowance for any probable uncollectible amounts. At each reporting date, trade receivables are either assessed individually for debtors such as other providers or collectively based on historical trends and statistical information and a provision for the probable and reasonably estimated loss for these accounts is recorded. The balance of such allowance for doubtful accounts is adjusted by recording a charge to the income statement at each reporting period. Any customer account balances written-off are charged against the existing allowance for doubtful accounts.

14. Cash and Cash Equivalents - Restricted Cash

For purposes of the cash flow statement, time deposits are considered to be cash and cash equivalents. Restricted cash is cash not available for immediate use. Such cash cannot be used by a company until a certain point or event in the future. In cases when restricted cash is expected to be used within one year after the reporting date, it is classified as a current asset. However, if restricted cash is not expected to be used within one year after the reporting date, it is classified as a non-current asset. Restricted cash is not included in "Cash and cash equivalents".

15. Current and Deferred Income Tax

Income tax for the period comprises current and deferred tax. Tax is recognized in the income statement, 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.

Current income tax is measured on the taxable income for the year using enacted or substantively enacted tax rates at the reporting date in the countries where the Group operates and generates 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 on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences except:
where the deferred tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of deductible temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:
where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
in respect of taxable temporary differences associated with investment in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

16. Share Capital
Ordinary shares are classified as equity. Share capital issuance costs, net of related tax, are reflected as a deduction from Share Premium.

17. Treasury Shares
Treasury shares consist of OTE’s own equity shares, which are reacquired and not cancelled. Treasury shares do not reduce the number of shares issued but reduce the number of shares in circulation. Treasury shares are recognized at cost as a deduction from equity. Upon derecognition, the cost of the treasury share reduces the Share Capital and Share Premium and any difference is charged to Retained Earnings.

18. Leases
A lease that transfers substantially all of the rewards and risks incidental to ownership of the leased item is accounted for by the lessee as the acquisition of an asset and the incurrence of a liability, and by the lessor as a sale and/or provision of financing.

Accounting by lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. The asset capitalized at the commencement of a finance lease is recognized at fair value of the leased property, or if lower, the present value of the minimum lease payments. Its carrying value is subsequently reduced by the accumulated depreciation and any impairment losses. Lease payments are apportioned between finance charges (interest) and a reduction of the lease liability. Finance charges are recognized directly as an expense. If the lease does not transfer substantially all of the rewards and risks incidental to ownership of property, it is classified as an operating lease by the lessee and the rental payments are recognized as an expense on a straight-line basis over the period of the lease.

Accounting by lessor
When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income on operating leases is recognized over the term of the lease on a straight-line basis.

19. Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they incur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

20. Borrowings
All loans and borrowings are initially recognized at fair value, net of direct costs associated with the borrowing. After initial recognition, borrowings are measured at amortized cost. Gains and losses are recognized in the income statement over the period of the borrowings using the effective interest method.

21. Provisions
Provisions are recognized when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material,

provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

22. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

23. Employee Benefits

The Group operates various post-employment schemes including both defined contribution and defined benefit plans and other long-term benefit plans. For a description of the various plans refer to Note 19.

Defined Contribution Plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay any further amounts if the fund does not hold sufficient assets to pay benefits relating to service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an expense as incurred.

Defined Benefit Plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. These obligations are calculated annualy by independent actuaries using the Projected Unit Credit Method. The discount rate used is the yield of high quality European corporate bonds with maturity that approximates the term of the related obligation.

The current service cost of the defined benefit plan, recognized in the income statement in personnel costs, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the income statement. Actuarial gains or losses are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to income statement in a subsequent period.

Other long-term benefit obligations

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans with the exception of the actuarial gains and losses being recognized in the income statement. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

24. Advertising Costs

All advertising costs are expensed as incurred.

25. Research and Development Costs

Research costs are expensed as incurred. Development costs which do not fulfill the criteria for recognition as an asset are expensed as incurred.

26. Recognition of Revenues and Expenses

Fixed revenues primarily consist of connection charges, monthly network services fees, exchange network and facilities usage charges, other value added communication services fees, and sales of handsets and accessories. Revenues are recognized as follows:

Connection charges

Connection charges for the fixed network are deferred and amortized to income over the average customer retention period. Connection costs, up to the amount of deferred connection fees are recognized over the average customer retention period. No connection fees are charged for mobile services.

Monthly network service fees

Revenues related to the monthly network service fees are recognized in the month that the telecommunication service is provided.

Usage Charges and Value Added Services Fees

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilized. Fees are based on traffic, usage of airtime or volume of data transmitted for value added communication services. Revenues for usage charges and value added communication services are recognized in the period when the services are provided.

Revenues from outgoing calls made by OTE’s subscribers to subscribers of mobile telephony operators are presented at their gross amount in the income statement as the credit and collection risk remains solely with OTE. Interconnection fees for mobile-to-mobile calls are recognized based on incoming traffic generated from other mobile operators’ networks. Unbilled revenues from the billing cycle date to the end of each period are estimated based on traffic.

Revenues from the sale of prepaid airtime cards and the prepaid airtime, net of discounts allowed, included in the Group’s prepaid services packages, are recognized based on usage. Such discounts represent the difference between the wholesale price of prepaid cards and boxes (consisting of handsets and prepaid airtime) to the Group’s Master Dealers and the retail sale price to the ultimate customers. Unused airtime is included in “Deferred revenue” in the statement of financial position. Upon the expiration of prepaid airtime cards, any unused airtime is recognized in the income statement.

Commissions paid for each contract subscriber acquired by the master dealers as well as bonuses paid to master dealers in respect of contract subscribers who renew their annual contracts, are expensed as incurred. Airtime commissions due to the Group’s master dealers for each subscriber acquired through their network are expensed as incurred.

Sales of telecommunication equipment

Revenues from the sale of handsets and accessories, net of discounts allowed, are recognized at the point-of-sale, when the significant risks and rewards of ownership have passed to the buyer.

Revenues from construction projects

Revenues from construction projects are recognized in accordance with the percentage of completion method.

Dividend income

Dividend income is recognized when the right to receive payment is established with the approval for distribution by the General Assembly of shareholders.

Interest income

Interest income is recognized as the interest accrues (using the effective interest method).

27. Earnings per Share

Basic earnings per share are computed by dividing the profit for the year attributable to the Company’s owners by the weighted average number of shares outstanding during each year. Diluted earnings per share are computed by dividing the profit for the year attributable to the Company’s owners by the weighted average number of shares outstanding during the year adjusted for the impact of share based payments.

28. Operating Segments

Operating segments are determined based on the Group’s legal structure, as the Group’s chief operating decision makers review financial information separately reported by the Company and each of the consolidated subsidiaries or the sub-groups included in the consolidation. The reportable segments are determined using the quantitative thresholds required by IFRS 8. Information for operating segments that do not constitute reportable segments is combined and disclosed in the “Other” category. The accounting policies of the segments are the same with those followed for the preparation of the financial statements. Management evaluates segment performance based on (a) operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs, (b) operating profit/(loss) and (c) profit/(loss) for the year.

29. Dividend distribution
Dividends declared to the shareholders are recognized as a liability in the period they are approved by the General Assembly of shareholders.

30. Share-Based Payment Transactions
Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity settled transactions”). The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined at the grant date, using an appropriate pricing model, and is allocated over the period in which the conditions are fulfilled. The cost of equity settled transactions is recognized, together with a corresponding increase to equity over the vesting period.

Where the terms of an equity settled transaction awards are modified, the minimum expense recognized is the expense as if terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

31. Service concession arrangements
The Group’s service concession arrangements relate to the assignment of the development and operation of two public broadband networks (the “Concessions”) by the Information Society S.A. (“KTP” or the “Grantor”), a public sector entity. Each concession relates to a specified rural area in Greece and is undertaken by the Group’s subsidiaries OTE RURAL NORTH and OTE RURAL SOUTH (the “Operator(s)”) which have been separately granted one of the concessions. The Grantor specifies the services that can be offered by the Group and the pricing of those services is regulated. The Grantor also controls the broadband network infrastructure which must be returned to the Grantor at the end of the arrangement. The concession period is 17 years.

Under this arrangement the Group recognizes an intangible asset and a financial asset.

Intangible asset
The intangible asset corresponds to the right granted by the Grantor to the Operator to charge the telecommunication providers for using the infrastructure. It is included within “Other intangible assets”. Concession assets are capitalized on the basis of the cost of capital expenditure incurred in respect of the Concession, net of subsidies received from the Grantor and including borrowing costs on qualifying capital expenditure. Subsequent to initial recognition, Concession assets are measured at cost less accumulated amortization and impairment losses. Concession assets are amortized over their estimated useful life which is the concession period during which they are available for use.

Financial asset
The financial asset is recognized to the extent of an unconditional right to receive cash from or at the direction of the Grantor for the development of the infrastructure. Financial assets resulting from the Concession are recorded in the consolidated statement of financial position under “Other Current Assets”. Financial assets recognized as a result of the Concession are measured at fair value upon initial recognition. Subsequent to initial recognition they are accounted for at amortized cost in accordance with IAS 39 “Financial instruments: recognition and measurement”.

Construction of the infrastructure
The Group recognizes construction contract income and expenses using the stage of completion method as defined by IAS 11 “Construction contracts”. It determines the stage of completion on the basis of the percentage of total costs incurred at the reporting date. The construction cost is recognized in the income statement under “Construction cost network” while the respective revenue is included in “Miscellaneous other revenues”.

Operation services
After the construction period, revenue from the operation of the infrastructure will be recognised in accordance with IAS 18 “Revenue”.

Contractual obligations to maintain and restore the infrastructure
After the construction period, the contractual obligations to maintain or restore the infrastructure will be accounted for in accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”.

32. Reclassifications
Certain reclassifications have been made to prior year balances to conform to current year classifications. In addition certain reclassifications have been made within the Notes for comparability purposes. These reclassifications did not have any impact on the Group‘s or the Company’s equity or income statement. Further details of the nature of these reclassifications are disclosed in Note 30.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is analyzed as follows:

GROUP	LAND	BUILDINGS	TELECOM EQUIPMENT	TRANSPORTATION MEANS	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2013								
Cost	46.9	984.9	12,321.3	28.9	435.1	235.0	64.3	14,116.4
Accumulated depreciation	-	(561.4)	(9,903.5)	(25.6)	(347.0)	-	-	(10,837.5)
Net book value 31/12/2013	**46.9**	**423.5**	**2,417.8**	**3.3**	**88.1**	**235.0**	**64.3**	**3,278.9**
Additions and transfers	-	16.1	357.5	0.1	24.8	343.0	55.3	796.8
Disposals and transfers - cost	(0.1)	(6.9)	(216.9)	(5.4)	(14.1)	(307.5)	(63.7)	(614.6)
Disposals and transfers - accumulated depreciation	-	6.0	214.4	5.2	13.7	-	-	239.3
Exchange differences - cost	-	(1.6)	(14.0)	(0.1)	(0.4)	(0.4)	-	(16.5)
Exchange differences - accumulated depreciation	-	1.4	12.2	-	0.3	-	-	13.9
Depreciation charge for the year - impairment	-	(37.8)	(534.3)	(1.5)	(20.6)	-	(0.3)	(594.5)
Net book value 31/12/2014	**46.8**	**400.7**	**2,236.7**	**1.6**	**91.8**	**270.1**	**55.6**	**3,103.3**
31/12/2014								
Cost	46.8	992.5	12,447.9	23.5	445.4	270.1	55.6	14,281.8
Accumulated depreciation	-	(591.8)	(10,211.2)	(21.9)	(353.6)	-	-	(11,178.5)
Net book value 31/12/2014	**46.8**	**400.7**	**2,236.7**	**1.6**	**91.8**	**270.1**	**55.6**	**3,103.3**
Additions and transfers	-	18.5	374.8	0.3	39.6	322.1	67.9	823.2
Disposals and transfers - cost	(1.8)	(8.6)	(248.2)	(2.3)	(8.3)	(310.8)	(70.9)	(650.9)
Disposals and transfers - accumulated depreciation	-	7.2	245.6	2.2	5.6	-	-	260.6
Exchange differences - cost	-	(4.1)	(32.8)	(0.3)	(0.9)	(0.7)	(0.1)	(38.9)
Exchange differences - accumulated depreciation	-	3.6	29.7	0.2	0.8	-	-	34.3
Depreciation charge for the year - impairment	-	(38.9)	(516.8)	(1.4)	(23.9)	-	-	(581.0)
Net book value 31/12/2015	**45.0**	**378.4**	**2,089.0**	**0.3**	**104.7**	**280.7**	**52.5**	**2,950.6**
31/12/2015								
Cost	45.0	998.3	12,541.7	21.2	475.8	280.7	52.5	14,415.2
Accumulated depreciation	-	(619.9)	(10,452.7)	(20.9)	(371.1)	-	-	(11,464.6)
Net book value 31/12/2015	**45.0**	**378.4**	**2,089.0**	**0.3**	**104.7**	**280.7**	**52.5**	**2,950.6**

There are no restrictions on title on property, plant and equipment.

Property, plant and equipment includes investment property of Euro 66.5 as of December 31, 2015 (December 31, 2014: Euro 68.8), the fair value of which amounts to Euro 265.7 (December 31, 2014: Euro 224.1). The fair value of the investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Borrowing costs capitalized during the year ended December 31, 2015 and 2014 by the Group as part of the cost of qualifying assets amount to Euro 4.0 and Euro 9.9, respectively. The amounts were calculated based on an average rate of capitalization which was 4.8% and 5.7% for the year ended December 31, 2015 and 2014, respectively.

For the acquisition of the assets above, the Group has received government grants in the past, the unamortized amount of which at December 31, 2015 is Euro 4.9 (December 31, 2014: Euro 5.1).

COMPANY	BUILDINGS	TELECOM EQUIPMENT	TRANSPORTATION MEANS	FURNITURE & FIXTURES	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2013							
Cost	92.7	7,637.9	32.0	104.8	117.3	54.8	8,039.5
Accumulated depreciation	(33.7)	(6,519.4)	(30.3)	(99.7)	-	-	(6,683.1)
Net book value 31/12/2013	**59.0**	**1,118.5**	**1.7**	**5.1**	**117.3**	**54.8**	**1,356.4**
Additions and transfers	4.6	121.5	-	2.6	75.6	52.3	256.6
Disposals and transfers - cost	-	(40.5)	(1.0)	(0.9)	(67.8)	(62.8)	(173.0)
Disposals and transfers - accumulated depreciation	-	40.5	1.0	0.9	-	-	42.4
Absorption of subsidiary - cost	0.3	4.7	-	0.5	-	-	5.5
Absorption of subsidiary-accumulated depreciation	(0.1)	(4.4)	-	(0.5)	-	-	(5.0)
Depreciation charge for the year - impairment	(8.0)	(194.6)	(0.6)	(1.9)	-	(0.3)	(205.4)
Net book value 31/12/2014	**55.8**	**1,045.7**	**1.1**	**5.8**	**125.1**	**44.0**	**1,277.5**
31/12/2014							
Cost	97.6	7,723.6	31.0	107.0	125.1	44.0	8,128.3
Accumulated depreciation	(41.8)	(6,677.9)	(29.9)	(101.2)	-	-	(6,850.8)
Net book value 31/12/2014	**55.8**	**1,045.7**	**1.1**	**5.8**	**125.1**	**44.0**	**1,277.5**
Additions and transfers	7.9	131.3	0.1	5.5	90.6	51.6	287.0
Disposals and transfers - cost	-	(109.7)	(0.3)	(0.8)	(79.6)	(53.4)	(243.8)
Disposals and transfers - accumulated depreciation	-	96.9	0.3	0.8	-	-	98.0
Depreciation charge for the year - impairment	(8.8)	(190.0)	(0.6)	(2.3)	-	(0.3)	(202.0)
Net book value 31/12/2015	**54.9**	**974.2**	**0.6**	**9.0**	**136.1**	**41.9**	**1,216.7**
31/12/2015							
Cost	105.5	7,745.2	30.8	111.7	136.1	41.9	8,171.2
Accumulated depreciation	(50.6)	(6,771.0)	(30.2)	(102.7)	-	-	(6,954.5)
Net book value 31/12/2015	**54.9**	**974.2**	**0.6**	**9.0**	**136.1**	**41.9**	**1,216.7**

There are no restrictions on title on property, plant and equipment.

Borrowing costs capitalized during the year ended December 31, 2015 and 2014 by OTE as part of the cost of qualifying assets amount to Euro 4.0 and Euro 6.6, respectively. The amounts were calculated based on an average rate of capitalization which was 4.8% and 5.7% for the year ended December 31, 2015 and 2014 respectively.

For the acquisition of the assets above, OTE has received government grants in the past, the unamortized amount of which at December 31, 2015 is Euro 0.4 (December 31, 2014: Euro 0.5). There are no unfulfilled conditions or contingencies attached to these grants.

5. GOODWILL

Goodwill is analyzed as follows:

GROUP	2015	2014
Carrying value January 1	**505.9**	**506.0**
Foreign exchange differences	0.5	(0.1)
Carrying value December 31	**506.4**	**505.9**

Goodwill relates to the mobile telecommunication business of the Group and comprises the operations in the countries set out below that have been defined as the cash generating units for which impairment testing is performed.

The movement of the goodwill and its allocation to each cash generating unit is analyzed as follows:

COUNTRY	2014	Foreign exchange differences	2015
Greece	376.6	-	376.6
Albania	54.5	1.2	55.7
Romania	74.8	(0.7)	74.1
TOTAL	**505.9**	**0.5**	**506.4**

The recoverable amount of the above cash generating units was determined using the value in use method. The value in use was determined based on the projected cash flows derived from four year plans approved by management, with these cash flows initially projected over ten years and then to infinity.

The basic assumptions used in determining the value in use of the cash generating units are as follows:

Assumptions 2015	Greece	Romania	Albania
Discount rate	7.81%	8.47%	10.47%
Rate of increase of revenue	0.53%	0.81%	0.15%
EBITDA margin (2016-2025)	31.3%-35.4%	23.4%-28.3%	33.8%-42.0%

Assumptions 2014	Greece	Romania	Albania
Discount rate	9.50%	9.60%	9.80%
Rate of increase of revenue	0.14%	2.45%	0.07%
EBITDA margin (2015-2024)	34.3%-37.8%	22.0%-26.9%	37.2%-44.6%

For the projection of cash flows beyond a ten years period, a growth rate of 2% was assumed for all cash generating units. The main assumptions used by management in projecting cash flows as part of the annual impairment test of goodwill are the following:
Risk-free rate: The risk free rate was determined on the basis of external figures derived from the relevant active market of each country.
Budgeted profit margin: Budgeted operating profit and EBITDA were based on actual historical experience from the last few years adjusted to take into consideration expected variances in operating profitability.

The basic assumptions used are consistent with independent external sources of information. Based on the results of the impairment test as of December 31, 2015, no impairment losses were identified in the recorded amounts of goodwill.

Any significant changes to the basic assumptions presented above resulting from future developments in the macroeconomic situation and continued intense competition may have a negative impact in these countries. Notwithstanding this, as of December 31, 2015, the recoverable amount for each cash generating unit when compared to the respective carrying value indicates that adequate headroom exists and any material change in the assumptions used would not result in the reduction of the carrying value of goodwill.

6. TELECOMMUNICATION LICENSES

Telecommunication licenses comprise of licenses acquired primarily from the Group's mobile and TV operations.

The movement of telecommunication licenses is as follows:

GROUP	2015	2014
Net book value January 1	575.4	474.8
Additions	26.9	144.7
Transfers, cost	(12.0)	-
Transfers, accumulated amortization	9.3	-
Exchange differences, cost	(2.4)	(0.9)
Exchange differences, accumulated amortization	1.5	0.6
Amortization charge for the year	(55.7)	(43.7)
Write-offs, cost	(0.4)	(1.1)
Write-offs, accumulated amortization	0.4	1.0
Net book value December 31	**543.0**	**575.4**
<u>December 31</u>		
Cost	917.4	905.3
Accumulated amortization	(374.4)	(329.9)
Net book value December 31	**543.0**	**575.4**

COMPANY	2015	2014
Net book value January 1	4.6	2.7
Additions	-	2.5
Amortization charge for the year	(0.5)	(0.6)
Net book value December 31	**4.1**	**4.6**
<u>December 31</u>		
Cost	11.3	11.3
Accumulated amortization	(7.2)	(6.7)
Net book value December 31	**4.1**	**4.6**

7. OTHER INTANGIBLE ASSETS

Other intangible assets are analyzed as follows:

GROUP	SOFTWARE	TV RIGHTS	BRAND NAME	OTHER	TOTAL
31/12/2013					
Cost	684.8	151.4	351.1	145.7	1,333.0
Accumulated amortisation	(561.0)	(53.0)	(120.9)	(91.5)	(826.4)
Net book value 31/12/2013	**123.8**	**98.4**	**230.2**	**54.2**	**506.6**
Additions	76.5	143.4	-	-	219.9
Disposals, cost	(3.2)	-	-	-	(3.2)
Disposals, accumulated amortisation	3.2	-	-	-	3.2
Transfers, cost	-	-	-	0.3	0.3
Transfers, accumulated amortisation	-	-	-	(0.3)	(0.3)
Exchange differences, cost	(0.2)	(0.2)	(0.1)	(0.2)	(0.7)
Exchange differences, accumulated amortisation	0.2	0.2	0.1	0.1	0.6
Amortisation charge for the year	(61.0)	(67.0)	(23.5)	(6.7)	(158.2)
Net book value 31/12/2014	**139.3**	**174.8**	**206.7**	**47.4**	**568.2**
31/12/2014					
Cost	757.9	294.6	351.0	145.8	1,549.3
Accumulated amortization	(618.6)	(119.8)	(144.3)	(98.4)	(981.1)
Net book value 31/12/2014	**139.3**	**174.8**	**206.7**	**47.4**	**568.2**
Additions	58.7	92.4	-	2.1	153.2
Disposals, cost	(0.2)	(27.1)	-	-	(27.3)
Disposals, accumulated amortisation	0.2	27.1	-	-	27.3
Transfers, cost	4.5	-	-	10.1	14.6
Transfers, accumulated amortisation	(1.6)	-	-	(7.6)	(9.2)
Exchange differences, cost	(0.8)	(0.5)	(0.4)	(0.3)	(2.0)
Exchange differences, accumulated amortisation	0.7	0.2	0.2	0.2	1.3
Amortisation charge for the year	(67.0)	(93.8)	(23.4)	(8.5)	(192.7)
Net book value 31/12/2015	**133.8**	**173.1**	**183.1**	**43.4**	**533.4**
31/12/2015					
Cost	820.1	359.4	350.6	157.7	1,687.8
Accumulated amortization	(686.3)	(186.3)	(167.5)	(114.3)	(1,154.4)
Net book value 31/12/2015	**133.8**	**173.1**	**183.1**	**43.4**	**533.4**

COMPANY	SOFTWARE	TV RIGHTS	TOTAL
31/12/2013			
Cost	258.8	126.3	385.1
Accumulated amortisation	(205.4)	(40.4)	(245.8)
Net book value 31/12/2013	**53.4**	**85.9**	**139.3**
Additions	39.9	119.3	159.2
Absorption of subsidiary - cost	3.6	-	3.6
Absorption of subsidiary - accumulated amortisation	(2.9)	-	(2.9)
Amortisation charge for the year	(22.9)	(50.5)	(73.4)
Net book value 31/12/2014	**71.1**	**154.7**	**225.8**
31/12/2014			
Cost	302.3	245.6	547.9
Accumulated amortization	(231.2)	(90.9)	(322.1)
Net book value 31/12/2014	**71.1**	**154.7**	**225.8**
Additions	28.6	63.6	92.2
Amortisation charge for the year	(29.9)	(73.5)	(103.4)
Net book value 31/12/2015	**69.8**	**144.8**	**214.6**
31/12/2015			
Cost	330.9	309.2	640.1
Accumulated amortization	(261.1)	(164.4)	(425.5)
Net book value 31/12/2015	**69.8**	**144.8**	**214.6**

There are no intangible assets with indefinite useful life as of December 31, 2015 and 2014.

8. INVESTMENTS – BUSINESS COMBINATIONS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
(a) Investments in subsidiaries	-	-	3,539.4	3,539.4
(b) Other investments	0.1	0.2	0.1	0.1
TOTAL	**0.1**	**0.2**	**3,539.5**	**3,539.5**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2015	2014
COSMOTE	100.00%	Greece	2,762.9	2,762.9
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	401.9	401.9
COSMO-ONE	30.87%	Greece	0.5	0.5
OTE SAT- MARITEL	94.08%	Greece	4.6	4.6
OTE PLC	100.00%	U.K.	0.1	0.1
OTE PLUS	100.00%	Greece	8.2	8.2
OTE ESTATE	100.00%	Greece	193.2	193.2
OTE GLOBE	100.00%	Greece	163.7	163.7
OTE INSURANCE	100.00%	Greece	0.1	0.1
OTE ACADEMY	100.00%	Greece	0.2	0.2
OTE RURAL NORTH	100.00%	Greece	1.8	1.8
OTE RURAL SOUTH	100.00%	Greece	2.2	2.2
TOTAL			**3,539.4**	**3,539.4**

DIVIDEND INCOME

The dividend income is analyzed as follows:

COMPANY	2015	2014
OTE SAT - MARITEL	0.6	1.0
OTE INSURANCE	-	0.1
TOTAL	**0.6**	**1.1**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 352.2 as of December 31, 2015 (December 31, 2014: Euro 376.4), out of which Euro 349.2 relate to TELEKOM ROMANIA (December 31, 2014: Euro 373.5), representing the 45.99% on TELEKOM ROMANIA's equity, which is owned by the Romanian State.

The basic financial data of TELEKOM ROMANIA are presented below:

Statement of financial position	2015	2014
Non-current assets	574.9	597.8
Current assets	499.9	498.1
Total assets	**1,074.8**	**1,095.9**
Total equity	759.3	812.1
Non-current liabilities	45.6	26.5
Current liabilities	269.9	257.3
Total equity and liabilities	**1,074.8**	**1,095.9**

Income statement	2015	2014
Total revenues	**601.7**	**609.1**
Other operating income	29.1	47.3
Total operating expenses before depreciation, amortization and impairment	(529.3)	(507.2)
Operating profit before financial activities and depreciation, amortization and impairment	**101.5**	**149.2**
Depreciation, amortization and impairment	(141.9)	(142.6)
Operating profit / (loss) before financial activities	**(40.4)**	**6.6**
Total profit/(loss) from financial activities	(0.4)	2.2
Profit / (loss) before tax	**(40.8)**	**8.8**
Income tax	(9.8)	(0.3)
Profit / (loss) for the year	**(50.6)**	**8.5**

Cash flow statement	2015	2014
Net cash flows from operating activities	82.5	151.6
Net cash flows used in investing activities	(104.6)	(76.5)
Net cash flows used in financing activities	(0.6)	(0.7)
Net increase / (decrease) in cash and cash equivalents	**(22.7)**	**74.4**

SALE OF GLOBUL AND GERMANOS TELECOM BULGARIA A.D.

In 2013, the Group sold its 100.00% stake in GLOBUL and in GERMANOS TELECOM BULGARIA A.D. to Telenor Mobile Communications AS, the Norwegian telecom operator. Included in the consolidated income statement of 2015 is a gain of Euro 36.0, reflecting the reversal of a provision related to that sale.

9. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Loans and advances to employees	46.2	60.2	46.1	60.1
Guarantees	6.0	6.8	0.2	0.2
Other advanced payments / prepayments	27.6	16.6	-	-
Loans to group companies (see Note 27)	-	-	15.5	-
Other financial assets	-	3.8	-	-
Other	8.6	5.6	4.1	3.1
TOTAL	**88.4**	**93.0**	**65.9**	**63.4**

Loans and advances to employees are comprised mainly of loans granted to employees with service period exceeding 25 years against the accrued indemnity payable to them upon retirement. The effective interest rate on these loans is 1.71% and 1.28% for 2015 and 2014, respectively. The discount factor used in the calculation of the present value of the loans is the rate used for the actuarial valuation of staff retirement indemnities (see Note 19).

During 2015, the Company granted loans amounting to Euro 17.0 to its subsidiaries OTE RURAL NORTH and OTE RURAL SOUTH. The outstanding amount of these loans as of December 31, 2015 is Euro 15.5.

10. INVENTORIES

Inventories are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Merchandise	75.6	68.6	15.2	8.5
Other materials	21.6	19.3	2.9	3.3
TOTAL	**97.2**	**87.9**	**18.1**	**11.8**

The write down of inventories for the Group and the Company for 2015 amounts to Euro 10.0 and 1.5 respectively (2014: Euro 11.7 and nil) and is recorded in the consolidated and separate income statement in the line “Merchandise costs”.

11. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Subscribers / Customers	1,436.0	1,367.9	738.1	716.8
Due from subsidiaries and related parties	61.2	16.5	92.7	84.8
Unbilled revenue	89.1	102.9	34.7	43.7
	1,586.3	**1,487.3**	**865.5**	**845.3**
Less:				
Allowance for doubtful accounts	(857.7)	(802.4)	(511.1)	(496.2)
TOTAL	**728.6**	**684.9**	**354.4**	**349.1**

The movement in the allowance for doubtful accounts is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Balance at January 1	(802.4)	(743.2)	(496.2)	(473.9)
Charge for the year	(86.8)	(92.0)	(20.3)	(21.9)
Write-offs	31.3	34.4	5.4	-
Sale of doubtful accounts to third parties	-	(1.6)	-	-
Absorption of subsidiary	-	-	-	(0.4)
Foreign exchange differences	0.2	-	-	-
Balance at December 31	**(857.7)**	**(802.4)**	**(511.1)**	**(496.2)**

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Not impaired and not past due	516.5	444.3	264.2	260.5
Not impaired and past due:				
Up to 30 days	66.8	75.4	33.5	23.9
Between 31 and 180 days	103.5	98.5	52.5	45.5
Between 181 and 360 days	30.7	44.1	4.2	19.2
More than 360 days	11.1	22.6	-	-
TOTAL	**728.6**	**684.9**	**354.4**	**349.1**

12. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Marketable securities:				
Available for sale – Mutual funds	6.8	3.7	2.1	2.2
	6.8	**3.7**	**2.1**	**2.2**

The movement of other financial assets is analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Balance at January 1	3.7	7.5	2.2	2.4
Transfer from other non-current assets	3.9	-	-	-
Sales – maturities of available for sale financial assets	-	(3.4)	-	-
Impairment of financial assets	(2.9)	-	-	-
Transfer from other comprehensive income	2.1	-	-	-
Fair value adjustments through other comprehensive income	-	(0.4)	(0.1)	(0.2)
Balance at December 31	**6.8**	**3.7**	**2.1**	**2.2**

13. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Loans to Auxiliary fund, short-term portion (see Note 19)	6.5	11.7	6.5	11.7
Due from OTE Leasing customers (see Note 28)	25.5	25.5	25.5	25.5
Loans and advances to employees	9.5	10.5	9.0	10.0
Income tax receivable	29.7	34.4	10.7	11.6
Other prepayments	73.1	37.6	28.4	15.3
Share option receivables	-	-	-	18.2
Dividends receivable	-	-	-	1.0
Guaranteed receipt from Grantor (Financial assets model)	25.6	2.9	-	-
Other receivables from taxes not relating to income tax	45.6	38.2	2.8	2.6
Other	36.9	42.2	20.9	14.8
TOTAL	**252.4**	**203.0**	**103.8**	**110.7**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Cash in hand	15.7	2.1	7.8	0.9
Short-term bank deposits	1,306.8	1,507.8	282.5	612.2
TOTAL	**1,322.5**	**1,509.9**	**290.3**	**613.1**

15. SHARE CAPITAL – SHARE PREMIUM – TREASURY SHARES

OTE's share capital as of December 31, 2015, amounted to Euro 1,387.1 (December 31, 2014: Euro 1,387.1), divided into 490,150,389 registered shares, with a nominal value of Euro 2.83 (absolute amount) per share.

The share premium as of December 31, 2015 and 2014 amounted to Euro 496.3 and Euro 496.7, respectively.

The following is an analysis of the ownership of OTE's shares as of December 31, 2015:

Shareholder	Number of shares	Percentage %
Hellenic State	29,409,027	6.00%
IKA–ETAM (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Institutional investors	211,032,105	43.05%
Private investors	32,681,826	6.67%
Treasury shares	1,361,260	0.28%
TOTAL	**490,150,389**	**100.00%**

The movement of the own shares is presented in the table below:

	Number of shares	Amount
Own shares as at January 1, 2015	1,369,951	14.8
Own shares acquired during the year	50,500	0.4
Own shares transferred during the year	(59,191)	(0.5)
Own shares as at December 31, 2015	**1,361,260**	**14.7**

The total number of share options outstanding is analysed as follows:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	4,049,086	10.69	11,951,653	9.73
Exercised	(8,691)	5.45	(5,354,659)	4.89
Forfeited / Canceled	(3,693,015)	11.26	(2,547,908)	19.30
Outstanding at the end of the year	**347,380**	**4.79**	**4,049,086**	**10.69**
Exercisable at the end of the year	347,380	4.79	4,049,086	10.69

All these options have been granted until 2011 and expire until 2016 based on the Company's Share Option Plan and their fair value has been reflected in the income statement during the vesting period (until 2013).

16. STATUTORY RESERVE – FOREIGN EXCHANGE AND OTHER RESERVES - RETAINED EARNINGS

Under Greek Corporate Law, entities are required to transfer on an annual basis a minimum of five percent of their annual profit (after income taxes) to a statutory reserve, until such reserve equals one-third of the issued share capital. As of December 31, 2015 and 2014, this reserve amounted to Euro 357.3 and Euro 352.7 respectively. This statutory reserve cannot be distributed to shareholders.

The analysis of foreign exchange and other reserves is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Reserve for available for sale financial assets	-	(2.1)	0.1	0.2
Deferred taxes on available for sale financial assets	-	0.6	-	-
Foreign currency translation	(146.9)	(152.5)	-	-
Cumulative amount of actuarial losses recognized in equity	(30.0)	(49.2)	(30.1)	(48.1)
Deferred taxes on cumulative amount of actuarial losses recognized in equity	12.8	16.6	12.7	16.8
TOTAL	**(164.1)**	**(186.6)**	**(17.3)**	**(31.1)**

Retained earnings include undistributed taxed profits as well as untaxed and specially taxed reserves which, upon distribution, will be subject to income tax. The respective amounts for the Group and the Company as of December 31, 2015 are Euro 3,509.2 and Euro 545.8 respectively (December 31, 2014: Euro 3,401.0 and Euro 496.9 respectively).

17. DIVIDENDS

Under Greek Corporate Law, each year companies are required to distribute to their owners dividends of at least 35% of net profits which result from their accounting books and records (published financial statements), after allowing for the statutory reserve. However, companies can waive such dividend payment requirement a) by a General Assembly decision with a majority of 65% of share capital, where the undistributed amount up to 35% of net profits is transferred to a special reserve or b) by a General Assembly decision with a majority of 70% of share capital without a requirement for establishing a special reserve.

On June 12, 2015, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 39.1 or Euro 0.08 (in absolute amount) per share. The amount of dividends payable as of December 31, 2015 was Euro 0.3 (December 31, 2014: Euro 0.5).

The Board of Directors of OTE will propose to the Company's Annual General Assembly of the Shareholders the distribution of a dividend of Euro 0.10 (in absolute amount) per share outstanding. This proposed distribution will be subject to the pronouncements of the C.L. 2190/1920, as in force, and the prevailing tax legislation at the date of approval by the Annual General Assembly of the Shareholders.

18. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	2015	2014
(a) Syndicated loans	116.4	165.9
(b) Global Medium-Term Note Programme	2,072.7	2,472.6
Total long-term debt	**2,189.1**	**2,638.5**
Short-term portion	(433.5)	(465.4)
Long-term portion	**1,755.6**	**2,173.1**

(a) Syndicated Loans

Euro 225.0 European Bank for Reconstruction and Development Loan ("EBRD")

On July 24, 2013, TELEKOM ROMANIA MOBILE signed a Euro 225.0 loan arranged by the EBRD. TELEKOM ROMANIA MOBILE received Euro 75.0 directly from the EBRD and Euro 150.0 through a syndicated loan from commercial banks. The loan bears an interest rate of Euribor plus margin of 5.25% p.a. and it is being repaid gradually via an amortizing schedule with final maturity in April 2018. In April and October 2015, TELEKOM ROMANIA MOBILE repaid in total Euro 50.7 under the syndicated facility along with the accrued interest. As of December 31, 2015, the outstanding balance is Euro 116.4 (2014: Euro 165.9) and the short-term portion is Euro 44.3 (2014: Euro 33.2).

The loan includes a change of control clause applicable to TELEKOM ROMANIA MOBILE, SUNLIGHT ROMANIA FILIALA, TELEMOBIL, GERMANOS TELECOM ROMANIA (all referred to as "Obligors"), which is triggered if OTE ceases to own, directly or indirectly, at least 50% plus one share of the voting share capital of, or otherwise ceases to control, any Obligor or TELEKOM ROMANIA. In the event that the clause is triggered, EBRD may at its option, by notice to TELEKOM ROMANIA MOBILE, require the prepayment of the whole or any portion of the loan.

The loan also includes three financial covenants tested on the Romanian mobile business consisting of the entities TELEKOM ROMANIA MOBILE, GERMANOS TELECOM ROMANIA S.A., ZAPP and SUNLIGHT ROMANIA S.R.L. FILIALA, namely: (i)

The ratio of cash available for debt service over senior debt should exceed 1.25:1 for 2014, 1.20:1 for 2015 and 2016 and 1.15:1 for 2017 (2013: non-applicable), (ii) The ratio of EBITDA to net interest expense of senior debt should exceed 5:1 at all times, and (iii) The ratio of senior debt to EBITDA should not exceed 2.5:1 for 2013, 2.3:1 for 2014 and 2.0:1 for each subsequent year. As of December 31, 2015, the Romanian mobile business complies with these financial covenants.

(b) Global Medium Term-Note Programme

OTE PLC has a Global Medium-Term Note Programme guaranteed by OTE. These notes are listed on the Luxembourg Stock Exchange.

Description	Coupon	Maturity	2014		2015				
			Outstanding nominal value	Book value	Repayments/ Prepayments	New notes	Amortisation of expenses	Outstanding nominal value	Book value
Euro 700.0 notes	3.500%	09/07/2020	700.0	691.6	-	-	1.4	700.0	693.0
Euro 350.0 notes	4.375%	02/12/2019	-	-	-	350.0	(5.2)	350.0	344.8
Euro 700.0 notes	7.875%	07/02/2018	700.0	693.5	(50.0)	-	2.2	650.0	645.7
Euro 900.0 notes	4.625%	20/05/2016	656.6	655.3	(267.2)	-	1.1	389.4	389.2
Euro 787.7 notes	7.250%	12/02/2015	432.4	432.2	(432.4)	-	0.2	-	-
			2,489.0	2,472.6	(749.6)	350.0	(0.3)	2,089.4	2,072.7

Change of control clauses

The Euro 900.0 notes include a change of control clause applicable to OTE which is triggered if both of the following events occur:

a) any person or persons acting in concert (other than the Hellenic Republic) at any time directly or indirectly come(s) to own or acquire(s) more than 50% of the issued ordinary share capital or of the voting rights of OTE, and

b) as a consequence of (a), the rating previously assigned to the notes by any international rating agency is withdrawn or downgraded to BB+/Ba1 or their respective equivalents (non-investment grade), within a specific period and under specific terms and conditions.

The Euro 700.0 notes due 2018, the Euro 700.0 notes due 2020 and the new Euro 350.0 notes include a change of control clause applicable to OTE which is triggered if an entity (other than (i) DEUTSCHE TELEKOM AG, (ii) DEUTSCHE TELEKOM AG together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities, or (iii) any telecommunications operator (other than DEUTSCHE TELEKOM AG) with credit rating equivalent or better than the credit rating of DEUTSCHE TELEKOM AG), gains the power to direct the management and policies of OTE, whether through the ownership of voting capital, by contract or otherwise.

In accordance with the final terms of the Notes, in the event that the change of control clause is triggered, OTE PLC shall promptly give written notice to the bond holders who in turn shall have the option within 45 days to require OTE PLC to redeem the bonds (put option), at their principal amounts together with accrued interest up to the date of redemption.

Cost of debt

The weighted average cost of debt of the Group's long-term borrowings for the years ended December 31, 2015 and 2014 was approximately 5.7% and 6.4%, respectively.

COMPANY	2015	2014
Intercompany loans from OTE PLC	1,345.5	2,008.7
Total long-term debt	**1,345.5**	**2,008.7**
Short-term portion	(256.4)	(692.0)
Long-term portion	**1,089.1**	**1,316.7**

The analysis of the Company's long-term loans is as follows:

Description	Maturity date	2014		2015				
		Outstanding nominal value	Book value	New loans	Repayments/ Prepayments	Amortisation of expenses	Outstanding nominal value	Book value
Euro 700.0 loan	09/07/2020	700.0	691.6	-	-	1.4	700.0	693.0
Euro 150.0 loan	02/12/2019	-	-	150.0	-	(2.2)	150.0	147.8
Euro 250.0 loan	07/02/2018	250.0	247.7	-	-	0.6	250.0	248.3
Euro 575.0 loan	19/05/2016	380.0	377.4	-	(143.0)	2.2	237.0	236.6
Euro 20.0 loan	19/05/2016	-	-	20.0	-	(0.2)	20.0	19.8
Euro 95.0 loan	16/11/2015	95.0	95.0	-	(95.0)	-	-	-
Euro 65.0 loan	15/10/2015	65.0	65.0	-	(65.0)	-	-	-
Euro 99.7 loan	15/09/2015	99.7	99.7	-	(99.7)	-	-	-
Euro 600.0 loan	11/02/2015	432.3	432.3	-	(432.3)	-	-	-
		2,022.0	2,008.7	170.0	(835.0)	1.8	1,357.0	1,345.5

19. PROVISIONS FOR PENSIONS, STAFF RETIREMENT INDEMNITIES AND OTHER EMPLOYEE BENEFITS

OTE employees are covered by various pension, medical and other benefit plans as summarized below:

Defined Contribution Plans:

(a) Main Pension Fund (TAP-OTE) / IKA-ETAM

The TAP-OTE Fund, a multi-employer fund to which OTE contributes, was the main fund providing pension and medical benefits to OTE employees. The employees of the National Railway Company and the Hellenic Post Office were also members of this Fund. Pursuant to Law 2843/2000, any deficits incurred by TAP-OTE are covered by the Greek State.

As a result of Law 3655/2008, the pension segment of TAP-OTE was incorporated into IKA-ETAM (the main social security of Greece) from August 1, 2008, with a gradual reduction of contributions from TAP-OTE to those of IKA, which commenced in 2013 and expected to conclude in 2022 in three equal installments. At the same time, the medical segment of TAP-OTE was incorporated from October 1, 2008 into TAYTEKO.

Furthermore, according to Law 3655/2008 (article 2, paragraph 8) the deficits of the pension segments which were incorporated into IKA-ETAM are covered by the Greek State.

Employer's contributions to pension funds for the year 2015 amounted to Euro 136.8 for the Group and Euro 78.3 for the Company (2014: Euro 148.3 and Euro 77.0, respectively) and are included in "Personnel costs" in the income statement.

(b) Auxiliary Pension Fund / TAYTEKO

The Auxiliary Fund-Lump Sum segment provides members with a lump sum benefit upon retirement or death. Law 2084/1992 has fixed minimum contributions and maximum benefits, after 35 years of service, for new entrants from 1993. As a result of Law 3655/2008, the two segments of the Auxiliary fund (the Lump – Sum Payment segment and the Additional Pension segment) were incorporated from October 1, 2008 into TAYTEKO.

Based on actuarial studies performed in prior years and on current estimations, the pension funds show (or will show in the future) increasing deficits. OTE does not have a legal obligation to cover any future deficiencies of these funds and, according to management, neither does it voluntarily intend to cover such possible deficiencies. However, there can be no assurance that OTE will not be required (through regulatory arrangements) to make additional contributions in the future to cover operating deficits of these funds.

Loans and advances to pension funds are analyzed as follows:

GROUP and COMPANY	2015	2014
Loans and advances to:		
Auxiliary Fund	0.4	0.9
Interest bearing loan to Auxiliary Fund (L. 3371/2005)	84.8	100.5
Interest-free loan to Auxiliary Fund (L. 3762/2009)	9.5	14.7
TOTAL	**94.7**	**116.1**
Loans and advances to:		
Auxiliary Fund	0.4	0.5
Interest bearing loan to Auxiliary Fund (L. 3371/2005)	5.5	9.7
Interest-free loan to Auxiliary Fund (L. 3762/2009)	0.6	1.5
Short-term portion (See Note 13)	**6.5**	**11.7**
Long-term portion	**88.2**	**104.4**

Loans to pension funds are reflected in the financial statements at amortized cost, having been discounted, using appropriate Greek market rates, on initial recognition to their present values. Based on article 74 of Law 3371/2005 and the provisions of the related Ministerial Decision, OTE should grant an interest bearing loan to the Auxiliary Pension Fund/TAYTEKO in order to cover the Lump Sum benefits due to participants of the 2005 Voluntary Leave Scheme. Based on the loan agreements signed (the initial on October 23, 2006 and the amendments on October 30, 2007 and on May 21, 2008), the total amount granted was Euro 189.3, repayable in 21 years including a two year grace period, meaning that the repayment started on October 1, 2008 through monthly installments. The loan bears interest at 0.29%. At the date of the contractual commitment, the loan was discounted to its present value. During 2015, Euro 3.6 was unwinded (2014: Euro 4.1).

Furthermore, based on L. 3762/2009 (2009 Voluntary Leave Scheme), OTE was required to grant an interest-free long-term loan to the Auxiliary Pension Fund/TAYTEKO for the Lump Sum benefits that TAYTEKO would be required to pay to these employees. The respective loan agreement was signed in June 2010 for a nominal amount of Euro 30.0, being an interest free loan with duration of 22 years. At the date of the contractual commitment, the loan was discounted to its present value. During 2015, Euro 1.0 was unwinded (2014: Euro 1.2).

These loans are exposed to credit risk related to the debt servicing capacity of the Fund.

In 2015, TAYTEKO informed OTE that it is experiencing severe financial distress and liquidity problems. Following further discussions and extensive negotiations with the competent Ministry of Labor, Social Security and Social Solidarity and the management of TAYTEKO and aiming to secure OTE's interests, an agreement was reached on the restructuring of the two loans, as per below:

Reduction of the installments from the current level of Euro 11.8 per annum to Euro 6.6 per annum for the next 2 years and to Euro 7.4 per annum from the 3rd year onwards and up to maturity.

Extension of the Euro 189.3 loan maturity for 7 years and of the Euro 30.0 loan maturity for 3.8 years.

OTE's and TAYTEKO's Board of Directors approved the restructuring of the two loans in the way described above. Following these approvals, an amendment was signed on May 28, 2015, describing the terms of the loans' restructuring.

As a result, a charge of Euro 17.0 (before tax) was recorded in the income statement of 2015, being the impact of this restructuring on the present value of these loans and is included in the line "Impairment of investments and financial assets". The nominal value of these loans has not been affected by the restructuring.

Defined Benefit Plans:

(a) Provision for Staff Retirement Indemnities

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissal or retirement). Employees who resign (except those with over fifteen years of service) or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal. In the case of OTE employees, the maximum amount is limited to a fixed amount (Euro 0.02 adjusted annually according to the inflation rate), plus 9 months' salary. In practice, OTE employees receive the lesser amount between 100% of the maximum liability and Euro 0.02 plus 9 months' salary. Employees with service exceeding 25 years are entitled to draw loans against the indemnity payable to them upon retirement. The provision for staff retirement indemnity is reflected in the financial statements in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

The components of the staff retirement indemnity expense are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Current service cost	12.5	11.2	10.0	7.2
Recognition of past service cost	5.8	-	5.8	-
Loss / (gain) on settlement / curtailment / termination	(3.4)	(1.8)	-	-
P&L effect recorded in "Personnel costs"	**14.9**	**9.4**	**15.8**	**7.2**
P&L effect recorded in "Interest and related expenses"	4.9	6.6	3.8	5.5
Total P&L effect	**19.8**	**16.0**	**19.6**	**12.7**

Changes in the present value of the staff retirement indemnities are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Defined benefit obligation - beginning of the year	244.6	199.3	206.5	171.4
Current service cost	12.5	11.2	10.0	7.2
Recognition of past service cost	5.8	-	5.8	-
Interest cost	4.9	6.6	3.8	5.5
Actuarial (gains) / losses	(16.6)	41.4	(13.3)	31.2
Foreign exchange differences	(0.1)	(0.2)	-	-
Loss / (gain) on settlement / curtailment / termination	(3.4)	(1.8)	-	-
Usage of provision for Voluntary Leave Scheme participants	(24.8)	-	(24.4)	-
Benefits paid	(3.8)	(11.9)	(3.0)	(8.8)
Defined benefit obligation - end of the year	**219.1**	**244.6**	**185.4**	**206.5**

The assumptions underlying the actuarial valuation of the staff retirement indemnities for the Group and the Company are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Discount rate	2.05% - 3.81%	1.83% - 3.71%	2.13%	1.83%
Assumed rate of future salary changes	0% - 5.5%	-1% - 11.0%	0% - 5.5%	-1% - 11.0%
Inflation rate	1% - 2.5%	0.8% - 3.0%	1.5%	0.8% - 1.8%

If the discount rate used in the valuation was 1% higher, then the past service liabilities for staff retirement indemnities for the Company would decrease by about 12.4%. If the discount rate used in the valuation was 1% lower, then the defined benefit obligation for staff retirement indemnities for the Company would increase by about 14.9%. If the allowance for pay increases was 0.5% higher, then the defined benefit obligation for staff retirement indemnities for the Company would increase by about 7.2%. If the allowance for pay increases was 0.5% lower, then the past service liabilities for staff retirement indemnities for the Company would decrease by about 6.5%. The average duration of the liabilities in respect of the staff retirement indemnities for the Company as at the valuation date is equal to 14.3 years. The benefits payments expected to take place in 2016 for the Company amount to Euro 6.6.

(b) Youth Account

The Youth Account provides OTE's employees' children a lump sum payment generally when they reach the age of 25. The lump sum payment is made up of employees' contributions, interest thereon and OTE's contribution which for the period up to November 6, 2011 can reach up to an amount of 10 times the maximum between the average salary of OTE employees or the result of 86 times the daily wage salary of the unskilled worker, depending on the number of years of contributions. For the period after November 7, 2011, following an amendment of the program, OTE's contribution can reach up to an amount of 3 times the maximum between the average salary of OTE employees or the result of 86 times the daily wage salary of the unskilled worker depending on the number of years of the employee's contributions and the amount of these contributions.
The provision for benefits under the Youth Account is based on an independent actuarial study. The total actuarial liability is split into two parts: one is treated as "post employment employee benefit" and the other as "other long-term employee benefit". The part of the total Youth Account liability that is being classified as "other long-term employee benefit" relates to employees who will still be active employees at the time when their children will be eligible for the lump sum benefit. The remaining part of the liability is being classified as "post employment benefit".

The amount of the Youth Account provision recognized in the income statement is as follows:

	2015			2014		
GROUP and COMPANY	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Current service cost	2.0	1.3	3.3	1.7	1.0	2.7
Actuarial (gains)/ losses	-	(2.3)	(2.3)	-	(1.7)	(1.7)
P&L effect recorded in "Personnel costs "	**2.0**	**(1.0)**	**1.0**	**1.7**	**(0.7)**	**1.0**
P&L effect recorded in "Interest and related expenses"	0.8	0.4	**1.2**	2.0	1.0	**3.0**
Total P&L effect	**2.8**	**(0.6)**	**2.2**	**3.7**	**0.3**	**4.0**

The reconciliation of the total defined benefit obligation regarding the Youth Account to the benefit liability is as follows:

	2015			2014		
GROUP and COMPANY	Post employment benefit	Other long term benefit	TOTAL	Post employment benefit	Other long term benefit	TOTAL
Defined benefit obligation - beginning of the year	81.8	40.5	**122.3**	80.8	40.2	**121.0**
Current service cost	2.0	1.3	**3.3**	1.7	1.0	**2.7**
Interest cost	0.8	0.4	**1.2**	2.0	1.0	**3.0**
Actuarial losses / (gains)	(5.4)	(2.3)	**(7.7)**	(2.6)	(1.7)	**(4.3)**
Benefits paid	(14.2)	(9.3)	**(23.5)**	(0.1)	-	**(0.1)**
Defined benefit obligation - end of the year	**65.0**	**30.6**	**95.6**	**81.8**	**40.5**	**122.3**
Employee's accumulated contributions			**61.6**			**66.5**
Liability in the statement of financial position			**157.2**			**188.8**

The assumptions underlying the actuarial valuation of the Youth Account are as follows:

GROUP and COMPANY	2015	2014
Discount rate	1.39%	1.09%
Assumed rate of future salary changes	0% - 5.5%	-1% - 11.0%
Inflation rate	1.5%	0.8% - 1.8%

If the discount rate used in the valuation was 1% higher, then the defined benefit obligation for Youth Account would decrease by about 5.5%. If the discount rate used in the valuation was 1% lower, then the defined benefit obligation for Youth Account would increase by about 6.0%. If the allowance for pay increases was 0.5% higher, then the defined benefit obligation for Youth Account would increase by about 3.7%. If the allowance for pay increases was 0.5% lower, then the defined benefit obligation for Youth Account would decrease by about 3.6%. The average duration of the liabilities in respect of the Youth Account as at the valuation date is equal to 6.5 years. The benefits payments expected to take place in 2016 amount to Euro 10.4.

Risks

Regarding the risks associated with the above mentioned plans, these plans are unfunded and therefore no plan assets exist and hence asset volatility or similar risks (e.g. low returns, asset concentration etc.) do not exist. The risks associated with the existing plans relate to the actuarial assumptions that are used in determining the liability, that must be reflected in the financial statements, and comprise potential changes in bond yields, which determine the discount rate, and assumptions relating to the inflation rate and the rate of future salary increase that may affect the future cash flows of the plans.

Voluntary Leave Scheme

OTE Voluntary Leave Scheme

On May 22, 2015, OTE announced the implementation of a voluntary leave scheme mainly addressed to employees close to their retirement age. The scheme was completed at the end of June 2015, when the participated employees left the Company. The respective cost amounted to Euro 75.0 (2014: nill). Furthermore, OTE's cost related to prior early retirement programs amounted to Euro 5.0 (2014: nill).

Other early retirement programs

In 2015, COSMOTE group, TELEKOM ROMANIA and other Group companies applied early retirement programs, the total cost of which was Euro 5.9, Euro 14.3 and Euro 0.5, respectively (2014: Euro 2.9, Euro 5.0 and Euro 0.5, respectively).

The total cost of the above mentioned programs for 2015, amounted to Euro 100.7 and Euro 80.0 for the Group and the Company, respectively (2014: Euro 8.4 and nill respectively). Amounts paid during 2015, in relation to early retirement programs were Euro 103.9 for the Group and Euro 84.0 for the Company (2014: Euro 114.5 and Euro 105.7, respectively).

IKA-ETAM

Based on article 3 of the F/10051/27177/2174 Ministerial Decision issued at the end of March 2010, the additional financial burden of the Pension Sector of IKA-ETAM, the Auxiliary Insurance Sector for OTE personnel of TAYTEKO and the Medical Segment of TAYTEKO as derives from articles 2 and 4 of the Collective Labor Agreement signed between OTE and OME-OTE on July 20, 2005, should be paid for by OTE. The amount of this additional financial burden would be determined by an actuarial study that would be performed by the Directorate of Actuarial Studies of the General Secretariat for Social Security in conjunction with the Directorate of Actuarial Studies and Statistics of IKA-ETAM.

On May 11, 2010, OTE filed an appeal against this Ministerial Decision before the Administrative Court of First Instance of Athens, requesting the annulment of article 3 as based on the Legal Department's assessment, it is in contravention of article 34 of L. 3762/2009 and consequently, there are valid grounds for the annulment of this article. The hearing of this case is scheduled for May 12, 2016.

By its letters dated January 21, 2011 and October 21, 2011, the Ministry notified OTE of the completion of the actuarial studies and handed over to OTE a copy of such actuarial studies. The additional financial burden that the above mentioned actuarial studies state that incurred based on L. 3371/2005 and L. 3762/2009 amounts to Euro 129.8 and Euro 3.7, respectively. OTE has provided for these amounts in its financial statements of 2010 and 2011, respectively.

20. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Asset retirement obligation	9.5	9.9	-	-
Provision for obligation of phone credits	3.7	3.9	3.7	3.9
Deferred revenue	40.2	31.3	22.2	27.9
Unpaid portion for spectrum licenses	38.8	64.2	-	-
Long-term liabilities to group companies	-	-	74.9	87.2
Liability for TV broadcasting rights	79.9	93.5	63.1	86.0
Other	2.8	1.4	0.4	-
TOTAL	**174.9**	**204.2**	**164.3**	**205.0**

The actuarial loss recognized in the line "Actuarial gains/(losses)" in the statement of comprehensive income for 2015 regarding the provision for phone credits amounts to Euro 0.7 (2014: gain Euro 1.6).

21. SHORT-TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of December 31, 2015 for the Company is Euro 492.0 (December 31, 2014: Euro 270.6). All the loans are granted by OTE PLC.

The analysis of short-term loans is as follows:

Description	Maturity date	2014	2015			
		Book value	New loans	Repayments/ Prepayments	Amortisation of expenses	Book value
Euro 48.5 loan	08/12/2016	-	47.2	-	0.1	47.3
Euro 51.4 loan	15/11/2016	-	50.0	-	0.2	50.2
Euro 51.3 loan	08/11/2016	-	49.9	-	0.2	50.1
Euro 25.0 loan	25/10/2016	-	25.0	-	-	25.0
Euro 70.3 loan	19/10/2016	-	68.0	-	0.4	68.4
Euro 26.0 loan	12/10/2016	-	26.0	-	-	26.0
Euro 30.0 loan	19/05/2016	-	30.0	-	(0.1)	29.9
Euro 30.3 loan	06/04/2016	-	29.0	-	0.9	29.9
Euro 41.8 loan	28/03/2016	-	40.0	-	1.2	41.2
Euro 62.8 loan	16/03/2016	-	60.0	-	2.0	62.0
Euro 62.7 loan	08/03/2016	-	60.0	-	2.0	62.0
Euro 170.7 loan	10/12/2015	166.6	-	(166.5)	(0.1)	-
Euro 14.0 loan	15/10/2015	-	14.0	(14.0)	-	-
Euro 8.0 loan	15/10/2015	-	8.0	(8.0)	-	-
Euro 53.0 loan	10/06/2015	53.0	-	(53.0)	-	-
Euro 51.0 loan	29/05/2015	51.0	-	(51.0)	-	-
		270.6	**507.1**	**(292.5)**	**6.8**	**492.0**

22. INCOME TAXES – DEFERRED TAXES

The corporate income tax rate of legal entities in Greece was set at 26% for fiscal year 2013 onwards. Based on Law 4334/2015 published on July 16, 2015 and Law 4336/2015 published on August 14, 2015, the income tax rate of legal entities in Greece increased from 26% to 29% and the income tax prepayment increased from 80% to 100%, effective from January 1, 2015.

Based on the income tax Law 4172/2013 as amended by Law 4223/2013, intragroup dividends distributed from January 1, 2014 onwards are exempt from both income tax, as well as withholding tax provided that, amongst other conditions, the parent entity holds a minimum participation of 10% for two consecutive years.

Greek tax regulations and related clauses are subject to interpretation by the tax authorities and administrative courts of law. Tax returns are filed annually. With respect to the financial years up to and including 2010, the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the tax payer and a final assessment is issued. From the financial year 2011 and onwards, the tax returns are subject to the audit tax certificate process (described below). Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

Under Greek tax regulations, an income tax advance calculation on each year's current income tax liability is paid to the tax authorities. Such advance is then netted off with the following year's income tax liability. Any excess advance amounts are refunded to the companies following a tax examination.

Audit Tax Certificate

From the financial year 2011 and onwards, Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements and have taxable revenues of over Euro 0.15 must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L. 2238/1994 and article 65a of L. 4174/2013. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm.

For the Greek companies of the Group that are subject to the Tax Certificate process, the "Tax Compliance Report" for the financial years 2011, 2012, 2013 and 2014 has been issued and submitted with no substantial adjustments with respect to the tax expense and corresponding tax provision as reflected in the respective annual financial statements. The tax audit for the financial year 2015 is being performed by PricewaterhouseCoopers S.A.. Upon completion of the tax audit, management does not expect that significant additional tax liabilities will arise, in excess of those provided for and disclosed in the financial statements.

Unaudited tax years

Taking into account the Audit Tax Certificate process described above (where applicable), the table below presents the years for which the tax audit has not been performed/completed and, therefore, the Company's and its subsidiaries' tax liabilities for these open years have not been finalized:

COMPANY	Open Tax Years
OTE	2015
COSMOTE	2010, 2015
OTE INTERNATIONAL INVESTMENTS LTD	2010 – 2015
COSMO-ONE	2010, 2015
OTE PLC	2014 – 2015
OTESAT-MARITEL	2009 – 2010, 2015
OTE PLUS	2010, 2015
OTE ESTATE	2008 – 2010, 2015
OTE-GLOBE	2010, 2015
OTE INSURANCE	2010, 2015
OTE ACADEMY	2010, 2015
HATWAVE	1996 – 2015
OTE INVESTMENTS SERVICES S.A.	2010, 2015
TELEKOM ROMANIA	2007 – 2015
NEXTGEN	2008 – 2015
TELEKOM ALBANIA	2013 – 2015
TELEKOM ROMANIA MOBILE	2013 – 2015
GERMANOS	2010, 2015
COSMOTE E-VALUE	2010, 2015
GERMANOS TELECOM ROMANIA S.A.	2009 – 2015
SUNLIGHT ROMANIA S.R.L. - FILIALA	2009 – 2015
MOBILBEEEP LTD	2010 – 2015
COSMOHOLDING ROMANIA LTD	2009 – 2015
ZAPP	2009 – 2015
E-VALUE LTD	2010, 2015
COSMOHOLDING INTERNATIONAL B.V.	2014 – 2015
E-VALUE INTERNATIONAL S.A.	2014 – 2015
OTE RURAL NORTH	2014 – 2015
OTE RURAL SOUTH	2014 – 2015

The Group provides, when considered appropriate, on a company by company basis for possible additional taxes that may be imposed by the tax authorities.

- The tax audit for CHA for the fiscal years 2007 - 2011 has been completed without any impact for the Group. The company has been absorbed by COSMOTE (see Note 1).
- The tax audit for OTESAT - MARITEL for the fiscal year 2008 has been completed without any significant impact to the Group. The tax audit for years 2009 and 2010 is in progress.
- The tax audit for TELEKOM ROMANIA MOBILE for the fiscal years 2007 - 2012 has been finalized without any impact for the Group as the tax authorities accepted the company's appeal against the tax audit results (based on which, additional taxes of Euro 3.0 would be due).
- The tax audit for OTE ESTATE for the fiscal years 2008 - 2010 is in progress.
- Within 2015, the Company was subject to a special tax audit on foreign withholding taxes for years 2009, 2010 & 2011. The tax authorities did not accept the deduction of Euro 8.1 withholding taxes from the Company's income tax due. Based on the respective law, the Company was required to pay in advance the full amount of Euro 8.1 in order to appeal against this decision. The amount paid will be reimbursed to the Company in the event of a favorable outcome. Based on the management's assessment, OTE considers that there are good grounds to believe that it will win the case.
- Following a similar tax audit conducted for COSMOTE, the tax authorities did not accept the deduction of foreign withholding taxes of Euro 2.0 from the company's income tax due for year 2010. In order to appeal, COSMOTE paid in advance an amount of Euro 1.2 which will be reimbursed to the company if the outcome is favorable. Having assessed the case, the company considers that there are good grounds to believe that the appeal will be successful.

The major components of income tax expense for the years ended December 31, 2015 and 2014 are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Current income tax	107.2	88.5	0.2	-
Deferred income tax – Effect due to change in the income tax rate	(29.4)	-	(19.3)	-
Deferred income tax	40.0	35.4	44.8	52.0
Total income tax	**117.8**	**123.9**	**25.7**	**52.0**

Income tax payable for the Group and the Company as of December 31, 2015 amounted to Euro 30.4 and nill, respectively (December 31, 2014: Euro 46.4 and nill, respectively).

Income tax receivable for the Group and the Company as of December 31, 2015 amounted to Euro 29.7 and Euro 10.7, respectively (December 31, 2014: Euro 34.4 and Euro 11.6 respectively) and is recorded under "Other current assets" (see Note 13).

A reconciliation between the income tax expense and the accounting profit before tax multiplied by tax rates in force in Greece (2015: 29%, 2014: 26%) is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Profit before tax	246.5	395.4	118.3	162.1
Statutory tax rate	29%	26%	29%	26%
Tax at statutory rate	71.5	102.8	34.3	42.1
Non-taxable and specially taxed income	(3.4)	(2.6)	(0.2)	(0.3)
Effect of different tax rates in foreign countries	14.9	1.3	-	-
Effect of changes to tax rates	(29.4)	-	(19.3)	-
Expenses non-deductible for tax purposes	54.3	36.3	20.2	14.9
Effect of share option plan	-	(8.7)	-	(3.9)
Utilisation of previously unrecognized tax losses	(0.3)	(1.6)	-	-
Non-taxable reserve L. 3299/2004	(9.3)	-	(9.3)	-
Items for which no deferred tax asset is recognized	16.4	-	-	-
Other	3.1	(3.6)	-	(0.8)
Income tax	**117.8**	**123.9**	**25.7**	**52.0**

During 2015, the Company in accordance with investment law L. 3299/2004, formed an untaxed reserve of Euro 32.1 which relates to investments on broadband network infrastructure - services and reserved from previously taxed profits an amount of Euro 13.7 as own contribution to the cost of the investment.

Deferred taxes are analyzed as follows:

	Statement of financial position		Income statement	
GROUP	2015	2014	2015	2014
Voluntary leave scheme	41.4	38.7	2.7	(2.9)
Staff retirement indemnities	59.5	60.1	2.6	0.5
Youth account	27.7	31.8	(3.2)	1.0
Employee benefits	19.1	14.7	4.4	(2.3)
Property, plant and equipment	118.5	104.7	13.7	6.5
Provisions	90.4	121.5	(31.1)	3.7
Tax losses	25.7	33.5	(7.8)	(45.7)
Deferred income	17.8	10.0	7.8	(1.6)
Other	30.4	24.3	6.7	0.9
Deferred tax asset (before offset)	**430.5**	**439.3**		
Offset of deferred tax liabilities	(90.7)	(79.3)		
Deferred tax asset (after offset)	**339.8**	**360.0**		
Property, plant and equipment	(52.7)	(44.2)	(8.5)	(9.2)
Capitalized interest	(18.6)	(18.7)	0.1	1.5
Loan fees	(0.7)	(1.7)	1.0	2.2
Fair value adjustment on acquisition of subsidiaries	(65.4)	(66.9)	1.5	7.8
Interest rate swaps	-	-	-	1.7
Other	(8.6)	(8.1)	(0.5)	0.5
Deferred tax liabilities (before offset)	**(146.0)**	**(139.6)**		
To be offset against deferred tax asset	90.7	79.3		
Deferred tax liabilities (after offset)	**(55.3)**	**(60.3)**		
Deferred tax income / (expense)			**(10.6)**	**(35.4)**
Deferred tax assets, net	**284.5**	**299.7**		

The deferred tax asset resulting from tax losses relates to the Group's Romanian operations. Based on management's assessment, these carried forward tax losses will be fully utilised in the foreseeable future, considering the future expected performance of these operations and taking into acount that these carried forward tax losses in Romania do not expire and can be utilised without restriction.

	Statement of financial position		Income statement	
COMPANY	2015	2014	2015	2014
Voluntary leave scheme	41.4	38.7	2.7	(2.8)
Staff retirement indemnities	53.7	53.5	3.4	1.0
Youth account	27.7	31.8	(3.2)	1.0
Employee benefits	19.1	13.7	5.4	(2.5)
Provisions	75.6	91.6	(16.0)	4.6
Tax losses	-	6.8	(6.8)	(47.2)
Deferred income	2.3	3.3	(1.0)	(0.8)
Deferred tax assets (before offset)	**219.8**	**239.4**		
Offset of deferred tax liabilities	(70.8)	(60.8)		
Deferred tax assets (after offset)	**149.0**	**178.6**		
Property, plant and equipment	(48.9)	(37.0)	(11.9)	(10.9)
Capitalized interest	(18.6)	(18.7)	0.1	1.5
Loan fees	(0.6)	(1.3)	0.7	2.0
Interest rate swaps	-	-	-	1.7
Other	(2.7)	(3.8)	1.1	0.4
Deferred tax liabilities (before offset)	**(70.8)**	**(60.8)**		
To be offset against deferred tax assets	70.8	60.8		
Deferred tax income / (expense)			**(25.5)**	**(52.0)**
Deferred tax assets, net	**149.0**	**178.6**		

The movement in deferred tax of the Group and the Company is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Deferred tax (net) – beginning of the year	299.7	325.8	178.6	223.2
Deferred tax charged to the income statement	(10.6)	(35.4)	(25.5)	(52.0)
Deferred tax through other comprehensive income	(4.7)	9.4	(4.1)	7.4
Foreign exchange differences	0.1	(0.1)	-	-
Deferred tax (net) - end of the year	**284.5**	**299.7**	**149.0**	**178.6**

The Group does not recognize deferred tax asset on the following accumulated tax losses due to the uncertainty of the timing of available taxable profits against which these losses could be offset. The accumulated tax losses expire as follows:

Year	Amount
2016	1.4
2017	35.7
2018	25.4
2019	22.5
2020	24.1
2021 and onwards	51.2
TOTAL	**160.3**

23. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Employer contributions	33.4	39.1	20.4	25.6
Payroll	71.8	60.3	39.0	30.2
Other taxes - duties	102.1	104.7	28.1	32.1
Interest payable	48.5	87.7	28.8	65.2
Provisions for litigation and other liabilities	131.3	128.7	114.1	110.0
Customer advances	8.5	14.3	-	3.5
Unpaid portion for spectrum licenses	25.4	65.8	-	-
Provisions related to the disposal of assets	72.3	111.7	25.5	25.5
Advances related to construction contracts	23.3	23.3	-	-
Other	14.0	26.0	5.9	11.9
TOTAL	**530.6**	**661.6**	**261.8**	**304.0**

The movement in the provision for litigation and other liabilities is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Balance at January 1	128.7	126.9	110.0	106.1
Addition during the year	21.3	8.9	10.7	6.4
Utilized	(18.7)	(5.3)	(6.6)	(2.7)
Unused amounts reversed	-	(1.8)	-	-
Absorption of subsidiary	-	-	-	0.2
Balance at December 31	**131.3**	**128.7**	**114.1**	**110.0**

24. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Gain from disposal of property, plant and equipment	29.2	30.0	11.4	3.0
Income from contract penalties	14.7	12.9	4.5	0.2
Income from investment property	7.3	7.6	-	0.1
Other	9.5	15.9	2.1	0.8
TOTAL	**60.7**	**66.4**	**18.0**	**4.1**

25. EARNINGS PER SHARE

Earnings per share (after income taxes) are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of shares outstanding during the year including, for the diluted earnings per share, the number of share options outstanding at the end of the year that have a dilutive effect on earnings per share.

Earnings per share are analyzed as follows:

GROUP	2015	2014
Profit attributable to owners of the parent	**151.9**	**267.4**
Weighted average number of shares for basic earnings per share	488,782,139	487,943,387
Share options	347,380	4,049,086
Weighted average number of shares adjusted for the effect of dilutions	488,930,229	488,140,660
Basic earnings per share	0.3108	0.5480
Diluted earnings per share	0.3107	0.5478

(Earnings per share are in absolute amounts)

26. OPERATING SEGMENT INFORMATION

The following information is provided for the reportable segments, which are separately disclosed in the financial statements and which are regularly reviewed by the Group's chief operating decision makers. Segments were determined based on the Group's legal structure, as the Group's chief operating decision makers review financial information separately reported by the parent company and each of the Group's consolidated subsidiaries, or the sub groups included in the consolidation.

Using the quantitative thresholds OTE, COSMOTE group and TELEKOM ROMANIA have been determined to be reportable segments. Information about operating segments that do not constitute reportable segments has been combined and disclosed in an "Other" category. This category comprises all the other operations of the Group, the most material of which relate to the Group's real estate subsidiary, OTE Estate, the Group's international carrier, OTE Globe and the Group's financing subsidiary, OTE PLC. The types of services provided by the reportable segments are as follows:

OTE is a provider of fixed-line services, internet access services, ICT services and TV services in Greece.
COSMOTE group is a provider of mobile telecommunications services in Greece, Albania and Romania.
TELEKOM ROMANIA is a provider of fixed-line services, internet access services, ICT services and TV services in Romania.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Intersegment revenues are generally reported at values that approximate third-party selling prices. Management evaluates segment performance based on operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs; operating profit /(loss) and profit /(loss) for the year.

Segment information and reconciliation to the Group's consolidated figures are as follows:

2015	OTE	COSMOTE GROUP	TELEKOM ROMANIA	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,429.9	1,572.8	577.5	322.7	3,902.9	-	3,902.9
Intersegment revenue	106.1	155.2	24.2	151.9	437.4	(437.4)	-
Interest income	2.2	14.6	0.5	143.5	160.8	(158.4)	2.4
Interest and related expenses	(100.7)	(69.2)	(3.6)	(142.3)	(315.8)	158.4	(157.4)
Depreciation, amortization and impairment	(305.9)	(356.0)	(141.9)	(25.6)	(829.4)	-	(829.4)
Dividend income	0.6	-	-	-	0.6	(0.6)	-
Income tax	(25.7)	(81.1)	(9.8)	(1.2)	(117.8)	-	(117.8)
Operating profit / (loss)	232.1	164.8	(40.4)	41.3	397.8	(6.7)	391.1
Profit / (loss) for the year	92.6	52.4	(50.6)	41.6	136.0	(7.3)	128.7
Operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs	618.0	545.9	118.4	67.4	1,349.7	(6.7)	1,343.0
Segment assets	6,046.7	3,799.5	1,074.8	4,082.1	15,003.1	(7,542.9)	7,460.2
Segment liabilities	3,292.2	1,885.3	315.5	2,876.7	8,369.7	(3,518.7)	4,851.0
Expenditures for segment assets	237.9	290.8	114.9	14.8	658.4	-	658.4

2014	OTE	COSMOTE GROUP	TELEKOM ROMANIA	OTHER	TOTAL	Eliminations	GROUP
Revenue from external customers	1,427.3	1,645.0	586.9	259.2	3,918.4	-	3,918.4
Intersegment revenue	84.4	110.1	22.2	197.0	413.7	(413.7)	-
Interest income	2.4	13.3	2.0	205.3	223.0	(217.6)	5.4
Interest and related expenses	(149.5)	(69.6)	(2.0)	(199.2)	(420.3)	217.6	(202.7)
Depreciation, amortization and impairment	(279.4)	(347.7)	(142.6)	(26.6)	(796.3)	(0.1)	(796.4)
Dividend income	1.1	-	-	-	1.1	(1.1)	-
Income tax	(52.0)	(56.9)	(0.3)	(14.7)	(123.9)	-	(123.9)
Operating profit	307.0	234.7	6.6	40.9	589.2	(0.1)	589.1
Profit for the year	110.1	120.8	8.5	33.3	272.7	(1.2)	271.5
Operating profit before depreciation, amortization, impairment, costs related to early retirement programs and other restructuring costs	599.2	594.6	159.9	67.9	1,421.6	-	1,421.6
Segment assets	6,480.7	3,922.8	1,095.9	4,416.1	15,915.5	(8,111.2)	7,804.3
Segment liabilities	3,793.2	2,070.4	283.8	3,250.8	9,398.2	(4,092.3)	5,305.9
Expenditures for segment assets	222.3	262.8	106.0	12.8	603.9	-	603.9

Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the column eliminations. The segment assets shown in “Other” include loans and interest receivable by OTE PLC of an amount of Euro 2,640.8 (2014: Euro 3,221.7) which is eliminated at Group level.

GEOGRAPHIC INFORMATION

Geographic information for the Group’s revenues from external customers and non-current assets is as follows:

	Revenues from external customers		Non-current assets	
	2015	2014	2015	2014
Greece	2,855.8	2,849.9	3,217.1	3,372.9
Albania	64.1	68.5	163.2	139.8
Romania	983.0	1,000.0	1,153.1	1,240.1
TOTAL	**3,902.9**	**3,918.4**	**4,533.4**	**4,752.8**

The revenue information presented above is based on the location of the entity. Non-current assets for this purpose consist of property, plant and equipment, goodwill, telecommunication licenses and other intangible assets.

27. RELATED PARTY DISCLOSURES

OTE’s related parties have been identified based on the requirements of IAS 24 “Related Party Disclosures”.

The OTE Group includes all entities which OTE controls, either directly or indirectly (see Note 1). Transactions and balances between companies in the OTE Group are eliminated on consolidation.

DEUTSCHE TELEKOM AG is a 40.00% shareholder of OTE and consolidates OTE using the full consolidation method. Therefore, all companies included in the DEUTSCHE TELEKOM group are also considered related parties.

The Company purchases goods and services from these related parties, and provides services to them. Furthermore, OTE grants / receives loans to / from these related parties, receives dividends and pays dividends.

OTE’s purchases and sales with related parties are analyzed as follows:

	2015		2014	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE group of companies	75.8	107.9	70.3	69.8
OTE INTERNATIONAL INVESTMENTS LTD	0.6	3.5	0.7	4.1
COSMO-ONE	-	0.6	-	0.6
VOICENET	-	-	0.9	1.8
OTE SAT – MARITEL	0.6	0.3	0.5	0.4
OTE PLUS	0.3	21.3	0.4	64.8
OTE ESTATE	0.7	42.1	0.3	45.3
OTE-GLOBE	13.3	57.5	11.2	55.3
OTE ACADEMY	0.2	6.0	0.1	5.7
TELEKOM ROMANIA	-	0.2	-	0.3
OTE RURAL NORTH	6.8	-	-	-
OTE RURAL SOUTH	7.8	-	-	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.0	3.2	1.3	1.8
TOTAL	**111.1**	**242.6**	**85.7**	**249.9**

The Group's purchases and sales with related parties which are not eliminated in the consolidation are analyzed as follows:

	2015		2014	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	33.3	27.1	27.2	21.4
TOTAL	**33.3**	**27.1**	**27.2**	**21.4**

OTE's other operating income with its related parties is analyzed as follows:

	Other operating income OTE	
	2015	2014
COSMOTE group of companies	0.1	0.1
OTE ESTATE	0.3	-
OTE-GLOBE	2.4	-
TOTAL	**2.8**	**0.1**

The Group's other operating income with its related parties which is not eliminated in the consolidation is analyzed as follows:

	Group's other operating income	
	2015	2014
DEUTSCHE TELEKOM group of companies (except for OTE Group)	1.4	0.8
TOTAL	**1.4**	**0.8**

OTE's financial activities with its related parties comprise interest on loans granted and received and are analyzed as follows:

	2015		2014	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	88.0	-	147.4
OTE RURAL NORTH	0.1	-	-	-
OTE RURAL SOUTH	0.2	-	-	-
TOTAL	**0.3**	**88.0**	**-**	**147.4**

OTE's dividend income from its related parties is analyzed as follows:

	Dividend income OTE	
	2015	2014
OTE – SAT MARITEL	0.6	1.0
OTE INSURANCE	-	0.1
TOTAL	**0.6**	**1.1**

Amounts owed to and by the related parties as a result of OTE's transactions with them are analyzed as follows:

	31/12/2015		31/12/2014	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE group of companies	64.2	130.8	85.7	117.2
OTE INTERNATIONAL INVESTMENTS LTD	0.1	1.1	0.2	1.0
COSMO-ONE	-	0.2	-	0.1
OTE SAT – MARITEL	3.0	0.2	3.3	4.5
OTE PLUS	0.4	13.2	0.5	23.6
OTE ESTATE	1.6	4.5	0.5	4.6
OTE-GLOBE	4.9	20.7	14.8	53.5
OTE ACADEMY	0.7	1.0	0.5	1.1
TELEKOM ROMANIA	0.8	0.2	0.5	0.2
OTE RURAL NORTH	7.3	-	-	-
OTE RURAL SOUTH	8.6	-	-	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.5	3.0	1.3	1.6
TOTAL	**97.1**	**174.9**	**107.3**	**207.4**

Amounts owed to and by the related parties as a result of the Group's transactions with them, which are not eliminated in the consolidation, are analyzed as follows:

	31/12/2015		31/12/2014	
	Amounts owed to Group	Amounts owed by Group	Amounts owed to Group	Amounts owed by Group
DEUTSCHE TELEKOM group of companies (except for OTE Group)	63.0	105.4	17.3	72.6
TOTAL	**63.0**	**105.4**	**17.3**	**72.6**

Amounts owed to and by OTE relating to loans granted and received, are analyzed as follows:

	31/12/2015		31/12/2014	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,866.3	-	2,344.5
OTE RURAL NORTH	5.4	-	-	-
OTE RURAL SOUTH	10.1	-	-	-
TOTAL	**15.5**	**1,866.3**	**-**	**2,344.5**

Key Management Personnel and those closely related to them are defined in accordance with IAS 24 "Related Party Disclosures". Key management compensation comprises salaries and other short term benefits, termination benefits, post-employment benefits and other long term benefits (as defined in IAS 19 "Employee Benefits") and share based payments (as defined in IFRS 2 "Share-based Payment").

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 7.6 and Euro 6.1 for the years 2015 and 2014, respectively. Furthermore, as of December 31, 2015, 20,000 outstanding options under OTE's share based payment plan have been granted to the Company's key management personnel.

The main transactions between the Group companies are described below:

OTE-GLOBE
OTE-GLOBE provides international telephony services on behalf of OTE to international providers and invoices OTE with its fees. OTE-GLOBE invoices OTE, and OTE invoices OTE-GLOBE for the telecommunication traffic which passes through international networks of OTE-GLOBE or international telephone networks of OTE as the case may be. In addition, the two entities have commercial transactions in relation to leased lines.

OTE ESTATE
OTE ESTATE earns rental income from OTE and its subsidiaries.
OTE invoices OTE ESTATE for additions or improvements made to the land and buildings that belong to OTE ESTATE. The related costs of these additions, representing labor and materials costs, are included in OTE's income statement.

OTE INTERNATIONAL INVESTMENTS LTD
OTE INTERNATIONAL INVESTMENTS LTD invoices OTE and its subsidiaries for the administration services provided to foreign subsidiaries.

COSMO-ONE
COSMO-ONE invoices OTE and its subsidiaries for e-commerce services.

OTE SAT - MARITEL
OTE invoices OTE SAT- MARITEL for the usage of OTE's facilities for INMARSAT services. OTE SAT - MARITEL invoices OTE for fixed to mobile connection, which is invoiced by INMARSAT to OTE SAT - MARITEL.

OTE PLUS
OTE PLUS provides consulting services to OTE, consulting services of technical nature to OTE and construction studies to its subsidiaries.

COSMOTE
OTE invoices COSMOTE with commissions for mobile connections made through OTE. OTE invoices COSMOTE for leased lines. OTE and COSMOTE have income and expenses for interconnection depending to which of the two entities network the calls terminate, including international telephony traffic which passes through the two networks. COSMOTE provides OTE with mobile equipment.

OTE ACADEMY
OTE ACADEMY subleases to OTE its training center facilities in Athens and Thessaloniki. OTE ACADEMY leases the premises from OTE ESTATE. OTE ACADEMY provides training services to the employees of OTE and its subsidiaries.

OTE PLC
OTE PLC has granted interest bearing loans to OTE and subsidiaries.

OTE RURAL NORTH SPSA
OTE invoices OTE RURAL NORTH SPSA for broadband infrastructure development and has granted loan to this entity.

OTE RURAL SOUTH SPSA
OTE invoices OTE RURAL SOUTH SPSA for broadband infrastructure development and has granted loan to this entity.

DEUTSCHE TELEKOM AG GROUP OF COMPANIES
The Group has income and expenses which mainly arise from transactions with incoming, outgoing and transit traffic to and from the network of the companies that belong to DEUTSCHE TELEKOM group.

28. LITIGATION AND CLAIMS – COMMITMENTS

A. OUTSTANDING LEGAL CASES

The Group and the Company have made appropriate provisions in relation to litigations and claims, when it is probable that an outflow of recourses will be required to settle the obligations and the respective amount can be reasonably estimated.

The most significant outstanding legal cases as at December 31, 2015, are as follows:

CIVIL PROCEEDINGS

Lease agreements (OTE Leasing): On December 11, 2001, OTE disposed of its wholly owned subsidiary, OTE Leasing, to Piraeus Financial Leasing S.A.. As prescribed in the agreements signed for the sale of OTE Leasing, OTE is committed to indemnify Piraeus Financial Leasing S.A. up to an amount of approximately Euro 28.0, for possible losses to be incurred from the non-performance of lessees for contracts signed through to the date of sale of OTE Leasing. On September 28, 2007, Piraeus Financial Leasing S.A. filed a lawsuit against OTE, claiming Euro 3.4 from OTE for the reason described above. The hearing after several postponements is rescheduled for March 10, 2016.

Forthnet S.A.: In 2002, Forthnet S.A. filed a civil claim before the Multimember Court of First Instance, claiming an amount of Euro 26.7 plus interest for damages incurred by it due to loss of customers as a result of OTE's allegedly discriminatory policy in favor of OTENET. The hearing after several postponements is rescheduled for January 26, 2017.

Teledome S.A.: Teledome S.A. filed various lawsuits against OTE before the Athens Multimember Court of First Instance.
1. The first lawsuit claiming an amount of Euro 1.6 for alleged damages incurred by it as a result of the application of non-cost oriented interconnection charges by OTE is scheduled to be heard on September 28, 2016.
2. The second lawsuit claiming Euro 3.6 for alleged damages incurred by it as a result of OTE's delay in delivering to it leased lines was heard on February 28, 2007 and the Court ordered factual investigation and reduced the claim to Euro 1.4. The investigator has completed the factual investigation resulting to an amount of Euro 0.9. The case was heard before the Athens Multimember Court of First Instance on February 25, 2015 and the decision is pending.
3. The third lawsuit claiming Euro 4.4 for alleged breach of contractual obligations arising out of disconnection of telecommunication services was heard on March 6, 2008 and was rejected by the court. Teledome appealed against this decision and the hearing is pending.

LAN-NET S.A.: In May 2009, LAN-NET S.A. filed a claim against OTE before the Court of First Instance for an aggregate amount of Euro 175.7, claiming restitution for alleged illegal termination of services on June 30, 2008. The hearing of this case was held on May 30, 2013 and according to Court's decision the hearing was postponed and LAN-NET S.A. was required to deposit a guarantee amounting Euro 3.5 for court expenses within three months from the date of the notification in case LAN-NET loses the case. This decision was notified to LAN-NET S.A. on November 6, 2014. The above three-month period ended without the deposition of the guarantee, as a result, OTE requested before the Athens Multimember Court of First Instance the rejection of the initial claim. The case was heard on June 4, 2015 and the decision is pending.

Franchisees lawsuits:
1. K. Prinianakis S.A. filed a lawsuit against OTE claiming Euro 10.9 in damages. The case was heard on November 15, 2007 and the Court partially accepted the claim for the amount of Euro 0.1. Against this decision OTE has filed an appeal which was scheduled for September 29, 2011, when it was rescheduled for September 27, 2012. OTE filed a counterclaim against K. Prinianakis S.A. for an amount of Euro 0.3 in damages. This claim was heard on November 13, 2008 and the Court partially accepted it. Against this decision K. Prinianakis S.A. has filed an appeal which was scheduled for September 29, 2011, when it was rescheduled for September 27, 2012. Both OTE's appeal and K. Prinianakis S.A.'s appeals which were scheduled for September 27, 2012 were heard on May 23, 2013 and the Court accepted OTE's claim and rejected the other party's claim.
2. DEP INFO Limited filed a lawsuit against OTE claiming Euro 7.0 for damages. OTE has filed its own lawsuit against this company claiming Euro 1.7 in damages. Both hearings were held on March 9, 2006 and the Court rejected DEP INFO Limited lawsuit, while it accepted OTE's lawsuit. DEP INFO Limited filed an appeal against this decision which was heard on January 24, 2008 and the court rejected the company's appeal and ordered a factual investigation for the accurate determination of OTE's claim. The factual investigator prepared and delivered report which justifies OTE for its requirements. DEP INFO Limited appealed against the previous decision. The hearing, after a postponement, was heard on October 6, 2014 and the Court issued a decision by which the appeal was rejected. On September 13, 2012, DEP INFO Limited filed a new lawsuit against OTE before the Multimember Court of First Instance for the amount of Euro 5.0. The hearing which was scheduled for December 10, 2014 was rescheduled for November 2, 2016.
3. S.P. COM S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance requesting the annulment of the termination from OTE of their franchise contract, claiming an amount of Euro 7.3 in damages plus interest. The hearing of this case was scheduled for March 14, 2012 and the Court issued a decision rejecting the claim. S.P COM S.A. appealed against this decision, the case was heard on September 25, 2014 and the Court issued a decision by which the appeal was rejected.
4. Evros Telecomunications S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance claiming Euro 2.0 for alleged damages and customer base compensation. The case was scheduled to be heard on November 11, 2015 when it was postponed for May 10, 2017.

Employees' Claims: OTE's current employees and pensioners have filed a number of lawsuits against OTE with a wide variety of claims.

Payphones Duties: In the prior years, the Municipality of Thessaloniki has charged OTE with duties and penalties of a total amount of Euro 18.2 for the installation and operation of payphones within the area of its responsibility. OTE disputed the above assessments and filed appeals before the competent administrative courts and prepaid 40% of the above duties and penalties in order to appeal, amount that will be refunded to OTE if the outcome will be favorable to the Company. These duties and penalties refer to the period 2001-2007 and 2010-2013. No duties and penalties have been charged for 2008-

2009. In a few decisions that have been issued, most of them are accepting the position of the Municipality of Thessaloniki, as their judgment is founded in the previous telecommunications legal framework before 2006. Overall, the case is still pending.

KONSTANTZA S.A.: KONSTANTZA S.A. has filed three claims against OTE before the Athens Court of First Instance alleging Euro 2.7 plus interest in total. The hearing for all these claims was scheduled for September 20, 2012 when it was postponed and rescheduled for May 21, 2015. The hearing was annulled due to non-performance of the other party.

FLT HELLAS METAFORIKH S.A.: FLT HELLAS METAFORIKH S.A. filed a lawsuit against OTE before the Multimember Court of First Instance claiming an amount of Euro 12.4 plus interest for alleged damages caused by OTE from breach of contract and reputational damage. The case was heard on February 8, 2012 and the Court rejected the claim. FLT HELLAS METAFORIKH S.A. appealed against that decision. The hearing is scheduled for November 24, 2016.

PAN DACOM HELLAS S.A.: PAN DACOM HELLAS S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance claiming an amount of Euro 1.9 for alleged illegal termination of the contract from OTE and for moral damages. The hearing of this case was scheduled, after a postponement, for October 22, 2015, when was annulled.

Siemens Enterprise Communications S.A.: Siemens Enterprise Communications S.A. filed a lawsuit against OTE requesting from OTE to recognize specific contracts that have been transferred to Siemens Enterprise Communications S.A. from SIEMENS S.A. and to contract for debt underwriting for the debt of SIEMENS S.A. to Siemens Enterprise Communications S.A. Moreover, Siemens Enterprise Communications S.A. claims an amount of Euro 3.7 plus interest from the day that each invoice of the contracts became overdue. The case was scheduled to be heard before the Athens Multimember Court of First Instance on January 15, 2014 but was rescheduled for November 1, 2017.

Siemens S.A. Electrotechnical Projects and Products: Siemens S.A. Electrotechnical Projects and Products filed a lawsuit against OTE before the Athens Multimember Court of First Instance claiming the payment of an aggregate amount of Euro 5.5 plus interest from outstanding invoices. The case was scheduled to be heard on March 5, 2014 but the claimant withdrew this claim and filed a new lawsuit against OTE before the Athens Multimember Court of First Instance, claiming the payment of an aggregate amount of Euro 4.5 plus interest from outstanding invoices. The hearing is scheduled, after a postponement, for October 11, 2017.

3K Techniki S.A.: 3K Techniki S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance claiming an amount of Euro 1.0 for differences from contract terms regarding requests for adjustment of the contractual price. The case was heard on October 2, 2014 and the decision is pending.

NOKIA Siemens Networks S.A. and Siemens S.A. Electrotechnical Projects and Products: On December 13, 2012 NOKIA Siemens Networks S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance claiming the payment of an aggregate amount of Euro 22.2 plus interest from outstanding invoices as a result of OTE's denial to recognise the transfer to NOKIA Siemens Networks S.A. of the contracts between OTE and SIEMENS S.A. and Siemens S.A. Electrotechnical Projects and Products. The hearing of this case was held on October 7, 2015 and the decision is pending. On December 20, 2012 Siemens S.A. Electrotechnical Projects and Products intervened the claim arguing that Siemens S.A. Electrotechnical Projects and Products is the beneficiary of this claim and not NOKIA Siemens Networks S.A. This claim was heard on the same hearing on October 7, 2015 and the decision is pending.

ALTEC TELECOMS TELECOMMUNICATION SYSTEMS S.A.: On December 31, 2013, ALTEC TELECOMS TELECOMMUNICATION SYSTEMS S.A. filed a lawsuit against OTE claiming Euro 42.8 plus interest for alleged illegal termination of provision of telecommunication services from OTE which resulted in its bankruptcy. The case is scheduled to be heard on June 2, 2016.

HELLAS ON LINE S.A.: On February 11, 2014, HELLAS ON LINE S.A. filed a lawsuit against OTE before the Athens Multimember Court of First Instance, requesting an amount of Euro 13.7 plus the lawful interest for reimbursement for alleged illegal rejection of local loop supply. This lawsuit is scheduled to be heard on September 29, 2016.

HELLAS ON LINE S.A.: On April 11, 2014, HELLAS ON LINE S.A. filed a lawsuit before the Athens Multimember Court of First Instance claiming approximately Euro 5.8 plus the lawful interest, as indemnification for alleged illegal charges by OTE regarding unnecessary visits of OTE personnel competent for breakdown removal, during the period 2009-2013. The lawsuit is scheduled to be heard on October 20, 2016.

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2015 are the following:

COSMOTE

COSMOTE is a party to various lawsuits and administrative disputes the majority of which are related to the operation of base stations. The most significant disputes of the rest are the following:

Hellenic Telecommunications and Post Commission (“HTPC”) has summoned COSMOTE as well as WIND (former TIM) and VODAFONE to a hearing on May 18, 2005, to investigate whether the announced increases on tariffs for the SMS service are contrary to the provisions of telecommunication law and law for the protection of free competition. The hearing was held on May 23, 2005 and a new hearing took place on November 3, 2005 due to the change of the members of HTPC. HTPC issued the decision which imposed a fine of Euro 1.0 on each company (COSMOTE, WIND (former TIM) and VODAFONE) for concerted practice contrary to competition law. COSMOTE appealed against this decision before the Administrative Court of Appeals. The hearing initially scheduled for September 27, 2006, after postponements, was held on October 17, 2007 and a decision was issued which accepted COSMOTE’s appeal and annulled HTPC’s decision, saying that COSMOTE has not proceeded to concerted practice contrary to competition law. HTPC has appealed against this decision before the Council of State which was discussed after postponements on November 29, 2011. Council of State’s decision was issued, rejecting HTPC’s appeal. The decision has been approved and during 2015 the amount of Euro 1.0 was returned to COSMOTE upon request to HTPC.

On September 28, 2010, HTPC imposed a fine against COSMOTE of Euro 2.0 for violation of the law in relation to the information of subscribers of the increase of the minimum airtime. COSMOTE has appealed against this decision before the Athens Administrative Court of Appeals, which was heard on March 8, 2012 and the appeal was partially accepted reducing the fine to Euro 1.5. COSMOTE has appealed against this decision before the Council of State and the hearing is scheduled, after postponements, for March 15, 2016.

HTPC invited COSMOTE to a hearing on February 6, 2013, to investigate violations of Number Portability Rules and Competition Rules. The hearing was held on April 12, 2013 and repeated on May 29, 2014. COSMOTE submitted a memorandum before the HTPC. On March 20, 2015, HTPC imposed a fine of Euro 1.2 to COSMOTE for violation of portability regulation. COSMOTE appealed against this decision and the hearing is pending.

On January 25, 2012, HTPC imposed a fine of Euro 1.0 on COSMOTE for alleged failure to provide the requested information (collocation agreements between OTE and COSMOTE). COSMOTE has appealed against the fine before the Athens Administrative Court of Appeals and the hearing was scheduled for January 16, 2014. The hearing took place on that date and the appeal was partially accepted reducing the fine to Euro 0.5. COSMOTE has appealed against this decision before the Council of State and the hearing is pending.

On November 8, 2012, HTPC imposed a fine against COSMOTE of Euro 3.5 for violation of the law in relation to the information of subscribers and the dispute of charges for mobile internet services. COSMOTE appealed against this decision before the Athens Administrative Court of Appeals, which was heard on December 10, 2013 and the appeal was partially accepted reducing the fine to Euro 1.1. COSMOTE has appealed against this decision before the Council of State. The hearing was scheduled, after a postponement, for June 7, 2016.

On May 24, 2012, HTPC notified to COSMOTE the n. HTPC 12073/26-3-2012 complaint of VODAFONE-PANAFON S.A. against COSMOTE in relation with the violation of rules of free competition in the Greek market for prepaid mobile telephony, calling COSMOTE to submit its views within one month. In the above complaint the complainant requests from HTPC to examine the possible abuse by COSMOTE of its alleged dominating position in the relevant market of prepaid mobile telephony as defined by the complainant in the form of margin squeeze during the period 2007-2011. At COSMOTE’s request, the deadline was extended for two further months. On August 24, 2012 COSMOTE submitted its views on that complaint to HTPC. HTPC invited COSMOTE, VODAFONE and WIND to a hearing in order to examine ex officio the complaint. The hearing, after a postponement, took place on January 29, 2013. On April 1, 2014 HTPC invited COSMOTE, VODAFONE and WIND to a new hearing, which took place on June 4, 2014. The decision is pending.

VIVA electronic Communications single-member Ltd: VIVA electronic Communications single-member Ltd filed a lawsuit against COSMOTE before the Athens Multimember Civil Court of First Instance, claiming an amount of Euro 10.6 as damages for the allegedly illegal refusal by COSMOTE to allow to the claimant the provision of 2-step-dialing services through its network. On September 2, 2015 VIVA electronic Communications single-member Ltd resigned from the lawsuit.

TELENOR: TELENOR notified COSMOTE that after thorough examination it has identified violations of the warranties provided by COSMOTE at the sale of GLOBUL and claims an amount of Euro 15.4 based on the alleged incurred loss so far. In the first half of 2015, TELENOR reduced the amount to Euro 9.6, reserving the right to raise further claims depending on the outcome of the pending legal and tax cases. The Group is evaluating the validity of TELENOR’s claim.

TELEKOM ALBANIA

On December 12, 2005, the Albanian Competition Commission imposed a fine on TELEKOM ALBANIA of approximately Euro 1.4 (1% of the company’s turnover for 2004) on the grounds of allegedly delaying a response to a request for information and provision of documents. On January 4, 2006 TELEKOM ALBANIA filed two lawsuits before the Tirana District Court against the Competition Authority, demanding the annulment of the decision requesting information and opening of investigation procedure as well as of the decision imposing the fine, since the requested information had timely been dispatched to the Competition Authority. On July 7, 2006, the Tirana District Court rejected the requests of TELEKOM

ALBANIA and TELEKOM ALBANIA presented an appeal regarding the decision imposing the fine. The Appeal Court has annulled the decision of the Tirana District Court and ordered that the case should be examined again. TELEKOM ALBANIA has also submitted recourse to the Supreme Court. In December 2013 the Supreme Court ordered that the case is examined again by the Appeal Court. TELEKOM ALBANIA won the litigation case and will not be entitled to pay the penalty. The decision of Administrative Appeal Court will be reexamined before the Supreme Court.

On November 9, 2007, the Albanian Competition Authority imposed to TELEKOM ALBANIA a fine amounting to approximately Euro 1.5 for an alleged breach of the competition legislation during the period 2004-2005. TELEKOM ALBANIA considers the Albanian Competition Authority's decision unfounded and has appealed before the Courts in order to protect its legal rights. TELEKOM ALBANIA has appealed finally before the Supreme Court, which decided to settle the case in TELEKOM ALBANIA's favor.

TELEKOM ROMANIA MOBILE

On November 3, 2011, SC Trimen SRL, which has been submitted to an insolvency procedure, filed a request asking the Court to oblige TELEKOM ROMANIA MOBILE for the payment of approximately Euro 2.9 representing the estimated damage incurred by it from the anti competitive actions carried on by TELEKOM ROMANIA MOBILE. The court petition was dismissed as ungrounded. SC Trimen SRL has filed an appeal. On December 17, 2014, the Bucharest Court of Appeal rejected this appeal as ungrounded. SC Trimen SRL filed an appeal against this decision. On December 9, 2015, the Supreme Court cancelled SC Trimen SRL's appeal.

GERMANOS

GERMANOS is a party, among others, to certain lawsuits regarding franchise agreements filed by former franchisees of the chain GERMANOS. The applicants claim a total amount of approximately Euro 17.4. The hearings of these cases are scheduled until 2017.

HELLENIC COMPETITION COMMISSION (HCC): The Hellenic Competition Commission (HCC), following complaints filed by GERMANOS former franchisees regarding alleged breaches of Competition Law in relation to franchise agreements, initiated on April 2010 a relevant investigation. In the meantime, GERMANOS received a similar request for the provision of information based on the same, as above, complaints, by HTPC which was involved by the HCC as also competent for the implementation of Competition Law in the field of telecoms. GERMANOS collaborated with HCC at all stages of the investigation and submitted all requested data to HTPC. On July 12, 2013, GERMANOS was served with the Statement of Objections by the HCC, alleging that GERMANOS had violated the provisions of Competition Law (L.3959/2011), during the years 1990-2013 and recommended that the HCC should impose a fine in accordance with the provisions of Law 3959/2011. The hearing before the HCC took place on September 23 and 24, 2013. On December 30, 2014, the HCC decision (no. 580/VII/2013) was served to GERMANOS, according to which a penalty of Euro 10.3 was imposed to Germanos for breaching Article 1 of L. 3959/2011 and Article 101 of Treaty on the Functioning of the EU, during period 1990 to 2012. GERMANOS has filed an appeal before the Administrative Court of Appeal of Athens for the annulment of the HCC decision. The hearing took place on October 8, 2015, and recently GERMANOS was informed that the Athens Administrative Court of Appeal partly annulled the decision of the HCC only in respect of the fine, on the grounds that the fine was imposed cumulatively for all infringements and not calculated individually for each infringement. The Court reverted the case to the HCC in order for the fine to be recalculated individually, per infringement. GERMANOS has not been served with the decision yet, so it does not have access to its full text. Following the service of the decision, GERMANOS has the right of further appeal on legal grounds (revision) before the Supreme Administrative Court.

CRIMINAL PROCEEDINGS

Siemens AG case. The District Attorney of Athens has conducted a preliminary investigation in connection with allegations of bribery, money laundering and other criminal offences committed in Germany and Greece by employees of Siemens AG and its Greek affiliated companies and a number of Greek government officials and other individuals, relating to the award of supply contracts to Siemens. In connection with the investigation, the District Attorney has investigated, among other matters, the propriety of, and allegations of criminal conduct in connection with, a Framework Agreement 8002/1997 with Siemens S.A and Siemens Teleindustries S.A. (now Unify A.E.),and various equipment orders pursuant to that framework Agreement. The substance of these allegations, is that certain individuals, including employees of OTE, were given corrupt payments, in exchange for failing to carry out appropriate benchmarking of the price paid by OTE for equipment supplied under this Agreement. Framework Agreement 8002/1997 was signed on December 12, 1997 and related to the supply to OTE by Siemens of equipment and services for the digitalization of the network. In connection with this preliminary investigation, the Company has provided to the investigating authorities certain documents requested. Following the conclusion of the preliminary investigation, criminal charges were filed and a Special Investigating judge was appointed to lead a formal criminal investigation. To the extent so requested, the Group has cooperated and intends to continue to cooperate with the competent authorities in relation to this investigation. OTE has also taken the necessary legal action before the investigating judge in order to assert the Group's civil rights with respect to any damages the Group may have incurred as a result of any criminal offences committed by either third parties, or former and current OTE employees. It is understood that, as part of the same investigation, a number of former OTE executives, have been charged for certain criminal offences, including receipt of bribes. OTE has been asked by the Special Investigating Judge to inform her of the amount of damage that OTE estimates to have suffered as the result of the implementation of the Framework Agreement 8002/1997 and the equipment orders pursuant to that Agreement. OTE following a relevant BoD approval has assigned the investigation of the abovementioned matter to an independent consultant. The consultant's report has been presented before OTE's BoD and it has been sent to the Special Investigating Judge. In the framework of the ongoing criminal proceedings regarding the Siemens case, the trial of a former Minister of Transport and Communications has started on December 12, 2013, before the Athens Court of Criminal Appeals, for the crime of money laundering, committed repeatedly and as a profession, which resulted in (or threatened) a damage against OTE's property. The trial of Codefendants of the former Minister for the same case has also started on the same day, before the same Court. On December 12, 2013, OTE has declared the Company's will to become a civil party in the above criminal proceedings in order to seek compensation for moral damages suffered by the Company due to the aforementioned crimes. The trial is still ongoing. Furthermore, following the conclusion of the investigation conducted by the Special Investigating Judge, the competent Prosecutor submitted his proposal to the competent Judicial Council. According to the Judicial Council 14 former executives of OTE must be brought to trial for the crime of passive bribery and the crime of money laundering. The trial of 64, in total, defendants has already started on November 27, 2015 before the Athens Court of Criminal Appeals. The case is still pending. OTE presents at that trial and request financial satisfaction due to moral harm suffered by the commission of the aforementioned offenses. OTE has also filed a lawsuit for damages before German Courts and the case is still pending.

COSMOTE E-VALUE

RealWay Ltd: On May, 9, 2014, RealWay Ltd filed a lawsuit against E-VALUE S.A. before the Athens Multimember Court of First Instance, claiming an amount of Euro 3.8 regarding foregone revenues for leased equipment due to an (alleged) wrongful act. The hearing of the case before the Athens Multimember Court of First Instance has been set for November 17, 2016.

FINES OF HTPC AGAINST OTE:

On December 13, 2002, HTPC imposed a fine of Euro 1.5 to OTE for alleged violation of the rules for the leased lines pricing. OTE filed an appeal before the Athens Court of Appeals against this fine and a decision was issued in 2009 reducing the fine to Euro 0.1. OTE and HTPC appealed against this decision before the Council of State. The appeals were heard on December 8, 2015 and the decisions are pending.

On January 28, 2005, HTPC imposed a fine of Euro 2.0 to OTE for alleged non-compliance with regard to its obligations for the provision of leased lines. OTE filed an appeal before the Athens Court of Appeals against this fine and a decision was issued in 2011 rejecting OTE's appeal. OTE appealed against this decision before the Council of State and a decision was issued in 2013 rejecting OTE's appeal. OTE requested a new hearing before the Council of State, which was performed on June 17, 2014 and the decision is pending.

On May 20, 2005, HTPC imposed a fine amounting Euro 1.5, for alleged non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). OTE has filed an appeal before the Athens Court of Appeals against this fine and a decision was issued in 2010 rejecting OTE's appeal. OTE appealed against this decision before the Council of State and the hearing is scheduled, after a postponement, for September 20, 2016.

On June 22, 2006, HTPC a fine amounting to Euro 2.5, for alleged late provision of necessary costing information. OTE filed an appeal before the Athens Court of Appeals against this fine and a decision was issued in 2007 reducing the fine to Euro 0.9. HTPC appealed against this decision before the Council of State. The Council of State's decision rejected the Athens Court of Appeals' decision and referred the case to the Athens Court of Appeals for new hearing.

On November 29, 2006, HTPC imposed a fine against OTE of total amount of Euro 3.0 for alleged violation of Number Portability Rules and Competition Rules. OTE has filed an appeal before the Athens Court of Appeals against this fine which partially accepted it reducing the fine to Euro 1.0. Both OTE and HTPC appealed against this decision before the Council of State which was scheduled to be heard on May 29, 2012 when it was postponed to be heard on January 8, 2013. The Council of State's decision rejected HTPC's appeal and partially rejected the Athens Court of Appeals' decision and referred the case to the Athens Court of Appeals for new hearing which was performed on February 13, 2014 and the decision is pending.

On July 26, 2007, HTPC imposed a fine amounting Euro 20.1, for alleged abuse of its dominant position in broadband market in the form of margin squeeze. OTE has filed an appeal before the Athens Court of Appeals against this fine which was partially accepted reducing the fine to Euro 10.1. Against this decision both OTE and HTPC have appealed before the Council of State which were heard on September 30, 2014 and the decision is pending.

On July 26, 2007, HTPC imposed a fine amounting Euro 1.2, for alleged non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). OTE has filed an appeal before the Athens Court of Appeals against this fine which was heard on March 18, 2009, and a decision was issued reducing the fine to Euro 0.5. Both OTE and HTPC appealed against this decision before the Council of State and the hearing is scheduled, after postponements, for March 22, 2016.

On October 5, 2007, HTPC imposed a fine for a total amount of Euro 3.0 for alleged non-compliance with regard to OTE's obligations relating to the Local Loop Unbundling (L.L.U). Against this decision OTE has filed an appeal demanding its annulment which was heard before the Athens Administrative Court of Appeals and the Court, with its decision, annulled the aforementioned fine. HTPC appealed against this decision before the Council of State and its appeal is scheduled to be heard on March 1, 2016.

On July 4, 2008, HTPC with its relevant decisions imposed a fine, aggregating to Euro 1.0, for alleged late and improper provision of necessary information related to the combined service "All in 1". OTE appealed against these decisions before the Athens Administrative Court of Appeals requesting their annulment which appeal was accepted and the fine was cancelled. HTPC appealed against this decision before the Council of State. The Council of State's decision rejected the Athens Administrative Court of Appeals' decision and referred the case to the Athens Administrative Court of Appeals for new hearing. The hearing is scheduled for June 14, 2016.

On July 4, 2008, HTPC imposed a fine of Euro 2.0 to OTE for alleged non-compliance with regard to its obligations for the provision of necessary information for the broadband access. OTE has filed an appeal before the Athens Court of Appeals against this fine and a decision was issued in 2009 reducing the fine to Euro 0.1. HTPC appealed against this decision before the Council of State and the hearing is scheduled, after postponements, for February 23, 2016.

On July 25, 2008, HTPC imposed a fine of Euro 9.0 to OTE for alleged obstacles to the business promotion of the "Double play" service by TELLAS S.A. (fixed telephony with fast Internet combination). OTE appealed against this decision before the Athens Administrative Court of Appeals which was partially accepted reducing the fine to Euro 5.7. OTE has appealed against this decision before the Council of State and the hearing is scheduled, after postponements, for April 12, 2016.

On March 17, 2009, HTPC imposed a fine of Euro 7.0 to OTE for allegedly delayed delivery of lease lines to Hellas On Line S.A.. OTE has appealed against this decision, before the Athens Administrative Court of Appeals and the hearing was rescheduled for April 14, 2011, when the case was heard and the decision issued cancelled the fine.

On May 5, 2009, HTPC imposed a fine of Euro 2.0 to OTE for alleged violation related to the maximum price level at the retention fee for calls from subscribers of its network to subscribers of mobile network providers. OTE has appealed against this decision, before the Athens Administrative Court of Appeals. The appeal has been postponed and was heard on May 13, 2010. Similarly, the above mentioned decision was announced to OTE again and OTE has appealed against it, before the Athens Administrative Court of Appeals and the Court rejected OTE's appeal. OTE appealed against this decision before the Council of State and the hearing is scheduled, after postponements, for March 1, 2016.

On October 20, 2011, HTPC imposed a fine of Euro 2.0 to OTE for alleged non-compliance with regard to its obligations for the provision of necessary information. OTE has filed an appeal before the Athens Court of Appeals against this fine which was heard on January 15, 2014, and a decision was issued rejecting OTE's appeal. OTE appealed against this decision before the Council of State and the hearing is scheduled, after a postponement, for March 22, 2016.

On August 29, 2013, HTPC imposed a fine against OTE of total amount of Euro 1.0 following the complaints of HOL, Cyta, On Telecoms, Forthnet and Wind for delays in implementation requests and troubleshooting under the unbundled local loop access. OTE has appealed against this decision before the Court of Appeals and the hearing is scheduled, after postponements, for May 18, 2016.

B. COMMITMENTS

Capital commitments for the acquisition of property, plant and equipment and intangible assets and operating commitments for rentals, repair and maintenance services and other services are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Capital commitments	108.8	81.6	59.3	26.7
Operating commitments	1,132.2	1,072.4	311.2	188.2
TOTAL	**1,241.0**	**1,154.0**	**370.5**	**214.9**

The Company has operating commitments for rental with its wholly owned subsidiary OTE ESTATE maturing in 2027 with an annual rental rate of approximately Euro 42.0, adjustable according to the contractual provisions.

The maturity of these commitments per year are analyzed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Up to 1 year	539.8	465.0	254.6	129.7
1 to 5 years	371.1	343.0	103.3	63.8
Over 5 years	330.1	346.0	12.6	21.4
TOTAL	**1,241.0**	**1,154.0**	**370.5**	**214.9**

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

IFRS 7 “Financial Instruments: Disclosures” requires additional disclosures in order to improve the quality of information provided in order to assess the importance of the financial instruments on the financial position of the Group and the Company.

Fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year there were no transfers between level 1 and level 2 fair value measurement, and no transfers into and out of level 3 fair value measurement.

The following tables compare the carrying amount of the Group’s and the Company’s financial instruments that are carried at amortized cost to their fair value:

	Carrying Amount		Fair value	
GROUP	2015	2014	2015	2014
Financial Assets				
Trade receivables	728.6	684.9	728.6	684.9
Loans to pension funds	94.7	116.1	129.6	148.5
Loans and advances to employees	55.7	70.7	55.7	70.7
Guarantees	6.0	6.8	6.0	6.8
Guaranteed receipt from Grantor (Financial assets model)	25.6	2.9	25.6	2.9
Other prepayments	100.7	54.2	100.7	54.2
Restricted cash	2.8	4.5	2.8	4.5
Cash and cash equivalents	1,322.5	1,509.9	1,322.5	1,509.9
Financial Liabilities				
Long-term borrowings	1,755.6	2,173.1	1,779.7	2,232.1
Short-term borrowings and short-term portion of long-term borrowings	433.5	465.4	438.8	468.4
Trade accounts payable	1,202.5	975.1	1,202.5	975.1

	Carrying Amount		Fair value	
COMPANY	2015	2014	2015	2014
Financial Assets				
Trade receivables	354.4	349.1	354.4	349.1
Loans to pension funds	94.7	116.1	129.6	148.5
Loans and advances to employees	55.1	70.1	55.1	70.1
Guarantees	0.2	0.2	0.2	0.2
Loans to group companies	15.5	-	15.5	-
Other prepayments	28.4	15.3	28.4	15.3
Cash and cash equivalents	290.3	613.1	290.3	613.1
Financial Liabilities				
Long-term borrowings	1,089.1	1,316.7	1,077.1	1,320.9
Short-term borrowings and short-term portion of long-term borrowings	748.4	962.6	752.0	961.8
Trade accounts payable	460.4	387.6	460.4	387.6

The fair value of cash and cash equivalents, restricted cash, trade receivables, loans and advances to employees (short-term portion) and trade accounts payable approximate their carrying amounts. The fair values of the remaining financial assets and financial liabilities are based on cash flows discounted using either direct or indirect observable inputs and are within the Level 2 of the fair value hierarchy.

As at December 31, 2015, the Group and the Company held the following financial instruments measured at fair value:

	Fair value		
GROUP	2015	2014	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	3.6	3.7	Level 1
Available-for-sale mutual funds	3.2	-	Level 3
Other non-current financial assets	-	3.8	Level 3

	Fair value		
COMPANY	2015	2014	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	2.1	2.2	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece continues to be volatile. Following the imposition of capital controls in the country on June 28, 2015, domestic transactions and dealings with foreign suppliers and creditors were affected as a result of limits on daily ATM withdrawals and restrictions on payments abroad. The Group was initially impacted as it experienced delays in the receipt of customers' payments. Furthermore as the Group's and the Company's debt is totally owed to creditors outside Greece and as the Group's and the Company's operations in Greece are to a significant extent dependent on foreign suppliers, the Group and the Company is requesting and obtains approval from the appropriate authorities in order to use cash and cash equivalents held in Greece to settle payments abroad.

The Group's Greek operations continue without any disruption, however the continued instability and volatility of the macroeconomic and financial environment in Greece could however have an impact on the Group's and the Company's business, results of operations, financial condition and prospects. Assuming that the capital controls are lifted within mid to end 2016 and the agreed terms and conditions of the third bailout program are implemented, no material negative impact on the Group's Greek operations is anticipated in the medium to long term. In this uncertain economic environment, management continually assesses the situation and its possible future impact to ensure that all necessary actions and measures are taken in order to minimize any impact on the Group's Greek operations.

Management is not able to accurately predict the likely developments in the Greek economy, however based on its assessment, management has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of December 31, 2015.

Financial Risks

The below stated risks are significantly affected by the capital controls imposed as well as the macroeconomic and financial environment in Greece, as analyzed above.

a) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty fails to meet its contractual obligations.

The carrying value of financial assets at each reporting date is the maximum credit risk to which the Group and the Company are exposed in respect of the relevant assets.

Financial instruments classified as available-for-sale and held-for-trading include mutual funds and other securities. These financial assets are not considered to expose the Group and the Company to a significant credit risk.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Company. However, due to the large number of customers and the diversification of the customer base, there is no concentration of credit risk with respect to these receivables. Concentration of risk is however considered to exist for amounts receivable from other telecommunication service providers, due to their relatively small number and the high level of transactions they have with the Group and the Company. For this category the Group and the Company assess the credit risk following the established policies and procedures and make the appropriate provision for impairment (see Note 11).

The Group and the Company have established specific credit policies under which customers are analyzed for creditworthiness and there is an effective management of receivables in place both before and after they become overdue and doubtful. In monitoring credit risk, customers are grouped according to their credit risk characteristics, aging profile and existence of previous financial difficulties. Customers that are characterized as doubtful are reassessed at each reporting date for the estimated loss that is expected and an appropriate impairment allowance is established.

Cash and cash equivalents are also considered to be exposed to a high level of credit risk, in light of the macroeconomic conditions in Greece which are placing significant pressure on the domestic banks. Most of the Group's cash is invested in highly rated counterparties and with a very short term tenor.

Loans include loans to employees which are collected either through the payroll or are netted-off with their retirement indemnities (see Notes 9, 13 and 19) and loans and advances to Auxiliary Pension Fund mainly due to the Voluntary Leave Scheme (see Note 19). The latter loans (Auxiliary Pension Fund) are exposed to credit risk related to the debt servicing capacity of the Fund.

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group's and the Company's cash and cash equivalents and current financial assets as at December 31, 2015 amount to Euro 1,329.3 and Euro 292.4 respectively and their debt amounts to Euro 2,189.1 and Euro 1,837.5, respectively.

For the monitoring of the liquidity risk, the Group prepares cash flows forecasts on a frequent basis.

The analysis of the undiscounted contractual payments (including debt principal and interest payments) of the financial liabilities of the Group and the Company is as follows:

GROUP					
December 31, 2015	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term notes OTE PLC	498.4	91.0	1,829.7	-	2,419.1
Syndicated loan TELEKOM ROMANIA MOBILE	50.7	59.6	17.3	-	127.6
Unpaid portion for spectrum licenses	28.6	27.3	14.2	-	70.1
Trade accounts payable and long-term liability for TV broadcasting rights	1,202.5	72.4	14.0	-	1,288.9
TOTAL	1,780.2	250.3	1,875.2	-	3,905.7
December 31, 2014	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Medium term notes OTE PLC	573.1	765.4	856.2	724.5	2,919.2
Syndicated loan TELEKOM ROMANIA MOBILE	42.5	51.8	95.3	-	189.6
Unpaid portion for spectrum licenses	73.1	28.6	41.5	-	143.2
Trade accounts payable and long-term liability for TV broadcasting rights	975.1	61.2	43.8	-	1,080.1
TOTAL	1,663.8	907.0	1,036.8	724.5	4,332.1

Guarantees

OTE has guaranteed the borrowings of its subsidiary, OTE PLC as follows:
As at December 31, 2015: Euro 2,568.2
As at December 31, 2014: Euro 3,172.2

COMPANY					
December 31, 2015	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 Years	Total
Intercompany loans (OTE PLC)	823.2	50.9	1,196.9	-	2,071.0
Trade accounts payable and long-term liability for TV broadcasting rights	460.4	60.9	8.7	-	530.0
TOTAL	1,283.6	111.8	1,205.6	-	2,601.0
December 31, 2014	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 Years	Total
Intercompany loans (OTE PLC)	1,073.2	442.0	353.4	724.6	2,593.2
Trade accounts payable and long-term liability for TV broadcasting rights	387.6	56.6	40.9	-	485.1
TOTAL	1,460.8	498.6	394.3	724.6	3,078.3

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will result in fluctuations of the value of the Group's and the Company's financial instruments. The objective of market risk management is to manage and control exposure within acceptable levels.

The individual risks that comprise market risk and the Group's and the Company's policies for managing them are described below:

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the Group's long-term borrowings.

The Group manages the interest rate risk through a combination of fixed and floating rate borrowings.

As of December 31, 2015, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 95%/5% (2014: 94%/6%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Floating interest rate	116.4	165.9	-	-
Fixed interest rate	2,072.7	2,472.6	1,837.5	2,279.3
TOTAL	**2,189.1**	**2,638.5**	**1,837.5**	**2,279.3**

The following table demonstrates the sensitivity to a change in interest rates on loans, deposits and derivatives to the income statement.

Sensitivity to an 1% interest rates increase (gain / (loss)):

	GROUP		COMPANY	
	2015	2014	2015	2014
Profit before tax	12.1	13.4	2.9	6.1

If interest rates were to decrease by 1%, the impact would be similar and opposite to the analysis above.

ii. Foreign currency risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes.

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies and to the risk of payments of suppliers in foreign currencies. The main currencies within the Group are the Euro, the Ron (Romania) and the Lek (Albania). The Group monitors and hedges FX exposures affecting cash flows. Foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of foreign operations financial statements into the Group's reporting currency) are generally not hedged.

The following table demonstrates the sensitivity to a reasonably possible change in the functional currency exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

	Effect on profit before tax	
Change in functional currency exchange rate	2015	2014
+10%	42.3	50.4
-10%	(42.3)	(50.4)

As of December 31, 2015, subsidiaries of COSMOTE had a Euro 685.3 loan payable to COSMOTE (December 31, 2014: Euro 685.3) which are treated as part of the net investment of the foreign operation as its settlement is neither planned nor probable in the foreseeable future. The currency translation differences are recorded in other comprehensive income. If the Euro appreciates by 1% versus the RON the negative impact in total equity of the Group would be Euro 6.8 (2014: Euro 6.8).

Capital Management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity) which is monitored at a Group level. Net debt includes interest bearing loans and notes, less cash and cash equivalents and other current financial assets.

The table below shows a significant decrease in the gearing ratio in 2015 compared to 2014, coming from a decrease in net debt (due to a decrease in borrowings) and an increase in equity (through the profit of the year):

GROUP	December 31	
	2015	2014
Borrowings	2,189.1	2,638.5
Cash and cash equivalents	(1,322.5)	(1,509.9)
Other current financial assets	(6.8)	(3.7)
Net debt	**859.8**	**1,124.9**
Equity	2,609.2	2,498.4
Gearing ratio	**0.33x**	**0.45x**

30. RECLASSIFICATIONS

In the consolidated statement of financial position of 2014, an amount of Euro 23.3 has been reclassified from “Trade payables” to “Other current liabilities” for better presentation of advances related to construction contracts.

In the consolidated income statement of 2014, an amount of Euro 2.9 has been reclassified from “Other sundry operating expenses” to “Construction cost network” for better presentation.

31. EVENTS AFTER THE FINANCIAL POSITION DATE

There were no significant events after December 31, 2015 that should be disclosed in these financial statements.

V. FINANCIAL DATA AND INFORMATION

OTE GROUP OF COMPANIES

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

Greek General Commercial Registry ("Γ.Ε.ΜΗ.") 1037501000

REGISTERED OFFICE: 99 KIFISSIAS AVE - 15124 MAROUSSI, ATHENS

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

(Published in accordance with law 2190/1920, art.135 for Companies preparing annual consolidated and separate financial statements, in accordance with I.F.R.S.)

The purpose of the following information and financial data is to provide users with general financial information about the financial position and the results of operations of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A ("Company") and the OTE Group ("Group"). Therefore, we recommend the users of the financial data and information, before making any investment decision or proceeding to any transaction with the Group or the Company, to obtain the necessary information from the website, where the consolidated and separate financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the E.U., are available, together with the auditors' report, when required.

Supervising Authority : Ministry of Economy, Infrastructure, Marine and Tourism, Corporate and Greek General Commercial Registry Division
Company's Web Site : www.cosmote.gr
Date of approval of financial statements from the Board of Directors: February 24, 2016
The Certified Auditor: Despina Marinou (RN ICA(GR): 17681)
Auditing Company : PricewaterhouseCoopers S.A. Certified Auditors - Accountants (SOEL REG: No 113)
Type of Auditor's Opinion : Unqualified

Composition of the Board of Directors:

1. Michael Tsamaz, Chairman and Managing Director, Executive Member
2. Konstantinos Christopoulos, Vice-Chairman, Independent, Non-Executive Member
3. Charalampos Mazarakis, Executive Member
4. Klaus Müller, Non - Executive Member
5. Panagiotis Tabourlos, Independent, Non - Executive Member
6. Claudia Nemat, Non - Executive Member
7. Raphael Kübler, Non - Executive Member
8. Athanasios Misdanitis, Non - Executive Member
9. Vasileios Kafouros, Non - Executive Member
10. Panagiotis Skevofylax, Non - Executive Member
11. Andreas Psathas, Non - Executive Member

DATA FROM STATEMENT OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
ASSETS				
Property, plant and equipment	2,950.6	3,103.3	1,216.7	1,277.5
Intangible assets	1,582.8	1,649.5	218.7	230.4
Other non current assets	516.5	557.6	3,842.6	3,885.9
Inventories	97.2	87.9	18.1	11.8
Trade receivables	728.6	684.9	354.4	349.1
Other current assets	262.0	211.2	105.9	112.9
Cash and cash equivalents	1,322.5	1,509.9	290.3	613.1
TOTAL ASSETS	**7,460.2**	**7,804.3**	**6,046.7**	**6,480.7**
EQUITY AND LIABILITIES				
Share capital	1,387.1	1,387.1	1,387.1	1,387.1
Other equity items	869.9	734.9	1,367.4	1,300.4
Equity attributable to shareholders of the parent (a)	2,257.0	2,122.0	2,754.5	2,687.5
Non-controlling interests (b)	352.2	376.4	-	-
Total equity (c) = (a) + (b)	**2,609.2**	**2,498.4**	**2,754.5**	**2,687.5**
Long-term borrowings	1,755.6	2,173.1	1,089.1	1,316.7
Provisions / Other non-current liabilities	606.5	697.9	506.9	600.3
Short-term borrowings	433.5	465.4	748.4	962.6
Other current liabilities	2,055.4	1,969.5	947.8	913.6
Total liabilities (d)	**4,851.0**	**5,305.9**	**3,292.2**	**3,793.2**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**7,460.2**	**7,804.3**	**6,046.7**	**6,480.7**

DATA FROM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2015	01.01-31.12.2014	01.01-31.12.2015	01.01-31.12.2014
Total revenue	3,902.9	3,918.4	1,536.0	1,511.7
Profit before taxes, investment and financial activities	**391.1**	**589.1**	**232.1**	**307.0**
Profit before tax	246.5	395.4	118.3	162.1
Profit after tax (A)	**128.7**	**271.5**	**92.6**	**110.1**
Attributable to:				
- Owners of the parent	151.9	267.4	92.6	110.1
- Non controlling interests	(23.2)	4.1	-	-
Other comprehensive income / (loss) after tax (B)	**21.5**	**(31.7)**	**13.8**	**(19.8)**
Total comprehensive income after tax (A) + (B)	**150.2**	**239.8**	**106.4**	**90.3**
Attributable to:				
- Owners of the parent	174.4	238.7	106.4	90.3
- Non controlling interests	(24.2)	1.1	-	-
Basic earnings per share (in €)	**0.3108**	**0.5480**		
Proposed dividend per share (in €)			0.10	0.08
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**1,220.5**	**1,385.5**	**538.0**	**586.4**

DATA FROM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	2015	2014	2015	2014
Total equity at the beginning of the year (01.01.2015 and 01.01.20	**2,498.4**	**2,295.7**	**2,687.5**	**2,616.8**
Total comprehensive income after tax	150.2	239.8	106.4	90.3
Dividend payment	(39.1)	(0.1)	(39.1)	-
Absorption of subsidiary	-	-	-	(0.8)
Acquisition of treasury shares	(0.4)	(63.2)	(0.4)	(63.2)
Transfer of treasury shares	0.5	59.6	0.5	59.6
Exercise of share options	(0.4)	(33.4)	(0.4)	(15.2)
Total equity at the end of the year (31.12.2015 and 31.12.2014)	**2,609.2**	**2,498.4**	**2,754.5**	**2,687.5**

DATA FROM STATEMENT OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2015	01.01-31.12.2014	01.01-31.12.2015	01.01-31.12.2014
Cash flows from operating activities				
Profit before tax	246.5	395.4	118.3	162.1
Adjustments for:				
Depreciation, amortization and impairment	829.4	796.4	305.9	279.4
Costs related to early retirement programs	100.7	8.4	80.0	-
Provision for staff retirement indemnities	14.9	9.4	15.8	7.2
Provision for youth account	1.0	1.0	1.0	1.0
Provision for write down of inventories	10.0	11.7	1.5	-
Provision for doubtful accounts	86.8	92.0	20.3	21.9
Other provisions	-	3.1	-	(0.1)
Foreign exchange differences, net	5.7	(3.5)	(1.1)	(1.0)
Interest income	(2.4)	(5.4)	(2.2)	(2.4)
Dividend income	-	-	(0.6)	(1.1)
(Gains) / losses from investments and financial assets - Impairments	(16.1)	(0.1)	17.0	(0.1)
Interest and related expenses	157.4	202.7	100.7	149.5
Working capital adjustments:				
Decrease / (increase) in inventories	(19.8)	(2.8)	(7.8)	4.9
Decrease / (increase) in receivables	(205.4)	(38.9)	(36.4)	(10.0)
(Decrease) / increase in liabilities (except borrowings)	202.9	32.4	17.3	26.4
Plus/ (Minus):				
Payment for early retirement programs and voluntary leave scheme	(103.9)	(114.5)	(84.0)	(105.7)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(27.3)	(12.0)	(26.5)	(8.9)
Interest and related expenses paid	(183.2)	(238.3)	(119.8)	(172.5)
Income taxes paid	(154.0)	(137.3)	(9.4)	(58.2)
Net cash flows from operating activities (a)	**943.2**	**999.7**	**390.0**	**292.4**
Cash flows from investing activities				
Establishment of new subsidiaries	-	-	-	(4.1)
Loans granted	-	-	(17.0)	-
Sale or maturity of financial assets	-	12.8	-	9.0
Repayment of loans receivable	8.9	12.0	10.4	12.0
Purchase of property, plant and equipment and intangible assets	(658.4)	(603.9)	(237.9)	(222.3)
Movement in restricted cash	1.7	-	-	-
Proceeds from disposal of subsidiaries / investments, net of cash disposed	-	(2.2)	-	-
Interest received	2.4	5.3	2.2	2.2
Dividends received	-	-	1.5	0.7
Net cash flows used in investing activities (b)	**(645.4)**	**(576.0)**	**(240.8)**	**(202.5)**
Cash flows from financing activities				
Share option plan	(0.4)	(43.1)	17.8	(43.1)
Proceeds from loans granted and issued	350.0	700.0	677.1	1,230.3
Repayment of loans	(800.3)	(1,013.9)	(1,127.5)	(1,091.4)
Dividends paid to Company's owners	(39.4)	(0.5)	(39.4)	(0.5)
Net cash flows from / (used in) financing activities (c)	**(490.1)**	**(357.5)**	**(472.0)**	**95.3**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**(192.3)**	**66.2**	**(322.8)**	**185.2**
Cash and cash equivalents at the beginning of the year	**1,509.9**	**1,444.3**	**613.1**	**426.6**
Net foreign exchange differences	4.9	(0.6)	-	-
Absorption of subsidiary	-	-	-	1.3
Cash and cash equivalents at the end of the year	**1,322.5**	**1,509.9**	**290.3**	**613.1**

ADDITIONAL DATA AND INFORMATION

1) The companies which are included in the annual financial statements (consolidated and separate), their country, the Group's participating interest (direct and indirect) and the method of consolidation, are presented in Notes 1 and 8 of the financial statements.
2) The fiscal years that are unaudited by the tax authorities for the Company and the Group's subsidiaries and the results of the tax audits completed, are presented in Note 22 of the financial statements.
3) The outcome of pending litigation and claims is not expected to have a material impact on the financial statements. The amount of provisions that have been established as at December 31, 2015 for litigations and other risks, as well as for unaudited tax years are as follows: a) for the Group € 131.3 million and € 31.0 million respectively and b) for the Company € 114.1 million and € 16.1 million respectively. The most significant outstanding legal cases are presented in Note 28 of the financial statements.
4) Number of employees at the end of the year: Group 21,573 (31.12.2014: 22,144), Company 8,496 (31.12.2014: 6,924).
5) Other comprehensive income / (loss) after tax for the year 2015 which was recognized directly in equity for the Group, relates to actuarial gains € 17.2 million (net of deferred taxes), foreign currency translation € 2.8 million and the net movement in available for sale investments € 1.5 million (net of deferred taxes). As for the Company, it relates to actuarial gains € 13.9 million (net of deferred taxes) and the net movement in available for sale financial assets € (0.1) million (net of deferred taxes).
6) Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 40.00% interest in OTE as of December 31, 2015.
7) The Company's transactions with its related parties as defined in IAS 24, are analyzed as follows: Sales and purchases of goods and services for the year 2015, amounted to € 111.1 million and € 242.6 million, respectively. Other operating income for the year 2015 amounted to € 2.8 million. Finance income and expense for the year 2015 amounted to € 0.3 million and € 88.0 million respectively. Dividend income from related parties amounts to € 0.6 million. The outstanding balance receivables and payables from / to related parties as of December 31, 2015 derived from current transactions amounted to € 97.1 million and € 174.9 million, respectively. The outstanding balance of loans receivables and payables from / to related parties granted and received amounted to € 15.5 million and € 1,866.3 million respectively. Fees paid to the members of the Board of Directors of the Company and the Company's key management personnel compensation charged to the income statement for the year 2015, amount to € 7.6 million. As of December 31, 2015, 20,000 outstanding options under OTE's share based payment plan have been granted to the Company's key management personnel. At Group level, sales and purchases of goods and services between related parties which are not eliminated, for the year 2015 amounted to € 33.3 million and € 27.1 million, respectively. Other operating income, between related parties which are not eliminated, for the year 2015 amounted to € 1.4 million. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2015 derived from operating transactions amounted to € 63.0 million and € 105.4 million, respectively.
8) Basic earnings per share were calculated based on the weighted average number of shares outstanding.
9) Reclassifications have been made for better presentation with no impact on the equity or the results of operations of the Group and the Company. These reclassifications are presented in Note 30 of the financial statements.
10) There were no significant events after December 31, 2015 that should be disclosed in these financial statements.

Athens, February 24, 2016

CHAIRMAN AND MANAGING DIRECTOR	BOARD MEMBER AND OTE GROUP CHIEF FINANCIAL OFFICER	EXECUTIVE DIRECTOR FINANCIAL OPERATIONS OTE GROUP	ACCOUNTING DIRECTOR
MICHAEL TSAMAZ I.D. Number AB 516212	CHARALAMPOS MAZARAKIS I.D. Number AE 096808 License Number 0021943	GEORGE MAVRAKIS I.D. Number T 004893	KONSTANTINOS VASILOPOULOS I.D.Number AM 161220 License Number 032033

VI. INFORMATION PURSUANT TO ARTICLE 10 OF LAW 3401/2005

The table below incorporates by reference the information of Article 10 of Law 3401/2005 regarding the Company, its shares and the securities market, which have been published and made available to the public during year 2015, as well as during the first months of 2016, in compliance with its obligations under Community and National Legislation.

General Shareholder Assemblies' Resolutions	
16/12/2015	EGM Resolutions – held on 16/12/2015
12/06/2015	AGM Resolutions – held on 12/06/2015
Location on the Company's website: www.cosmote.gr/fixed / Company/ Investor Relations/ Newsroom	
Invitations to General Shareholder Assemblies	
24/11/2015	Invitation to the Extraordinary General Meeting of Shareholders of 16/12/2015
22/05/2015	Invitation to the 63th Ordinary General Meeting of Shareholders of 12/06/2015
Location on the Company's website: www.cosmote.gr/fixed / Company/ Investor Relations/ Newsroom	
Voting Results	
18/12/2015	EGM Voting Results – held on 16/12/2015
17/06/2015	AGM Voting Results – held on 12/06/2015
Location on the Company's website: www.cosmote.gr/fixed / Company/ Investor Relations/ Newsroom	
Dividend	
03/08/2015	Announcement of regulated information – Dividend distribution
30/06/2015	Announcement of regulated information – Dividend distribution
15/06/2015	Announcement of regulated information – Dividend distribution
Location on the Company's website: www.cosmote.gr/fixed / Company/ Investor Relations/ Newsroom	
Corporate Actions	
05/01/2016	Announcement of Regulated Information – Transaction Notification of Ms. Eleni Papadopoulou, OTE Group Chief Human Resources Officer
30/11/2015	Announcement of regulated information – Tender results for OTE PLC 2016 and 2018 notes
25/11/2015	Announcement of regulated information – €350 million 4-year bond for OTE
23/11/2015	Announcement of Regulated Information – Transaction Notification of Ms. Eleni Papadopoulou, OTE Group Chief Human Resources Officer
23/11/2015	Announcement of regulated information – OTE Plc launches cash tender offer and announces its intention to issue new notes
20/11/2015	Announcement of regulated information – Transactions' Notification of Mr. Stefanos Theocharopoulos, Chief Technology and Operations Officer of OTE Group and Mr. Konstantinos Vogiatzis, Secretary of the BoD of Cosmote
19/11/2015	Announcement of regulated information – Transactions' Notification of Ms. Maria Rontogianni, Executive Director Internal Audit OTE Group
18/11/2015	Announcement of regulated information – Transaction Notification of Ms. Maria Rontogianni, Executive Director Internal Audit OTE Group
03/11/2015	Announcement of regulated information – Tranfer of own shares
15/10/2015	Announcement of Regulated Information – Transaction Notification of Ms Eirini Nikolaidi, OTE Group Legal Counsel – Chief Legal & Regulatory Affairs Officer
24/09/2015	Announcement of regulated information – Tranfer of own shares to the Chairman and Managing Director
28/08/2015	Announcement of regulated information – Buyback of own shares
19/08/2015	Announcement of regulated information – Transaction Notification of Ms. Maria Rontogianni, Executive Director Internal Audit OTE Group
13/08/2015	Announcement of regulated information – Buyback of own shares
22/06/2015	Announcement of regulated information – Transaction Notification of Mr. Michael Tsamaz, Chairman of the BoD and Managing Director of the Company
22/05/2015	Announcement of regulated information – Voluntary Exit Schemes for OTE employees
15/05/2015	Announcement of regulated information – Tranfer of own shares
07/04/2015	Announcement of Regulated Information– Notification of Bond Buybacks
10/03/2015	Announcement of regulated information – Transaction Notification of Ms. Eleni Gkioni, wife of Mr. Panagiotis Kaliabetsos, Executive Director of Treasury Division of OTE Group
06/03/2015	Announcement of regulated information – Transactions' Notification of Ms Eirini Nikolaidi, General Counsel and General Director for Legal and Regulatory Affairs of OTE Group
05/03/2015	Announcement of regulated information – Transaction Notification of Mr. Ilias Drakopoulos, General Director
04/03/2015	Announcement of regulated information – Transaction Notification of Mr. Panagiotis Kaliabetsos, Head of Treasury Division of OTE Group
06/02/2015	Announcement of regulated information – Transaction Notification of Mr. Ilias Drakopoulos, General Director
15/01/2015	Announcement of regulated information – Transaction Notification of Ms. Christini Spanoudaki, Head of OTE Group Corporate Real Estate Management
08/01/2015	Announcement of regulated information – Transaction Notification of Ms Eirini Nikolaidi, General Counsel and General Director for Legal and Regulatory Affairs of OTE Group

Location on the Company's website: www.cosmote.gr/fixed / Company/ Investor Relations/ Newsroom	
Press Releases	
17/02/2016	Announcement of regulated information- BOD member change
09/02/2016	Announcement on OTE's intention to participate in Procedures for the undertaking of projects or for the acquisition of supplies of the Public Sector or of Legal Entities owned by the Public Sector
28/01/2016	Q4 and Full Year 2015 Financial Results Announcement Date – Conference Call details
05/11/2015	Announcement of Q3 2015 Results
13/10/2015	Q3 2015 Results Announcement Date – Conference Call details
06/08/2015	Announcement of Q2 2015 Results
17/07/2015	Q2 2015 Results Announcement Date – Conference Call details
22/05/2015	Announcement on amendment of Articles of Incorporation
13/05/2015	Announcement of Q1 2015 Results
21/04/2015	Q1 2015 Results Announcement Date – Conference Call details
01/04/2015	Announcement of regulated information – BOD members change
19/03/2015	Revision of Financial Calendar 2015
26/02/2015	Announcement of Q4 and full year 2014 Results
12/02/2015	Financial Calendar
26/01/2015	Q4 and Full Year 2014 Financial Results Announcement Date – Conference Call details
Location on the Company's website: www.cosmote.gr/fixed / Company/ Investor Relations/ Newsroom	
Transactions Notifications of the liable persons in compliance with L3340/2005 and 3/347/12.7.2005 Decision of the Hellenic Capital Market Commission	
Location on the Company's website : www.cosmote.gr/fixed / Company/Investor Relations/Corporate Governance/Transparency and Information Disclosure/ Transactions Notifications in compliance with L3340/2005	
Financial Results	
05/11/2015	Third Quarter 2015 – Press Release
06/08/2015	Second Quarter 2015 – Press Release
13/05/2015	First Quarter 2015 – Press Release
26/02/2015	Fourth Quarter 2014 – Press Release
Location on the Company's website: www.cosmote.gr/fixed / Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.	
IFRS Reports- Figures and Information	
05/11/2015	Financial Data and Information –Third Quarter 2015
05/11/2015	Interim Condensed Financial Statements (01/01/2015-30/09/2015) – Third Quarter 2015
06/08/2015	Financial Data and Information –Second Quarter 2015
06/08/2015	OTE Six Months Financial Report 30/06/2015 – Second Quarter 2015
13/05/2015	Financial Data and Information – First Quarter 2015
13/05/2015	Interim Condensed Financial Statements (01/01/2015-31/03/2015) – First Quarter 2015
26/02/2015	Financial Data and Information – Fourth Quarter 2014
26/02/2015	Annual Financial Report 2014 – Fourth Quarter 2014
Location on the Company's website: www.cosmote.gr/fixed / Company/Investor Relations/ Financial Results/ Financial Statements of OTE Group and OTE S.A.	

Note: The Financial Statements, the Independent Auditor's Reports and the Annual Reports of the Board of Directors can be found (after their approval) at the web page: www.cosmote.gr/fixed / Company/Investor Relations/ Financial Results/ Financial Statements of OTE Group Companies.