HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL REPORT

For the period
from January 1, 2016 to December 31, 2016

(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, 2016 to December 31, 2016, 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, March 01, 2017

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 March 01, 2017.

II. ANNUAL REPORT OF THE BOARD OF DIRECTORS

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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 articles 43a, 43bb, 107A and 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, 2016, 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 actual depiction of the progress and performance of the Company's business and its financial position, for the period from January 1, 2016 to December 31, 2016, its objectives and its strategy, the significant events which took place in 2016, as well as the most significant events following the year end. The report also contains a description of the main risks and uncertainties for the next year, non-financial information - sustainable development report, the Corporate Governance statement, the material transactions with the Company's and the Group's related parties and additional information as required by the respective law.

A.FINANCIAL AND OPERATIONAL HIGHLIGHTS OF 2016

Financial Highlights:

Group Revenues (Euro million)	2016	2015	Change
Fixed Line Operations, Greece	1,568.5	1,536.0	+2.1%
Mobile Operations, Greece	1,194.2	1,228.4	-2.8%
Fixed Line Operations, Romania	602.5	601.7	+0.1%
Mobile Operations, Romania	457.1	438.5	+4.2%
Mobile Operations, Albania	77.2	82.7	-6.7%
Others	489.7	474.6	+3.2%
Eliminations (Mobile & Group)	(481.1)	(459.0)	+4.8%
TOTAL	3,908.1	3,902.9	+0.1%
Other income/ (expense), net	55.2	60.7	-9.1%

Group Adjusted EBITDA (Euro million)*	2016	2015	Change
Fixed Line Operations, Greece	663.6	618.0	+7.4%
margin	*42.3%*	*40.2%*	*+2.1pp*
Mobile Operations, Greece	403.0	438.3	-8.1%
margin	*33.7%*	*35.7%*	*-2pp*
Fixed Line Operations, Romania	93.5	118.4	-21.0%
margin	*15.5%*	*19.7%*	*-4.2pp*
Mobile Operations, Romania	81.7	87.1	-6.2%
margin	*17.9%*	*19.9%*	*-2pp*
Mobile Operations, Albania	16.1	20.6	-21.8%
margin	*20.9%*	*24.9%*	*-4pp*
Others	69.5	67.4	+3.1%
margin	*14.2%*	*14.2%*	*0pp*
Eliminations (Mobile & Group)	(6.5)	(6.8)	-4.4%
Group OTE	1,320.9	1,343.0	-1.6%
Adjusted EBITDA margin	*33.8%*	*34.4%*	*-0.6pp*

** Alternative Performance Measures: For details on purpose and calculations refer to Alternative Performance Measures Section*

OTE Group's consolidated revenues stood at Euro 3,908.1 million in 2016, up 0.1%, a resilient performance despite the tough economic and competitive environment. Greek fixed-line achieved an impressive performance, with revenues up 2.1% as a result of strong performance in broadband, as well as a sharp increase in revenues from COSMOTE TV, benefiting from solid subscriber growth and higher Average Revenue per User (ARPU). Greek mobile operations posted a revenue decline of 2.8% in 2016, reflecting demand pressures amid the tough economic conditions.

In Romania, mobile operations posted solid growth, with total revenues up 4.2% in 2016. Romanian fixed-line operations posted total revenues of Euro 602.5 million in 2016, up 0.1% compared to 2015, reflecting higher contribution from fixed-mobile convergence services along with solid performance in ICT and wholesale services, offsetting declining fixed voice revenues.

In Albania, revenues declined by 6.7% compared to 2015, mainly due to lower international traffic.

All other Revenues were up 3.2% for the year, mainly reflecting growth at OTE Globe.

Total Operating Expenses, before depreciation, amortization, impairment and costs related to voluntary leave schemes and other restructuring costs, amounted to Euro 2,642.4 million in 2016, almost unchanged compared to 2015. The stable costs at OTE Group were mainly the result of increased interconnection expenses at Romanian operations and OTE Globe, that were offset by lower personnel expenses (-3.7% in 2016), benefiting from recent voluntary leave schemes.

Group Adjusted EBITDA stood at Euro 1,320.9 million in 2016, a 1.6% decline compared to 2015, resulting in a 33.8% adjusted EBITDA margin in the period.

Consolidated expenses for depreciation, amortization and impairment stood at Euro 881.4 million, a 6.3% or Euro 52.0 million increase. At December 31, 2016, an impairment test was performed by TELEKOM ROMANIA with respect to its property, plant and equipment and intangible assets. As a result of the impairment test, an impairment loss of Euro 58.5 million was charged in the 2016 consolidated income statement (included in “Depreciation, amortization and impairment” line). An amount of Euro 46.9 million relates to property, plant and equipment and an amount of Euro 11.6 million relates to other intangible assets.

Interest and related expenses stood at Euro 149.4 million, down 5.1%, mainly reflecting the lower outstanding debt and the partial replacement of external debt with lower coupon new Notes.

The Group’s Income Tax expense was Euro 168.4 million in 2016, up from Euro 117.8 million in 2015, reflecting higher profitability of the Greek entities accompanied with higher losses in Romanian fixed line for which no deferred tax asset has been recognized, as well as the 2015 positive impact of the Greek tax rate change on the Group’s deferred tax assets.

Group Profit of the year (attributable to owners of the parent) stood at Euro 140.0 million in 2016, compared to Euro 151.9 million recorded in 2015, reflecting the increased income tax and the impairment loss at TELEKOM ROMANIA.

In 2016, the Group’s adjusted Free Cash Flow stood at Euro 458.6 million down 9.6% compared to 2015, primarily reflecting higher CapEx and working capital needs.

The Group’s Adjusted Net Debt (including other financial assets) was Euro 533.9 million at December 31, 2016, down 37.9% compared to December 31, 2015. The Group’s ratio of Underlying Net Debt to 12-month trailing adjusted EBITDA stood at 0.4x.

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 0.16 per share outstanding compared to Euro 0.10 per share distributed last year. 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 Shareholders.

Operational Highlights:

GREECE

In 2016, the Greek telecom market showed signs of stabilization, following several years of revenue decline.
Despite the challenging and competitive environment, OTE Group consolidated its leadership position in the local market and secured high profitability margins.

In 2016, OTE:

- Achieved Greek fixed revenues growth for the second consecutive year after 8 years of contraction
- Increased its broadband customer base (leveraging on its NGA investments)
- Expanded its Pay-TV base to over 500k subscribers, gaining customer market share leadership

- Strengthened its Business-to-Business (B2B) leading position, winning large scale and complex ICT projects

Addressing consumers and business needs OTE implemented significant investments in fixed and mobile next generation networks and established COSMOTE as the leading integrated commercial brand, improving key image attribute scores compared to previous fixed only and mobile only brands.

Greece:	2016	2015	Change
Fixed-line business:			
COSMOTE Retail access line connections (excl. WLR)	2,657,924	2,684,391	-1.0%
COSMOTE Broadband active retail subscribers	1,635,736	1,506,909	+8.5%
...of which VDSL subscribers	*219,166*	*149,572*	+46.5%
COSMOTE TV subscribers (IPTV & Satellite)	502,696	446,499	+12.6%
Mobile business:			
Mobile subscribers	7,709,564	7,398,986	+4.2%

Greek Fixed line business

In the fixed line business OTE accomplished a positive revenue growth of 2.1%, as the company managed to:

- Protect its access base of 2.7 million customers, leveraging its customer-centric strategy and its converged fixed and mobile value propositions
- Increase its Broadband base by 129k customers, capturing a 58% share of net additions in the market (compared to 55% last year), expanding its overall Broadband share by 1 percentage point (from 44% to 45%)
- Capitalize on extended NGA footprint as well as speed enhancement campaigns, resulting in the addition of 70k customers with new ultra-high broadband VDSL speeds. At the end of 2016 the total number of VDSL customers rose to 219K
- Pay-TV revenues increased by 30.9% year over year despite the new 10% Pay-TV revenue tax applied as of June 1, 2016, which significantly slowed-down the Pay-TV base uptake
- Win major complex ICT projects, requiring solutions combining telecommunications and Systems Integration.

Greek Mobile business

In the mobile business, OTE maintained its leading market position with a service revenue share of 52%.

- Service revenue contraction slow down to -2.7% compared to -3.7% in 2015 and -6.0% in 2014
- Growth in organic data revenues was up 9%, enabled by increased smartphones penetration. In parallel, the data active internet users base uptake increased by 5 percentage points compared to last year, exceeding 40% penetration
- COSMOTE preserved its leading position in youth segment, refreshed its 'What's up brand, with a new logo, and offered unique targeted services to address youth segments needs.

ROMANIA

Romania:	2016	2015	Change
Fixed-line business:			
Voice Telephony lines (Incl.CDMA)	2,150,814	2,178,870	-1.3%
Broadband subscribers (Incl.CDMA BB)	1,185,797	1,203,545	-1.5%
TV subscribers (DTH,IPTV & Cable)	1,464,283	1,452,499	+0.8%
FMC subscribers	370,524	226,197	+63.8%
Mobile business:			
Mobile subscribers	5,344,638	5,754,109	-7.1%

Romanian Fixed Business

In 2016, revenues from Romanian fixed-line activities were slightly higher than the prior-year level at Euro 602.5 million, up by 0.1%, primarily reflecting the company's successful Fixed-Mobile convergent (FMC) solution and wholesale revenues. Compared to December 31, 2015, the number of FMC subscribers increased by 63.8%.

Romanian Mobile Business

At December 31, 2016, Telekom Romania Mobile's customer base totaled 5.3 million subscribers, down 7.1% from the year-earlier level. Telekom Romania Mobile is taking steps to improve its performance, including enhanced 4G capabilities, refocusing of its sales efforts, and cost improvements. Total Revenues increased by 4.2% in 2016, reaching Euro 457.1 million.

ALBANIA

Albania:	2016	2015	Change
Mobile business:			
Mobile subscribers	1,839,273	1,730,075	+6.3%

In 2016 Telekom Albania maintained its strong position in the highly competitive Albanian telecommunications market. As of 2016 year end, Telekom Albania's customer base totaled 1.8 million subscribers. Compared to 2015 total revenues decreased by 6.7% to Euro 77.2 million, a 7.5% decline in service revenues. Telekom Albania's Adjusted EBITDA decreased by 21.8% compared to 2015, mainly due the drop in international traffic.

B. OBJECTIVES & STRATEGY

Management's continuous goal for OTE, is to remain the market leader and pioneer, a modern, high-performance, company offering best customer experience based on its technological 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 (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
- Advance with its own Digital Transformation, to capitalize on the opportunities of the emerging Digital Economy
- Be 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 a member of Deutsche Telekom Group

Key achievements of 2016

1. Reinforced leadership position in the market

- Reinforced leadership in the Greek telecom market (Fixed/Mobile/TV), despite adverse macro environment
- Significantly lower Fixed Access connection losses (-37% vs. 2015)
- Increased market share in Broadband net additions (58%)
- Sustained leading position in Mobile
- Gained the #1 market position in Pay-TV subscribers

2. COSMOTE One & COSMOTE Business One: FMC Customer base ramps up, securing revenues

- More than 200.000 households subscribed to FMC COSMOTE One, recognizing its added-value and differentiated customer service
- FMC COSMOTE Business One outperformed its annual target for subscriptions, offering unique Smart Working and Professional Services to business customers

3. Revenue Transformation

- Strong growth in VDSL customers (subscribers increased by +70k, +47% vs. 2015) and COSMOTE TV (+56k subscribers, +31% revenues)
- Leveraging on our 4G/ 4G+ network superiority (41% active mobile internet subs on total mobile base, 23% with 4G active mobile devices, +14 percentage points vs. last year)
- Major ICT projects wins (CCHBC SAP HANA, Fraport GR regional airports, National Bank of Greece, etc.)

4. Customer Experience - Pursuing excellence through Digitization

- Further progression in “Order2Bill in 8 days” (66%) & “Fault2Repair in 24 hours” (59%) processes, due to the ongoing 48/24 program
- Introduction of differentiated Customer Service for FMC customers
- Further digitization of Customer Care and Field technician processes and introduction of new e-Care services (e-Signature, Customer Care video-call, etc.)
- Multi-awarded Customer Care

5. Network and Services Evolution

- Mobile Network superiority maintained (P3 Test “Best in Class”)
- Continued aggressive rollout of Next Generation networks based on the developed Integrated Network Strategy for Fixed and Mobile (+26% installed VDSL cabinets resulting in 46% VDSL coverage, 93%/4G and 82%/4G+ population coverage)
- First in Greece and among first in the world to demonstrate mobile internet speeds of up to 500 Mbps
- IP Transformation project advanced
- State-subsidized “Rural Broadband” project on track (100% population coverage for LOT 1 and 70% for LOT 3) enabling multiplier effects in the economy of the Greek rural areas
- OTE has become a main Shared Service Center for DT Europe subsidiaries as well as a main contributor in many projects for DT EU group

6. Operational and Cost Optimization

- Continued digital transformation in an array of corporate operations, improving efficiency & securing further savings (Finance, Procurement, etc)
- Transformation continued in major IT systems (OSS, One F-M Customer/ One View, etc.)
- Establishment of Energy Unit under OTEestate, resulting in substantial energy savings
- Win of significant DT intra-group international projects. Improvements in physical security and information security areas. Aiming to reduce further operating costs, a series of cost-optimization programs implemented, leveraging experience from the DT Group

7. People - People Development always at the center of our actions

- Implemented an extensive training program for retraining and reskilling of our employees, as well as a modern leadership program for all levels of management (“You.Lead” / “EXELIXIS”)
- Completed the development journey of our young talents, who were recruited from the market through the talent acquisition program “Graduate Trainee”
- Designed a similar program for our existing employees (“You.Grow”)
- Launched an innovative corporate culture change program, “Experience the Customer Experience” communicating the message that "We are all at the forefront", aiming at improving our customers’ experience
- Continued the operational integration of Fixed and Mobile units, focusing on alignment and harmonization of policies, procedures and systems.
- We initiated the preparation for the new digital era of Human Resources

Key objectives of 2017

For 2017, the Group besides achieving the annual business targets will also seek to enable its long term evolution

Special focus will be put in Digital Transformation (for Customer-facing and intra-Company processes), as well as operationalization of Group synergies within the Deutsche Telekom Group.

Key Strategic pillars and actions for 2017:

Technology & IT leadership

- INS / NGA: Massive FTTC; Vectoring Roll out; FTTH trials; 4G/4G+ roll out continued
- Rural Network Completion
- IP Transformation
- VoLTE/ VoWiFi full deployment
- SSCs' further growth
- PanNet

Best Customer Experience

- Enhancements on FMC and FMCC propositions
- Digital Transformation @Customer: Digital touch points, enhanced digital experience @ retail stores, etc.
- Customer Service Excellence: Optimization & digitization of processes: 24/48, e-Care, etc.

Innovation & Revenue Transformation

- Data services monetization
- Innovative services launch
- COSMOTE TV Growth
- M2M and Cloud Solutions
- Verticals (Shipping, Hotels, Smart Cities, etc)
- Energy

Lead in Core Business

- COSMOTE brand superiority & human profile
- Value based pricing strategy
- Optimize sales strategy
- Defend Wholesale Revenues

Operational & Cost Optimization

- Operations optimization: Digital Transformation @ Company • Digital Office • Digital Transformation @ Suppliers
- Cost efficiency programs: IDC Optimization • Procurement synergies with DT • Energy

People Strategy

Create a digital working environment, where digital tools will support the systems and HR processes, improving employees' experience. Design development programs for employees' digital skills. Design and implement a common Job Families model for our employees of OTE and COSMOTE

Outlook for 2017

Subject to the risk factors described at section D (Risks and Uncertainties for the Year), OTE does not expect any material reversal of current trends in the coming quarters. The Group will continue to invest heavily in the technologies, infrastructure and content it relies on to compete effectively and to meet its customers' requirements in a challenging macroeconomic climate. Mainly reflecting the Capex increase and exceptional income tax outlays of 2017, OTE expects adjusted free cash flow for the full year to amount to approximately Euro 250 million. Adjusted Capex in the full year should peak at approximately Euro 700 million before returning to normalized levels in subsequent years, as OTE's adjusted Free Cash Flow generation also resumes its standard course.

C.SIGNIFICANT EVENTS OF THE YEAR 2016

OTE voluntary leave schemes

In 2016, OTE implemented a voluntary leave scheme mainly addressed to employees close to their retirement age. The respective cost amounted to Euro 31.9 million (2015: Euro 75.0 million). Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 3.9 million (2015: Euro 5.0 million).

Group voluntary leave schemes

In 2016 Group companies applied voluntary leave schemes, the total cost of which is as follows:

Euro million	2016	2015
OTE (as described above)	35.8	80.0
COSMOTE Group - Greece	5.3	4.7
COSMOTE Group - Romania	0.9	1.2
TELEKOM ROMANIA	6.0	14.3
OTHER	1.6	0.5
Costs related to voluntary leave schemes	**49.6**	**100.7**

Amounts paid during 2016, in relation to voluntary leave schemes were Euro 53.9 million for the Group and Euro 41.2 million for the Company (2015: Euro 103.9 million and Euro 84.0 million, respectively).

DIVIDEND

On June 23, 2016, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 48.9 million or Euro 0.10 per share. The dividend was paid on July 6, 2016.

D.RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

OTE Group has developed the Enterprise Risk Management System that supports Management in its strategic decisions, through the identification, evaluation, communication and management of enterprise risks, including all strategic and operational mitigation and monitoring measures used in risk management, in order to safeguard the smooth operation and future corporate success in a sustainable way.

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing signs of stability, however uncertainties continue to exist. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The capital controls had a short term impact on the Group's Greek operations, however this has normalized. Assuming that the capital controls will be in place only for the short term and to the extent that the agreed terms and conditions of the third bailout program are implemented, no material negative impact on the Group's Greek operations is anticipated.

Management continually assesses the possible impact of any changes in the macroeconomic and financial environment in Greece so as 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, it has concluded that no additional impairment provisions are required with respect to the Group's financial and non-financial assets as of December 31, 2016.

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 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 volume 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 to Auxiliary Pension Fund mainly due to the prior year 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 other financial assets as at December 31, 2016 amount to Euro 1,591.2 million and Euro 521.0 million respectively and their short-term debt amounts to Euro 184.1 million and Euro 478.5 million, 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 the interest rate risk through a combination of fixed and floating rate borrowings.

As of December 31, 2016, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 78.5%/21.5% (2015: 95%/5%).

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 possesses adequate Foreign Currency reserves to minimize 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 2016 compared to 2015, coming from a decrease in net debt (due to a decrease in borrowings and increase in cash and cash equivalent) and an increase in equity (through the profit of the year):

OTE Group (Euro million)	December 31	
	2016	2015
Long-term borrowings	1,941.0	1,755.6
Short-term portion of long-term borrowings	184,1	433,5
Cash and cash equivalents	(1,585.6)	(1,322.5)
Net Debt	**539,5**	**866,6**
Total Equity	2,651.7	2,609.2
Gearing ratio	**0,20x**	**0,33x**

d) Other risks

In OTE Group, Risk Assessment is a structured process for risk identification, analysis, evaluation and management of enterprise risks, in order to ensure better decision making by the company's competent bodies regarding their management and mitigation and the monitoring of implementation of relevant measures.

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.

In addition, a NRA's Decision (dated Dec. 22nd, 2016) defined the framework and the procedures for the introduction of VDSL Vectoring technology to access network. This will allow for very fast speeds, initially up to 100 Mbps to end users, and the implementation of OTE's investment plans as regards next generation access networks development.

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 potential 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 is certified with ISO 22301:2012. 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 works of Electro-Mechanical infrastructure ("Dual Feed" project) of network critical infrastructure sites took place.

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 security of any form of disclosed information such as customer information, partner or employee data and confidential corporate information. Data theft and manipulation, denial of service (DOS) attacks and advanced persistent threats are among possible risk scenarios.

Due to the amount of customer personal data that OTE processes and the fact that OTE has started to more systematically provide integrated ICT solutions, including services for large customers and public institutions, the risk and therefore the potential consequences of a cyber - attack have increased.

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.

In order to best contain and mitigate the relevant risks, OTE Group has established a dedicated Information Security and Telecom Fraud Prevention Division, which, by assessing the information security and data privacy risks, develops all necessary policies and procedures, oversees their implementation, designs new security systems and infrastructure, and evaluates their effectiveness (e.g. via periodic system security audits). Moreover, in the Security Operations Center of the Division, data are collected and analyzed from multiple security systems in order to timely detect security incidents (e.g. cyber-attacks) and respond effectively.

Sustainability risks

The OTE Group aims, in every step, at economic prosperity, while contributing both to the protection of the environment, and the support of society. For this reason, sustainable development and business principles are an integral part of its strategy.

The OTE Group enterprise risk management requires, inter alia, the identification, assessment and mitigation of sustainability risks. Every two (2) years, an analysis of critical topics (Materiality Assessment) is conducted. The analysis is based on the common Enterprise Risk Management methodology on significant strategic, economic, environmental and social aspects which may have influence on the decisions and expectations of the Company's stakeholders.

In 2015, with the active participation of the OTE Group Management and its stakeholders, the identification of material issues for sustainability issues for two (2) years (2015&2016) was carried out.

Climate protection

Climate change presents risks to enterprises, their stakeholders and their investors. EU has set as its target the reduction of Greenhouse Gas (GHG) emissions by 20% in 2020, and by 40% reduction of GHG emissions by 2030, compared to 1990 levels.

In this context, OTE Group applies a specific environmental strategy in three (3) areas:

- Minimizing the environmental impact of its activities,
- Developing and providing products and services that enable increased productivity and environmental protection in other sectors of economic activity, and
- Reinforcement of stakeholders' environmental awareness.

In particular, OTE Group, in order to address climate change, inventories annually all direct and indirect emissions arising from its operation and endeavors to reduce them.

It's important to mention that energy consumption is a major source of GHG emissions contributing to climate change (and air pollution), while related to the operational cost of OTE Group, which 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.).

All the above could affect Group's reputation and market share, as surveys convey that consumers and investors tend to engage with companies that have an Environmental policy in place.

Taking into consideration all the above, OTE Group has adopted a number of actions for the reduction of energy consumption (and corresponding emissions) and, consequently, minimizing relevant risks and enabling, in the long term, its adaptation to climate change. These actions, among others, include:

- fixed telecom technology equipment upgrading
- free cooling and separate battery cooling power systems
- rectifiers and UPS modernization
- telecommunication equipment rooms merging
- fuel saving measures, with hybrid solutions at off grid sites
- air conditioning modernization

- mobile site technical equipment consolidation and upgrading (LTE & SINGLE RAN, new outdoor base stations)
- buildings energy upgrade
- office space consolidation
- environmental upgrading of vehicles fleet

Supply chain

OTE Group considers its supply chain management as the base for its effective operation, its economic growth as well as its reputation maintenance and improvement. This management takes into consideration the sustainable development principles. Therefore, the Group aims to cooperate with suppliers that are environmentally aware and socially responsible.

However, there are risks that potentially may cause business operational failures, revenue losses, reputation damage as a result of third party/vendor actions (environmental damages, inadequate working conditions, child labor, fraud, etc.).

In order to mitigate these risks arising from suppliers, OTE Group has adopted and implemented the following Policies and procedures:

- The OTE Group Social Charter, in which the Basic Social Principles are mentioned and which the Company is committed to observe and apply wherever it operates and guarantees to notify its stakeholders and suppliers. The suppliers are expected to observe, respect and apply the Basic Social Principles to all their activities, namely, inter alia, they shall comply with the international standards, the respect to human rights and the protection of the environment.
- 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 both into the General Order Terms and also as a term in contracts 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 publicity regarding the supplier as well as the inclusion of the supplier to publicly available sanction lists.
- The annual suppliers' evaluation.

Health risks related to Electromagnetic fields (EMF)

The potential health effects of man-made sources of electromagnetic radiation fields (EMF) have attracted particular attention in the last thirty (30) years. For this reason, international scientific organizations have established safe limits of exposure to non-ionizing (EMF) radiation and a relevant legislative framework has been developed.

Research carried out and evaluated by the World Health Organization does not show any such correlation regarding telecommunications and, according to measurements by independent organizations, the values of EMF attributed to telecommunications base stations, contribute less than 30% of the total electromagnetic background in the residential areas. The electromagnetic field levels in all base stations comply with the limits recommended by the World Health Organization and the International Commission for the Protection of the Non Ionizing Radiation Protection (ICNIRP), as well as the limits set by law 4070/2012, and which is 60-70% of the ICNIRP limits [already is about fifty (50) times lower than the recommended limits of the scientific community] at free public access points. In general, OTE Group's policy is based on the application, by default, of the Prevention Principle, which is based on the principles of Transparency, Information, Participation and Promotion of Science, for all its products and services.

Possible changes concerning the above findings such as changes in national legislation, could lead to a significant reduction in demand and use of mobile devices, and in litigation and therefore compensation, especially in markets with very low tolerance for risks related to the environment and public health.

They could also affect several projects for the development of mobile telephony, as for example the construction of the infrastructure networks, as well as the sales of traditional digital wireless phones and Wi-Fi devices. Finally, there is the risk of regulatory intervention, such as the reduction in the lowest electromagnetic radiation limits by ICNIRP or the introduction of additional measures to restructure the mobile network (e.g. collocation, the exclusive use of micro-antennas, licensing, etc.) in order to develop and implement appropriate public health strategies. The process of revision of the ICNIRP limits is ongoing and a decision on a possible change of the limits is due to be published in 2017.

Compliance, Corruption, Bribery and Human Rights

Compliance stands for a solid commitment to the principles of integrity, transparency, justice, professionalism, team spirit, and of respect to the rules, principles which are essential to govern the functions of the Company.

Compliance violations (e.g. fraud, corruption, bribery, embezzlement, theft, money laundering, falsification of financial statements (company/separate and consolidated), unfair competition, workplace discrimination, human rights violations and any misconduct which could harm the Company's reputation, or any attempts to conceal the above) which are committed either within the Company or outside the Company involving business partners (e.g. customers, suppliers or distributors) who are doing business with the Company, could have an adverse impact on the Company's financial position and reputation and might lead to fines, sanctions and limitations in business operations.

In order to avoid risks of non-compliance with the legislation in force as well as other legal consequences for the Company and its Employees, the Management has adopted and implemented a Compliance Management System (CMS), in the framework of which the Management has also adopted a Whistleblowing Policy and the relevant communication channels of the "Tell me" Process. Moreover, in the context of the System's implementation, Compliance Policies have been adopted in order to cover important operations and procedures of the Company, including, inter alia, the OTE Group Code of Conduct, the Policy on Avoiding Corruption and other Conflicts of Interest, the Anti-Fraud Policy, the Policy on Accepting and Granting of Benefits, the Donation Policy, the Sponsoring Policy, the Policy on Anti-Trust Law as well as the Insider Trading Policy.

Critical Enterprise Contracts and Business Resilience

Associated advances and continuous changes in technology make telecommunications services even more critical for small, medium and large businesses (e.g. cloud, mobile, fixed technologies and solutions). This market segment requests from telecom providers a higher level of customer service in order to support these advanced and personalized solutions. Competition is focused mostly on innovative services and it depends heavily on the ability to deliver products and services in a reliable and timely manner.

The OTE Group aims to ensure the maintenance and improvement of existing networks and installations, upgrade existing systems and adapt new technologies, in a manner that minimizes business interruption and contributes to business resilience, in order to provide customers with high quality and innovative services. In addition, OTE Group has adopted and implemented proactive and reactive mitigation measures in order to ensure the continuation of operations. A failure to deliver these high-value and complex services on a continuous and uninterrupted basis may lead to revenue reduction and increase of restoration costs (e.g. ICT disruptions, Network and IT infrastructure failures, etc.). Each of these events might have an adverse impact on the level of customer experience and satisfaction as well as on the company's reputation and image.

E. NON FINANCIAL REPORT - SUSTAINABLE DEVELOPMENT

OTE Group uses technology to create a better world for all. It connects people by providing the best communications and entertainment services, and helps businesses evolve. At the same time, it enhances its sustainable entrepreneurship while contributing to the support of society and the environment.

The OTE Group's sustainable development strategy is an integral component of its business strategy and the sustainable development principles are incorporated into its operation.

In 2016, OTE Group redefined its thematic priorities of sustainable development strategy in line with its business priorities and based on the results of:

- Continuous dialogue with stakeholders,
- Analysis of international trends and developments in corporate responsibility issues,
- Internal evaluation and improvement processes of the Group's approach.

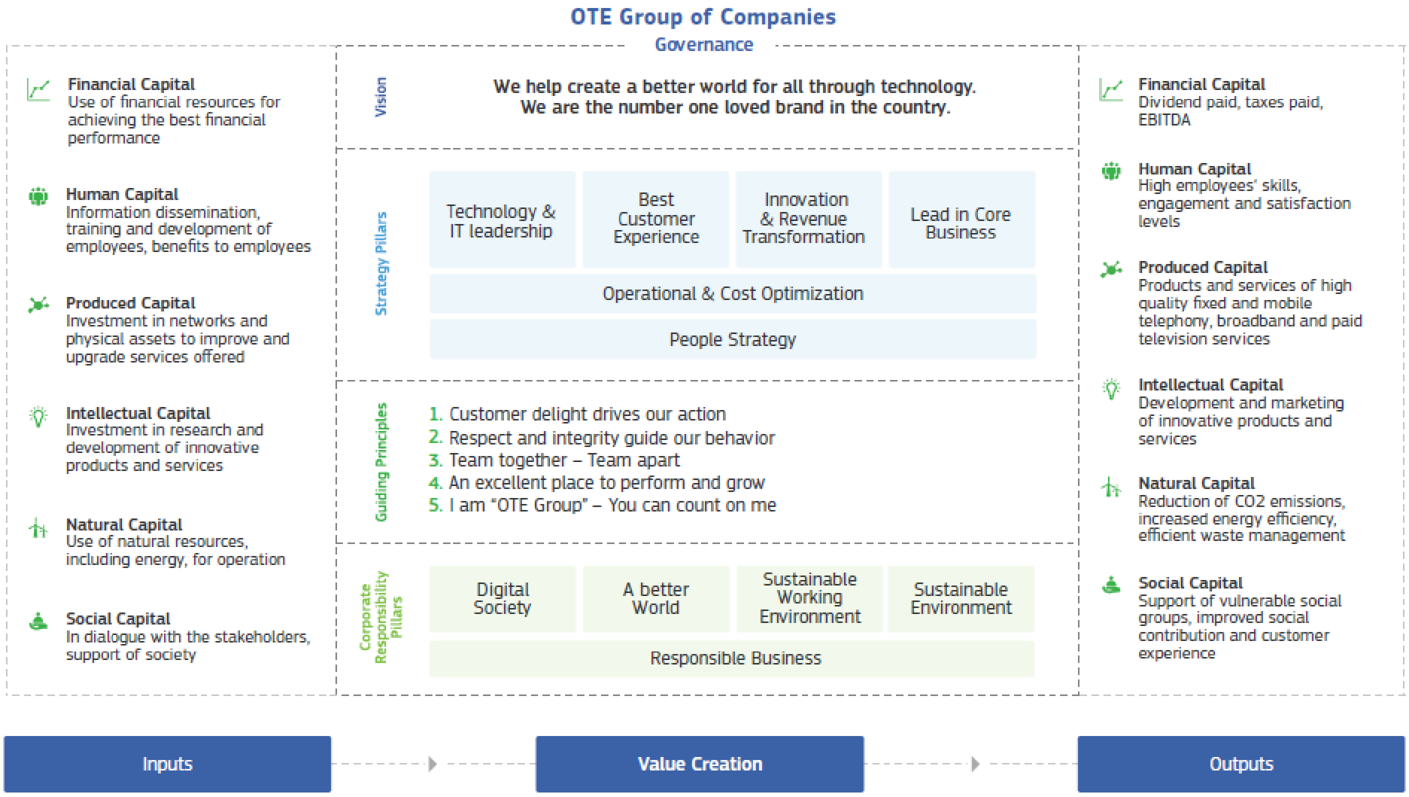
The revised Sustainability strategy has five thematic pillars:

Business model

The OTE Group business model aims to create value for its shareholders but also for customers, society, and employees.

OTE Group is by far the biggest investor in telecommunications in Greece. Its investments in fiber optic and next generation telecommunication networks exceeded the amount of 2 billion euros in the past six years, and the Company has already announced investments worth Euro 1.5 billion for the next 4 years in the best interest of the customers and the country. With its customer centered philosophy and the exploitation of technology and innovation, OTE Group provides integrated communication and entertainment services, it actively contributes to the economy and the society, invests in its employees and creates a better world for all.

The Group's efficient operation and high competitiveness lead to positive economic results, a fact that allows the company to reinvest in the business so as to create more value for all its stakeholders in the short, medium and long term.



Sustainability Governance

The governance structure, through which sustainability issues are embedded in the key business processes, is reflected in the OTE Group Corporate Responsibility Policy.

The OTE BoD is responsible for the corporate responsibility performance of the Group and represents its interests in corporate responsibility and sustainable development issues related to the Group. The supervision is entrusted to the Chairman and Chief Executive Officer of OTE Group.

The subsidiaries are responsible for implementing the standards, requirements and corporate responsibility objectives of the Group and also for implementing programs on the basis of local needs.

OTE Board of Directors

Board of Directors
Approves Group-wide corporate responsibility policies, position papers and significant strategic projects, as needed

Chairman and CEO
Overseas OTE Group corporate responsibility strategy and performance

OTE Subsidiaries' Boards of Directors

- Following OTE Board of Directors approval, approve the adoption of Group-wide corporate responsibility policies, positions, strategic projects
- Are responsible for measures to implement corporate responsibility policies / corporate responsibility strategy

OTE Group Corporate Communication Executive Director

Executive Director
- Recommends Group-wide corporate responsibility policies, assigns work and strategic actions etc.
- Cooperates with the Chairman and CEO on corporate responsibility issues and informs the BoD seeking guidance or approval, if applicable
- Formulates Group-wide corporate responsibility strategy, policies guidelines and corporate responsibility programmes
- Acts as the central interface between the corporate responsibility bodies and as the official representative of the OTE Group in all aspects of corporate responsibility

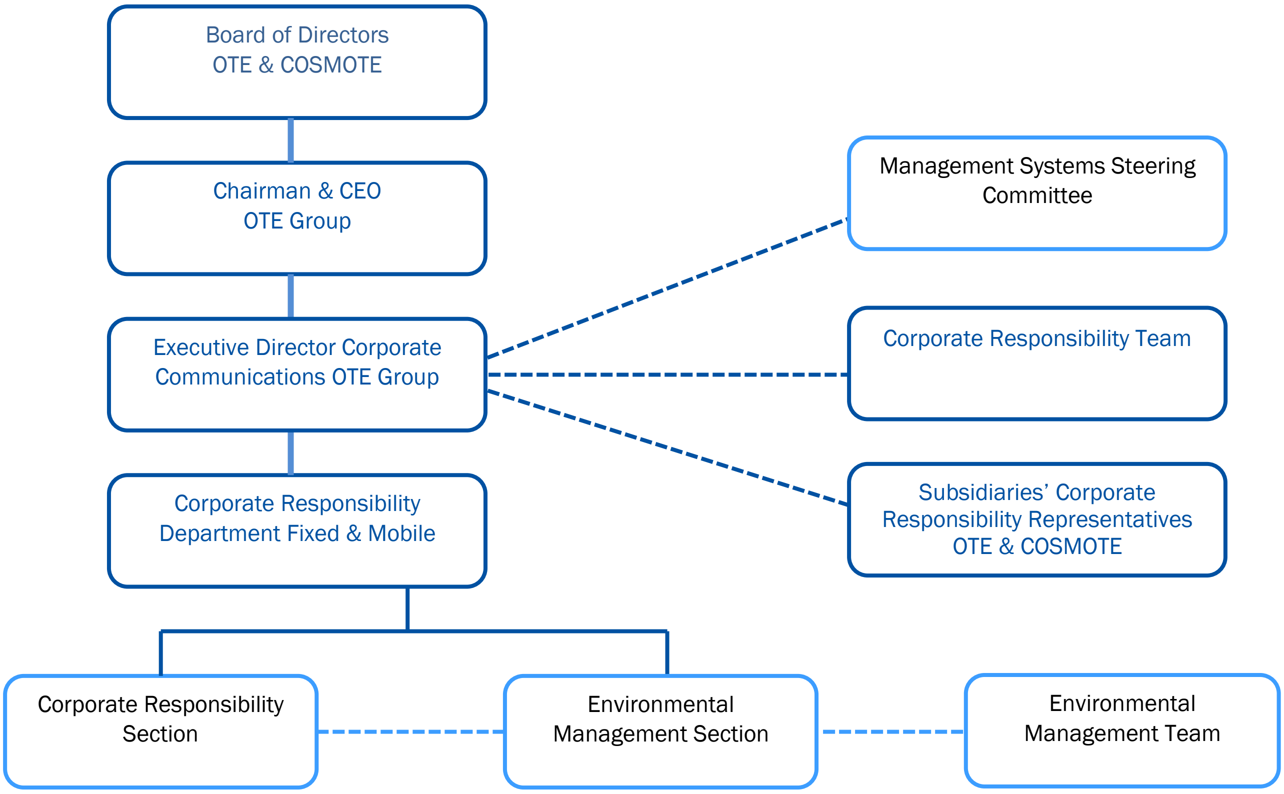
Corporate Responsibility Department
- Develops corporate responsibility strategy, corporate responsibility policy and corporate responsibility program (in the form of strategic policies)
- Prepares the decisions to be made by the OTE Group Corporate Communication Division or Boards of Directors
- Coordinates and monitors implementation of corporate responsibility policies, develops indicators and monitors progress towards target achievement
- Runs the OTE Group corporate responsibility Managers Network and supports the Deutsche Telekom Group Corporate Responsibility Managers Network

OTE Group Corporate Responsibility Managers' Network*

- Disseminates Group-wide expertise
- Facilitates communication between international subsidiaries / business areas

** OTE Group Corporate Responsibility Managers' Network participates in Deutsche Telekom Group Corporate Responsibility Managers Network*

Organization Structure



Policies and Systems

The Group has adopted Codes, Policies, Systems and Procedures defining its approach to sustainable development, the manner of monitoring and the evaluation of its performance.

Compliance Codes and Policies:

- OTE Internal Regulation of Operations
- OTE Group Code of Conduct
- Code of Ethics for Senior Financial Officers
- Binding Corporate Rules Privacy (BCRP)
- Whistleblowing Policy
- Anti-Fraud Policy
- Policy on Insider Trading
- Policy on Avoiding Corruption and other Conflicts of Interest
- Policy on Accepting and Granting of Benefits
- Donation Policy
- Sponsoring Policy
- Event Policy
- Policy on Avoiding Sexual Harassment within OTE Group
- Policy on Anti-Trust Law
- Policy on Employee Relations within OTE Group
- Policy on Pensions and Risk Benefits
- Enterprise Risk and Insurance Management Policy
- OTE Group Corporate Responsibility Policy
- OTE Group Social Charter

Corporate Responsibility Policy OTE Group:

The OTE Group's Corporate Responsibility Policy determines the strategy and the general OTE Corporate Responsibility and related companies' plan of action, taking into account the existing social and economic conditions, and cultural priorities and challenges.

It identifies responsibilities, tasks, and forms of cooperation for sustainable development between the various directorates involved in the Group's Central Management and its subsidiaries. Furthermore, in the Policy it is stated that the Executive Director Compliance, Enterprise Risk Management and Insurance OTE Group has been appointed as the coordinator responsible for issues relating to human rights.

Social Charter:

The Social Charter of the OTE Group defines the working conditions and social standards, under which the products and services of the Group are developed and supplied. It sets the rules needed to be followed by the entire Group on human rights, sustainable development and environmental protection, equal opportunities, health and safety, and labor rights. It is the guide for the behavior of all employees, investors, and suppliers of the Group.

The Social Charter has been developed in accordance with internationally recognized standards, guidelines and regulations, namely the International Bill of Human Rights, the Core Conventions of the International Labor Organization, and the Guidelines of the Organization for Economic Cooperation and Development and the UN Global Compact. The text is also in line with the guiding principles of the United Nations for Business and Human Rights.

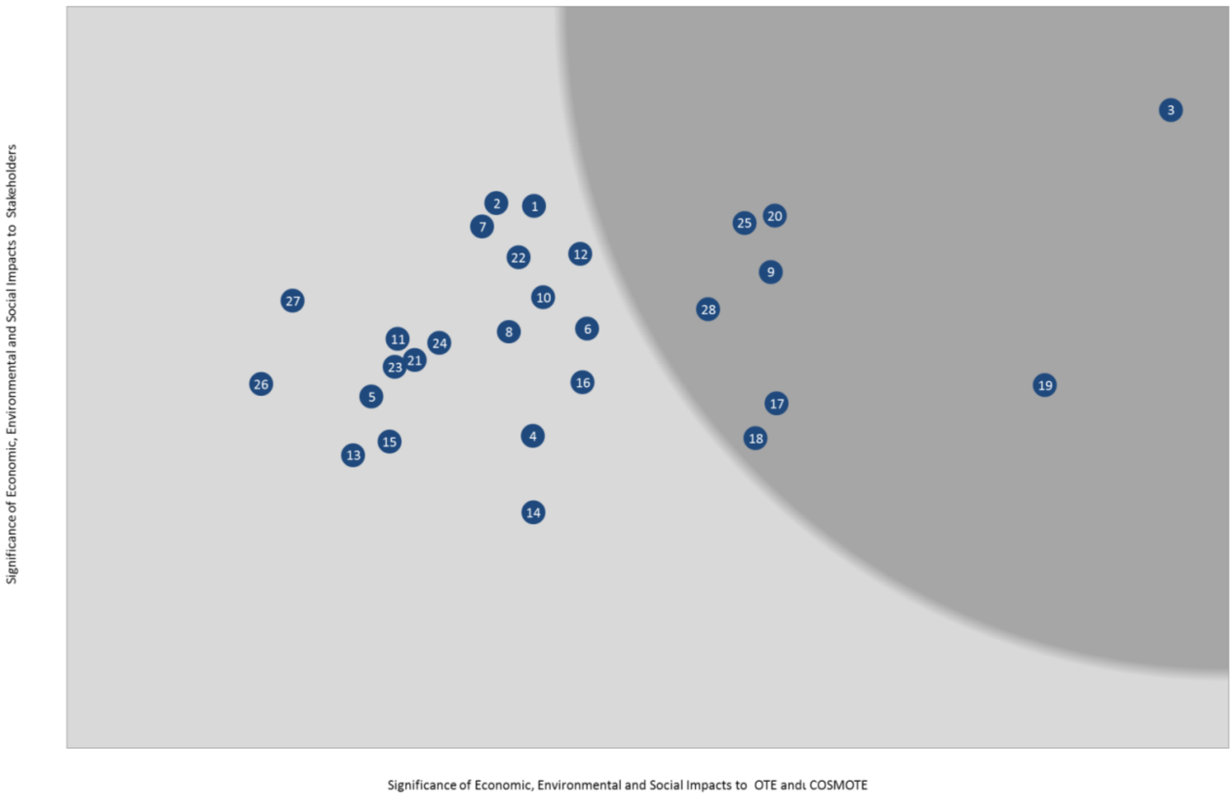
Integrated Management System:

The Corporate Process Model and its systematic evaluation, registration and optimization form the basis of the **Integrated Management System** implemented by OTE and COSMOTE. According to the above model, certification management systems relating to quality (in accordance with ISO 9001), environment (in accordance with ISO 14001), health and safety at work (in accordance with OHSAS 18001), business continuity (in accordance with ISO 22301), information security (in accordance with ISO 27001), the Corporate Risk management (in accordance with ISO 31000), provision of IT services to clients (in accordance with ISO 20000) and recently in energy management (in accordance with ISO 50001) has been secured.

The Integrated Management System itself is certified in accordance with the International Standard ISAE 3402 "Assurance Reports on Controls at a Service Organization" of the International Auditing and Assurance Standards Board for SOC 1 TYPE II & SOC 2 TYPE I & II, by an international audit company. This certification is in reference to the proper planning and the efficient operation of the procedures and the service environment control (ICT Services) delivered to customers.
The Laboratory Measurements of the Electromagnetic Radiation of COSMOTE is also certified in accordance with ISO 17025.

Materiality Analysis

The OTE Group companies identify the most important issues of their sustainable development through the "Substantive Issues Analysis' carried out in accordance with the Group's Corporate Risk Management approach. In 2015, with the participation of OTE Group Management (meetings with 12 Executive Directors) and its stakeholders (3.387 responses via an online questionnaire from all stakeholder groups) the materiality of sustainability issues for two years (2015-2016) was determined. The results were approved by the OTE Group Management. All available data were evaluated so as to be of use in the Group's operations planning and strategy. The key issues were included in its risk map (see. Section "Risks and Uncertainties for the next year").



1	Digital Inclusion	15	Materials used in products
2	Safe use of products and services	16	Governance and management
3	Data security and privacy	17	Responsible competitiveness
4	Marketing communications	18	Economic Performance
5	Enabling role of ICT products and services	19	Business resilience
6	Product and service quality and labeling	20	Compliance, anti-corruption and bribery
7	Privacy and freedom of expression	21	Impact to Society and the Environment
8	Employment	22	Research and Technology
9	Employee health, safety and wellness	23	Economic Impacts
10	Training and education	24	Energy consumption and climate change mitigation
11	Responsible labor practices	25	Electromagnetic radiation
12	Respect for human rights	26	Water and land use management
13	Stakeholder engagement	27	Environmental burden
14	Supply Chain (suppliers)	28	Waste Management

Indicative Indices for 2016***

Indices:	OTE	OTE GROUP*
Employees covered by collective bargaining agreements (%)	99%	96%
Women employees (%)	29%	36%
Work-related fatal accidents (number of employees)	0	0
Work-related non-fatal accidents (number of employees)	52	70
Court convictions against the company or its employees for corruption in the framework of their duties (number of convictions)	0	0
** Social Contribution (€)	1,878,272	4,173,710
Electricity consumption (GWh)	261	662
Direct and indirect CO_2 emissions from energy (t)	184,916	393,099
Recycling of phone devices and accessories (t)	5.5	6.7
EMF measurements (number of measurements)	0	84

**Data refer to the companies OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania which contribute 89% of OTE Group revenues.*
*** Including financial and in kind contribution*
**** In the table the indicative performance indicators for 2016 are depicted. The indicators have been selected taking into account the guidelines for the issuance of Sustainability Reporting Guideline) of the Global Reporting Initiative, GRI G4.*

Detailed elements of the Group's approach and the performance of its Companies will be presented in the 2016 Sustainable Development Report of OTE Group Companies (June 2017).

F.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. Diversity policy with respect to the administrative, managerial and oversight bodies corporate
G. 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 company with financial instruments admitted to trading 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.

[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

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

B. Deviations from the Corporate Governance Code and explanations

More specifically, as per March 1, 2017, 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 fulfills 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 provides 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 are independent non-executive and two (2) non-executive, namely it does not consist of a majority of independent members, but it consists of same number of non-executive and independent non-executive members; one of the independent non-executive members presides the Committee (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 was 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 into vested 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 (matured) 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).

In October 2016, the last exercise of stock option rights, which had been converted into vested rights, took place. Any stock option rights which had been granted in the context of said Plan, but were not exercised by October 2016, are deemed expired. Upon completion of the exercise that took place in October 2016, the Stock Option Plan ended.
(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. 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:

- OTE Internal Regulation of Operations
- OTE Group Code of Conduct
- Code of Ethics for Senior Financial Officers
- Binding Corporate Rules Privacy (BCRP)
- Whistleblowing Policy
- Anti-Fraud Policy
- Policy on Insider Trading
- Policy on Avoiding Corruption and other Conflicts of Interest
- Policy on Accepting and Granting of Benefits
- Donation Policy
- Sponsoring Policy
- Event Policy
- Policy on Avoiding Sexual Harassment within OTE Group
- Policy on Anti-Trust Law
- Policy on Employee Relations within OTE Group
- Policy on Pensions and Risk Benefits
- Enterpise Risk and Insurance Management Policy
- OTE Group Corporate Responsibility Policy
- OTE Group Social Charter

The CMS has been successfully reviewed by independent external auditors, who confirmed the effectiveness of the Company's compliance procedures.

The effectiveness and the efficiency of the CMS are being supervised by the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee, the Audit Committee and the Board of Directors.

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 Composition of the Board of Directors during 2016

The members of the Board of Directors from 1/1/2016 until 31/12/2016, appear at the following table, as well as the capacity of each member as executive, non-executive or independent, as they were designated by the General Assembly of Shareholders and the Board of Directors, at its formation into a body corporate:

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, 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
Claudia Nemat	Non-Executive member	Appointment 26/10/2011 Re-appointment 12/6/2015 (the most recent)	16/1/2017
Elias Drakopoulos	Non-Executive member	Appointment 1/3/2016	2018
Vasileios Kafouros	Non-Executive member	Appointment 1/4/2015 Re-appointment 12/6/2015	31/12/2016
Charalampos Mazarakis	Executive member	Appointment 19/7/2012 Re-appointment 12/6/2015	2018
Athanasios Misdanitis	Non-Executive member	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
Andreas Psathas	Non-Executive member	Appointment 16/2/2016	2018
Klaus Müller	Non-Executive member	Appointment 15/11/2011 Re-appointment 12/6/2015 (the most recent)	29/2/2016

The changes to the composition of the Board of Directors during 2016 and until 01-03-2017 are summarized as follows:

- The non-executive member Mr. Andreas Psathas was elected by the Board of Directors on 16/2/2016 in replacement of the resigned, as of 2/11/2015, non-executive member Mr. Manousos Manousakis for the rest of his tenure, namely until the Ordinary General Assembly of Shareholders to be held in the year 2018.
- The non-executive member Mr. Elias Drakopoulos was elected by the Board of Directors on 1/3/2016 in replacement of the resigned, as of 29/2/2016, non-executive member Mr. Klaus Müller, for the rest of his tenure, namely until the Ordinary General Assembly of Shareholders to be held in the year 2018.
- The non-executive member Mr. Vasileios Kafouros submitted his resignation, effective as of 1/1/2017.
  The Board of Directors on 3/1/2017 resolved that the management of the business affairs and representation of the Company shall be continued by the remaining ten Board members without electing a replacement of the resigned member, as per the provisions of article 9 par. 4 of the Company's Articles of Incorporation.
- Lastly, the non-executive member Mrs. Claudia Nemat submitted her resignation, effective as of 17/1/2017, and the Board of Directors on the same date elected as a new non-executive member Mr. Srinivasan Gopalan, for the rest of her tenure, namely until the Ordinary General Assembly of Shareholders to be held in the year 2018.

The CV's of those who served as members of the Board of Directors during the financial year 2016 and until March 1st, 2017 appear here below; furthermore the CV's of the current members of the Board of Directors may be found 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 (Planning, Controlling, Reporting, Accounting, Treasury, Procurement etc).
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.

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, had been a member of the Deutsche Telekom Group since 1997. Until *29/2/2016* when he left from the OTE Board of Directors and from Deutsche Telekom, he held 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. Until the end of 2016 Mrs. Nemat was responsible for the Board area Europe and Technology. Since January 2017 she leads the new Board area Technology & Innovation. 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 2010 to 2014 he was 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.

Elias Drakopoulos *Non-executive member*
Dr. Elias Drakopoulos holds the position of Senior Vice President B2B Europe since December 2012 as well as the position of Senior Vice President Strategy Performance & Execution Management since March 2016, both within the Europe & Technology segment of Deutsche Telekom. From 2011 to 2012 he held the position of Chief Technology & Operations Officer at OTE. During 2012 he additionally had the responsibility for B2B/ICT business development for Europe for Deutsche Telekom. From 2008 to 2011 he was Chief Commercial Officer for Enterprise & Business Services at OTE. From 2003 to 2008 he was General Manager Technology, Strategy & Development and then CEO of OTENET. From 1998 to 2003 he held various senior managerial positions at Lucent Technologies responsible for solutions & business development for Europe, based in London, UK. From 1989 to 1998, he held various managerial positions at AT&T and Bell Laboratories in USA, while in parallel was adjunct Professor at the Illinois Institute of Technology. He holds a BSc in electrical engineering from Aristotle University of Thessaloniki, and M.Sc. and Ph.D. degrees from Northwestern University, Department of Electrical Engineering & Computer Science in Evanston, Illinois, USA. He has postgraduate studies in business management and strategy at INSEAD, France, and at Stanford Graduate School of Business Executive Education, USA.

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 Special Advisor to the Deputy Prime Minister of the Hellenic Republic, responsible for Economic and Fiscal Policy, Banking and Finance as well as Digital policy, Telecommunications and FinTech. Since April 2015 he is a member at the Board of Directors of OTE Group of Companies while also he is a member of the Audit Committee of the Group. Additionally he has been appointed at the High Council of the newly established EquiFund (ESIF Fund of Funds). He is a PhD Candidate in Economics at the 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, University of London and he is a certificated Economist from Aristotle University of Thessaloniki. He is an economist with solid background in Economics/Finance/Public Policy and experienced in working closely with diversified scholars and experts in policy making and consulting. Mr. Misdanitis participated in the negotiations for the conclusion of the 3rd Greek Fiscal Adjustment Program with the European Institutions and the International Monetary Fund (2015), while inter alia he is a member of the team which in collaboration with the European Investment Bank (EIB) and the European Investment Fund (EIF), processes and plans the financial instruments for the period 2014-2020. He has worked as a consultant and analyst in the private sector in start-ups companies in Greece and in Great Britain. He was an economic analyst and researcher at Hellenic Parliament's Vice President's Cabinet. 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 January 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.

Srini Gopalan *Non-executive member*
Since January 2017 Mr. Srini Gopalan is a member of the Board of Management of Deutsche Telekom AG. He is responsible for the Board Area Europe. Prior to his current position Mr. Gopalan was Consumer Director India at Bharti Airtel Ltd. where he was responsible for the consumer business in 23 different regions of India, which covered broadband connections and satellite TV in addition to mobile communications. His work focused on generating USPs through innovative offerings, which helped differentiate Airtel in a highly price sensitive market. Before joining Bharti Airtel, Srini Gopalan worked in the UK for over ten years – at first in a number of functions for Capital One, an American financial services provider, which he left as Managing Director UK in 2009. He then worked as Chief Marketing Officer at T-Mobile UK, where he was responsible for marketing and sales. He was part of the management team that led T-Mobile UK to the joint venture with Orange, Everything-Everywhere. After this, he served as Director Consumer Business Unit at Vodafone UK for three years. Srini Gopalan studied Business Administration at the renowned St. Stephen's College in New Delhi and later earned his MBA at IIM Ahmedabad, India's leading business school.

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 until 31/12/2016*
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 served in the Company's Board of Directors Secretariat and since 2000 he held 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 also served as a member – acting chairman of the Company's first instance Disciplinary Council and, until 31/12/2016 when he left OTE Group, participated in the meetings of the Company's Compliance, Enterprise Risks and Corporate Governance Committee in his capacity as Secretary of the Company's Audit Committee.

Konstantinos Vogiatzis - *Secretary of the Company's Board of Directors as of 1/1/2017*
Mr. Konstantinos Vogiatzis was born in Athens in 1969 and is working in the OTE Group since June 1998. From February 1999 he performs the duties of the Secretary of the Board of Directors of COSMOTE and other subsidiaries of the Group. In parallel with his duties as Secretary of the Board of Directors of COSMOTE and other subsidiaries, from June 1998 until June 2010 was the COSMOTE responsible for Roaming Agreements (retail and wholesale). From 1991 to 1996 he worked as a freelancer in various major Marine companies in New York. From 1/1/2017 he assumed the duties of the Secretary of the Board of Directors of OTE Group. Mr. Vogiatzis holds a Bachelor of Arts in Political Science and History and a Master of Arts in Government and Politics from St. John's University in New York.

The members of the 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
	COSMOTE TV PRODUCTIONS (ex. 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 (until October 2016)
	Greek-American Commercial Chamber	BoD member
Konstantinos Christopoulos	None	
Charalampos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member

MEMBERS	CORPORATE NAME	PROFESSIONAL ENGAGEMENT
Mazarakis	TELEKOM ROMANIA COMMUNICATIONS S.A. 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.	BoD Member*
	PAN-NET S.R.O. (DT Pan-Net Bratislava)	Managing Director* *as per the respective information notified to the Company by 29/2/2016, date when Mr. Müller resigned from the OTE BoD and from Deutsche Telekom Group
Claudia Nemat	Deutsche Telekom AG	Member Board of Management - Europe & Technology (until the end of 2016), Technology and Innovation (since January 2017)
	Lanxess AG	Member of the Supervisory Board (until 2016)
	Airbus Group	Member of the Board of Directors
	Airbus Defence and Space GmbH	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
	Deutsche Telekom Capital Partners Management GmbH	Member of other governing body / Beirat
Elias Drakopoulos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	T-Mobile Czech Republic	Chairman of the Board of Directors
	Hrvatski Telekom	Chairman of the Supervisory Board
Panagiotis Tabourlos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	Audit Committee of AIA (Athens International Airport)	Independent member
Panagiotis Skevofylax	Office of Vice President of the Greek Government	Special advisor
Vasileios Kafouros	Centre of Planning and Economic Research	Agreement of indefinite term
Athanasios Misdanitis	None	
Andreas Psathas	Andreas Psathas	Private business for the provision of engineering services
Srinivasan Gopalan	Deutsche Telekom AG	Member of the Board of Management Deutsche Telekom AG for Europe.

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).

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

- 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 2016, the Board of Directors met 29 times. In principle, the Board of Directors meets at least once a month.
The presences of each member of the Board of Directors during 2016 are described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Michael Tsamaz	29	29	-
Konstantinos Christopoulos	29	29	-
Raphael Kübler	29	25	4
Claudia Nemat	29	20	9
Elias Drakopoulos	25	23	2
Vasileios Kafouros	29	28	1
Charalampos Mazarakis	29	29	-
Athanasios Misdanitis	29	25	4
Panagiotis Skevofylax	29	28	1
Panagiotis Tabourlos	29	29	-
Andreas Psathas	27	25	1
Klaus Müller	3	2	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 members of the Board of Directors are informed by the Head of the Internal Audit business unit on issues under his 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 2016
For the fiscal year 2016, the 64th Ordinary General Assembly of the Company’s shareholders held on June 23, 2016 determined the Board of Directors members’ remuneration for their participation in the meetings of the Board of Directors as it was determined by the Ordinary General Assembly held on June 12, 2015, namely in the amount of Euro 2,000 "net" per month, 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 2016, see here below par. 1.9.

1.9. Compensation Report of executive Members of the Board of Directors for year 2016.

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
- The 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 2016, 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 2016, 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 2016:

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.
In this context, in 2016 the Compensation and Human Resources Committee, the Board of Directors and the General Assembly of the Company's shareholders, approved the variable payment relating to said Plan for the three-year period of 2013-2015.

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.
Based on the foregoing, in 2016 the rolling long-term (4year) incentive plan (LTI) commenced, where the MD participates and which will be completed in December 2019.

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 second three-year Plan initiated in 2013 (based on the Annual Performance Bonus paid to the Managing Director for the previous year (2012), whose lock-up period has been competed in 2016, the Managing Director has been granted by OTE one additional OTE share for free ("matched share") for each share purchased by him in 2013 under the Private Investment Obligation.
B.2. In December 2014, as previously mentioned, 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:

For year 2016 and henceforth, MD undertakes the obligation to invest in DT shares, in an amount of 33.3% 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.
Based on the foregoing, in 2016, the Managing Director undertakes the obligation to invest in DT shares, in an amount of 33.3% of the gross Annual Performance Bonus paid regarding the previous year (2015).

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.
Based on the foregoing, in 2016 the 2nd rolling long-term (4year) incentive plan (LTI) commenced, where the OTE Group Chief Financial Officer participates and which will be completed in December 2019.

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. 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 exercise partially or in total the said "Shadow" Definite Rights that have been granted to him.
In accordance with the terms of the foregoing Plan, in October 2016, the OTE Group Chief Financial Officer exercised all of the Shadow Options that had been granted to him in 2013, when he received the relevant Variable Cash Payment though his pay roll.

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 (as well as of persons closely associated therewith) with significant customers or suppliers of the Company, as well as transactions of the foregoing on Company's shares or debt instruments, on derivatives or other financial instruments linked to them, in accordance with Law 3016/2002 and Regulation 596/2014 of the European Parliament and of the Council.

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 Policy on Insider Trading.

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 (4) 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.
Under the recent Greek Law 4449/2017 (Government Gazette A 7/24.01.2017) "Mandatory audit of the annual separate and consolidated financial statements, state oversight on the auditory profession and other provisions", the members of the Audit Committee shall, in their majority, be independent to the Company in accordance with Law 3016/2002 on corporate governance. The Company is taking steps to comply with the provisions of said Law.

The Audit Committee during 2016 consisted of the following members:
Messrs. Panagiotis Tabourlos (Chairman - Independent Non-Executive member), Raphael Kübler (Member – Non-executive), Athanasios Misdanitis (Member – Non-executive) and Konstantinos Christopoulos (Member- Independent Non-Executive).

For the fiscal year 2016, by resolution of the ordinary General Assembly of the Company's shareholders held on June 23rd, 2016, the remuneration of the Chairman and the members of the Audit Committee for their participation in its meetings was determined as it was determined by the Ordinary General Assembly held on June 12, 2015, namely as follows:
(a) Chairman: Euro 1,200 "net" per meeting in which he participates.
(b) Members: Euro 960 "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 2016, it held fourteen (14) meetings.

The attendance of the Chairman and the members of the Audit Committee in its meetings during 2016 is described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Panagiotis Tabourlos	14	14	-
Raphael Kübler	14	9	5
Athanasios Misdanitis	14	14	-
Konstantinos Christopoulos	14	14	-

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 2016, 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 2016, 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 2016, 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.
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 2016 consisted of the following members:
Mr. Panagiotis Tabourlos (Chairman), Mrs. Claudia Nemat (Member) and Mr. Raphael Kübler (Member).

After the formation of the said Committee anew on 17/1/2017, following the resignation of Mrs. Claudia Nemat, the non-executive Board member Mr. Srinivasan Gopalan participates in the Committee (as Member of it).

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

Since 25/2/2015 the Committee consists exclusively of non-executive members of the Board of Directors.

For the fiscal year 2016, by resolution of the ordinary General Assembly of the Company's shareholders held on June 23, 2016, the remuneration of the Chairman and the members of the Compensation and Human Resources Committee, for their participation in its meetings, was determined as it was determined by the ordinary General Assembly of the shareholders held on June 12, 2015, namely on the amount of Euro 480 "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 2016 the Committee held five (5) meetings.
The attendance of the Chairman and the members of the Compensation and Human Resources Committee in its meetings during 2016 is described in the following table:

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

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 2016, the Committee, within the framework of its responsibilities, dealt, among others, with the issues below:

- 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.
- Furthermore, in this context, in 2016 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 Strategy, Transformation & Wholesale Officer, the OTE Group Chief International Activities Officer*, the OTE Group Chief Commercial Officer Consumer Segment, the OTE Group Chief Commercial Officer Business Segment 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.
*until 31/12/2016

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 the latest by the tenth (10^{th}) day of the ninth month 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, by explicitly declaring the number of shares for which each proxy represents the shareholder. 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. If the shareholder appoints more than one natural persons as proxies, the number of shares that each proxy represents should be defined.
The shareholder may appoint a proxy for only one general meeting or for as many meetings taking place during a specified period. The proxy votes according to the shareholder's instructions, if such exist, and is obliged to keep the records of the voting instructions for at least one (1) year, from the submission of the minutes of the General Meeting to the competent authority or, in case the resolution is subject to publicity, following its submission to the Registry of *Sociétés Anonymes*. Non-compliance by the proxy with the instructions received does not affect the validity of the resolutions of the General Meeting even if the proxy's vote was crucial in the decision making.
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

Minority shareholders' rights and the exercise thereof are governed by the provisions of the Greek Codified Law 2190/1920 on *société anonymes*.

4. Decisions of the General Assembly (Ordinary and Extraordinary) of the shareholders of OTE S.A. for important issues, during 2016:

Apart from 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 2016, inter alia the amendment of article 2 (Object) of the Company's Articles of Incorporation, , the payment of compensation to the Board Members and the approval of agreements under article 23a of C.L. 2190/1920.

F. Diversity policy with respect to the administrative, managerial and oversight bodies corporate

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.

At the end of 2016, 34% of the Company's medium and upper level managers were women; the respective percentage in the high upper level managers was 19% and in OTE Group Management Meeting 27%.
The age of the medium and upper level managers was between 25 and 63 years (average age 45 years), of the high upper level managers between 34 and 58 years (average age 48 years) and of the members of OTE Group Management Meeting between 43 and 59 years (average age 51 years).

With respect to the professional and educational background, the medium and upper level managers are University graduates and above in a percentage of 67%, while in the high upper level managers and members of OTE Group Management Meeting the respective percentage is 82%. With respect to the professional background, the members of OTE Group Management Meeting have many years of experience in their field and in their majority have prior experience in major /multinational firms in Greece and abroad. A significant percentage of the medium and upper level managers come from the market, while high is the percentage of managers that have evolved within the Group.
In December 31, 2016, one woman was a member of the Board of Directors of the Company, while as if 17/1/2017 the Board of Directors is comprised by men.

As per the age of the members of the Board of Directors, they range between 30 and 65 years of age with an average age of 49.4 years. As per their educational background all Board members hold University degrees either from Greek or from foreign Universities and the majority hold post-graduate degrees or/and doctoral degrees, in a variety of fields (financial, technical, business administration, political sciences, media studies etc.). Finally, all of the Board members have professional experience, either from their engagement in the market (private and international companies), or from public sector positions.

G. 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.

ENTERPRISE RISK MANAGEMENT SYSTEM

According to the 8th EU Directive 2006/43/EC as currently in force following its amendment by the EU Directive 2014/56/EU of the European Parliament and of the Council of 16.04.2014 on statutory audits of annual accounts and consolidated accounts, the European Organizations 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 and risk management systems, namely the “Three lines of defense model”. Part of this model, in the Second line of defense in particular, is the business unit coming under the Executive Director Compliance, Enterprise Risk Management and Insurance OTE Group, which is responsible for the continuous development of the Early Warning, Compliance and Risk Management Systems, as well as adopting and applying standards to all Group companies, methodically and consistently. Its key goal is to safeguard the existence and long-term corporate success of the OTE Group companies.
OTE Group has developed an Enterprise Risk Management System that supports Management in its strategic decisions, through the identification, evaluation, communication and management of enterprise risks, including all strategic and operational mitigation and monitoring measures used in risk management.

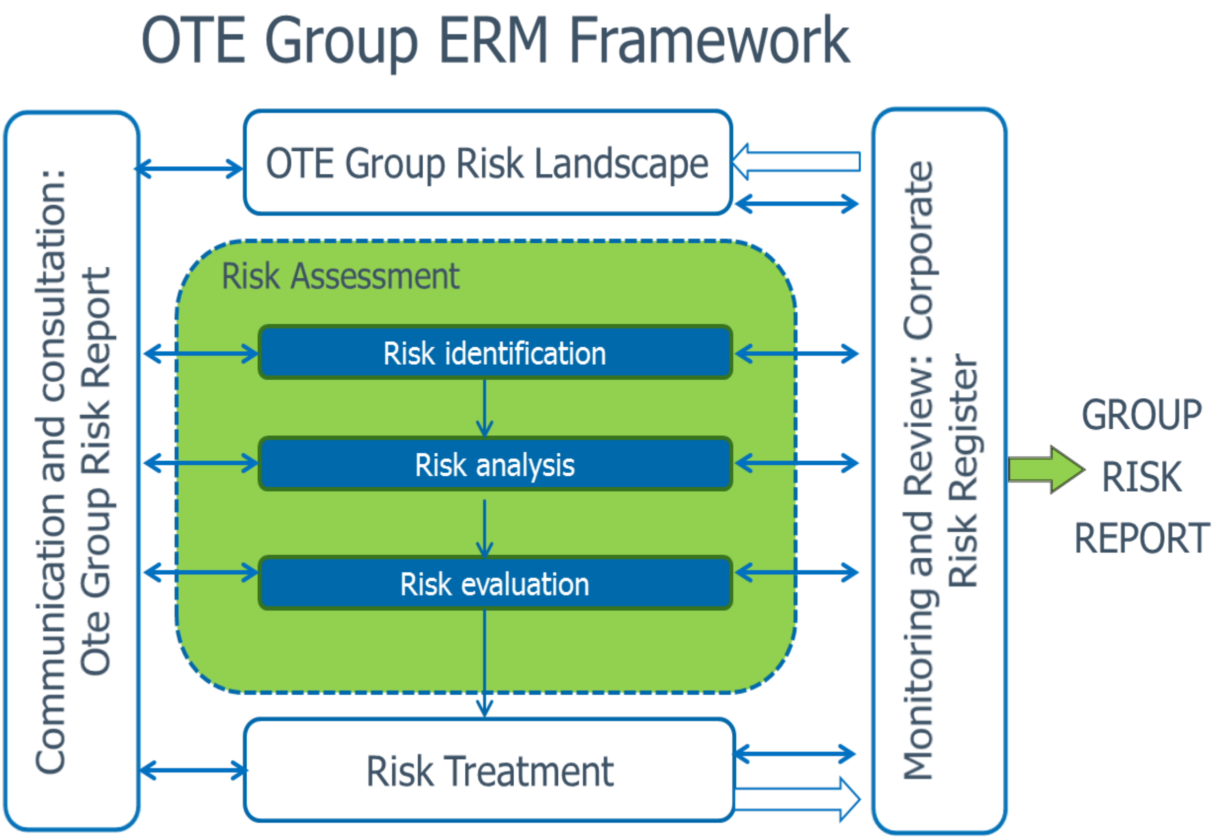
The OTE Group ERM System is based on the COSO ERM standard and the ELOT ISO 31000:2009 "Risk Management - Principles and Guidelines" standard, while its main objective is to safeguard the smooth operation and the future corporate success of OTE Group. The OTE Group ERM System is certified according to ISO 31000 Standard, both in Greece for OTE and COSMOTE, and in Romania for Telekom Romania & Telekom Romania Mobile.

In this context, the OTE Group ERM System defines the strategy for monitoring, response and management of enterprise risks, in order to:

- Ensure that existing OTE Group risks are systematically identified, analyzed and evaluated and that information relevant to risks and corresponding opportunities is promptly communicated to the competent decision-making bodies.
- Record the OTE Group response to risk identification, analysis, communication and management, as well as evaluating mitigating alternatives (such as transfer the risk to third parties, e.g. insurance companies).
- Establish tolerance limits (thresholds) for each level of risk assessment and evaluation. In case these limits are exceeded, relevant reporting takes place.
- Implement a common methodology across the OTE Group for the identification, evaluation and management of enterprise risks.

In OTE Group, Risk Assessment is a structured process for risk identification, analysis, evaluation and management of enterprise risks, in order to ensure better decision making by the company’s competent bodies and that appropriate mitigation has been developed to address these risks and monitor the implementation of relevant measures. In this context, a common Risk Assessment methodology is being applied to all risk assessments that are being performed by business units, with specific criteria for risk evaluation and assessment, in accordance with the requirements of the Standard ISO 31000 and based on the unified ERM OTE Group methodology. The results of all individual risk assessments performed by business units and Group subsidiaries are included in the OTE Group Corporate Risk Register, for the systematic analysis and monitoring of enterprise risks.

The OTE Group Enterprise Risk Management Framework is illustrated in the following figure:



The Enterprise Risk Management (ERM) Department OTE Group monitors, facilitates and supports the implementation of effective risk management practices. The tasks of risk managers include the reporting and monitoring of the overall situation in the Group risk portfolio, as well as compliance with the OTE Group ERM methodology in all business units and group subsidiaries. In addition, OTE Group ERM is responsible for the maintenance and continuous monitoring of the OTE Group.

OTE Group ERM submits at least four (4) times a year or adhoc when necessary, the OTE Group Risk Report to the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee for its review, regarding the completeness, accuracy and precision of the "OTE Group Top Risks Heat Map" content, and then its submission to the competent corporate bodies, namely the OTE Audit Committee and the OTE Board of Directors. The OTE Group Risk Report, after thorough assessment and relevant consolidation, includes business units and Group subsidiaries reports, and provides a detailed description and review of corporate risks in the reporting period. Specifically, the Report includes the risk description and any new developments, the likelihood of occurrence and the financial impact in case of the risk's occurrence, the respective risk owner, the responsible mitigation owner, as well as any new developments concerning the mitigation measures to address the risk.

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.

G.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:

(Euro million)	2016		2015	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	88.0	115.4	75.7	107.9
COSMOTE Group - Albania	0.2	-	-	-
OTE INTERNATIONAL INVESTMENTS LTD	0.1	-	0.1	-
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)	0.5	1.0	0.5	3.5
COSMO-ONE	-	0.6	-	0.6
OTESAT – MARITEL	0.2	0.3	0.6	0.3
OTE PLUS	-	3.6	0.3	21.3
OTE ESTATE	0.1	42.6	0.7	42.1
OTE GLOBE	14.3	58.5	13.3	57.5
OTE ACADEMY	0.3	5.9	0.2	6.0
TELEKOM ROMANIA	0.1	0.3	-	0.2
OTE RURAL NORTH	10.4	-	6.8	-
OTE RURAL SOUTH	8.2	-	7.8	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.9	5.8	5.0	3.2
TOTAL	**132.3**	**234.0**	**111.0**	**242.6**

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

(Euro million)	2016		2015	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	39.7	34.5	33.3	27.1
TOTAL	**39.7**	**34.5**	**33.3**	**27.1**

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

(Euro million)	Other operating income OTE	
	2016	2015
COSMOTE Group - Greece	-	0.1
OTE PLUS	0.1	-
OTE ESTATE	0.1	0.3
OTE GLOBE	-	2.4
TOTAL	**0.2**	**2.8**

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

(Euro million)	Group's other operating income	
	2016	2015
DEUTSCHE TELEKOM group of companies (except for OTE Group)	1.3	1.4
TOTAL	**1.3**	**1.4**

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

(Euro million)	2016		2015	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	75.4	-	88.0
COSMOTE Group - Albania	-	3.0	-	-
OTE RURAL NORTH	0.3	-	0.1	-
OTE RURAL SOUTH	0.4	-	0.2	-
TOTAL	**0.7**	**78.4**	**0.3**	**88.0**

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

(Euro million)	Dividend income OTE	
	2016	2015
OTESAT - MARITEL	0.5	0.6
OTE INSURANCE	0.6	-
OTE INTERNATIONAL INVESTMENTS LTD	13.9	-
OTE ESTATE	0.1	-
TOTAL	**15.1**	**0.6**

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

(Euro million)	31/12/2016		31/12/2015	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	69.9	161.2	64.0	130.8
COSMOTE Group - Romania	0.3	-	0.2	-
COSMOTE Group - Albania	0.2	-	-	-
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)	0.2	0.3	0.1	1.1
COSMO-ONE	-	0.2	-	0.2
OTESAT – MARITEL	3.8	0.2	3.0	0.2
OTE PLUS	-	2.1	0.4	13.2
OTE ESTATE	1.8	5.5	1.6	4.5
OTE GLOBE	3.9	23.1	4.9	20.7
OTE ACADEMY	0.6	2.0	0.7	1.0
TELEKOM ROMANIA	0.8	0.2	0.8	0.2
OTE RURAL NORTH	15.6	0.3	7.3	-
OTE RURAL SOUTH	14.4	-	8.6	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.4	4.9	5.5	3.0
TOTAL	**116.9**	**200.0**	**97.1**	**174.9**

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:

(Euro million)	31/12/2016		31/12/2015	
	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)	65.8	122.0	63.0	105.4
TOTAL	**65.8**	**122.0**	**63.0**	**105.4**

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

(Euro million)	31/12/2016		31/12/2015	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,357.9	-	1,866.3
COSMOTE Group - Albania	-	111.4	-	-
OTE RURAL NORTH	11.7	-	5.4	-
OTE RURAL SOUTH	18.5	-	10.1	-
TOTAL	**30.2**	**1,469.3**	**15.5**	**1,866.3**

Amounts owed by OTE to OTE PLC and COSMOTE Group – Albania (TELEKOM ABANIA) relating to loans include interest payable amounting to Euro 25.4 million and Euro 2.4 million respectively as of December 31, 2016 (December 31, 2015: OTE PLC Euro 28.8 million and TELEKOM ALBANIA Euro nil).

Amounts owed by RURAL NORTH and RURAL SOUTH to OTE relating to loans include interest receivable amounting to Euro 0.1 million as of December 31, 2016 (December 31, 2015: Euro nil).

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 8.0 million and Euro 7.6 million for the years 2016 and 2015, respectively.

Without prejudice to par. 1.9 (Compensation Report of executive Members of the Board of Directors for year 2016) of Chapter D above (Board of Directors etc.), in October 2016, the last exercise of stock option rights which had been granted in the context of said Plan, took place. As of December 2016, any stock option rights that were not exercised by October 2016 were deemed expired. Upon completion of the exercise that took place in October 2016, the Stock Option Plan ended.

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

COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.) invoices OTE and its subsidiaries for the administration services provided to them. From 2017 COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.) will provide to OTE, TV related services.

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

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

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

COSMOTE Group
OTE invoices COSMOTE group with commissions for mobile connections made through OTE. OTE invoices COSMOTE group for leased lines. OTE and COSMOTE group 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 group 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
OTE invoices OTE RURAL NORTH SPSA for broadband infrastructure development and has granted loan to this entity.

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

DEUTSCHE TELEKOM 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, as well as other shared services (like ICT Projects and billing solutions).

H.SIGNIFICANT EVENTS AFTER THE YEAR END

There were no significant events after December 31, 2016 that should be disclosed in these financial statements.

I.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 2016, OTE acquired 23,000 own shares of a nominal value of Euro 0.1 million representing the 0.005% of its share capital. In 2016, 41,150 vested rights were exercised and an equal number of shares of nominal value Euro 0.1 million, representing the 0.008% of OTE's share capital were transferred.
(c) The consideration of the 23,000 own shares acquired amounted in total to Euro 0.2 million and the consideration that the above beneficiaries of the plan had paid for the 41,150 shares transferred to them, amounted in total to Euro 0.2 million.
(d) As a result of the above transfer of 41,150 own shares, at December 31, 2016, the outstanding number of own shares held by OTE was 1,320,110 shares representing the 0.27% of its share capital, of a total nominal value Euro 3.7 million.

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

(a) Share capital structure

The Company's share capital amounts to Euro 1,387,125,600.87, divided into 490,150,389 common registered shares of a nominal value of Euro 2.83 each.

According to the Company's share registry as of December 31, 2016 the Company's ownership was as follows:

Shareholders as of Dec 31, 2016	Number of shares	Percentage %
Hellenic State	4,901,507	1.00%
IKA-ETAM (refers only to the 4% of voting rights held by the Hellenic State)	19,606,015	4.00%
Hellenic Republic Asset Development Fund (HRADF)	24,507,520	5.00%
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Institutional Investors	211,370,458	43.12%
Private Investors	32,384,623	6.61%
Own Shares	1,320,110	0.27%
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.

Under article19 of Regulation 596/2014 of the European Parliament and of the Council (as well as under the Commission Delegated Regulation 2016/522 and the Commission Implementing Regulation 2016/523), persons discharging managerial responsibilities as well as persons closely associated with them, are obliged to disclose their transactions relating to the Company's shares or debt instruments, or to derivatives or other financial instruments linked to them, conducted, directly or indirectly, for their own account, once a total amount of Euro 5,000 has been reached in a calendar year (without netting).

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.

(c) Significant direct or indirect investments

Significant direct ownership in the Company's share capital as of March 1st, 2017, according to Law 3556/2007 as amended and in force, was as follows:

1. Until 18/11/2016 the Hellenic Republic held directly as a shareholder 6.00% of the paid-up share capital of the Company and the respective voting rights. On that date and by virtue of the decision with no. 260/16.11.2016 of the Inter-Ministerial Committee of Restructurings and Privatizations (Government Gazette 3723/18.11.2016), the Hellenic Republic transferred without any consideration to the Hellenic Republic Asset Development Fund (hereinafter "HRADF"), the full ownership of 24,507,520 common registered OTE shares with same number of voting rights, which represent 5% per cent of the Company's share capital and voting rights. Following this transaction and as of 18.11.2016 the Hellenic Republic owns directly 4,901,507common registered shares of the Company, which represent 1% of the Company's share capital and voting rights.

2. It noted that under article 2 par. 7 of Law 3986/2011, as in force, the Hellenic Republic shall exercise on HRADF's account the voting rights attaching to the foregoing shares, in accordance with the written directions of the latter. Further on, under the shareholders agreement dated 2.11.2016 between the Hellenic Republic, DEUTSCHE TELEKOM AG and HRADF, approved by virtue of the decision with no. 258 of the Inter-Ministerial Committee of Restructurings and Privatizations (see below under (f) A.), the HRADF was irrevocably authorized and empowered by the Hellenic Republic to exercise the voting rights attaching to HRADF's shares, on the latter's account and in accordance with the terms of said shareholders agreement.

3. By virtue of an agreement dated March 4, 2009 between the Hellenic Republic and the "Social Security Fund- Single Employees Insurance Fund" (hereinafter "IKA-ETAM"), the Hellenic Republic transferred to IKA-ETAM 19,606,015 common registered shares of OTE with voting rights, which represent a percentage of 4% of OTE's share capital and voting rights.

4. Under the foregoing agreement between the Hellenic Republic and IKA-ETAM, the latter undertakes the obligation to exercise the voting rights attaching to the shares owned by it, in coordination with the Hellenic Republic, by authorizing to this respect the same persons that are authorized by the Hellenic Republic.

5. 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 same number of voting rights attaching thereto.

As of March 1st, 2017, 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 shareholders of the Company Hellenic Republic and DEUTSCHE TELEKOM AG, which was ratified by Law 3676/2008. This agreement has been amended by virtue of an agreement between the Hellenic Republic, DEUTSCHE TELEKOM AG and the HRADF dated 2.11.2016, which has been approved by the decision with no. 258 of the Inter-Ministerial Committee of Restructurings and Privatizations. This agreement between the Hellenic Republic, DEUTSCHE TELEKOM AG and the HRADF provides for restrictions in the transfer of shares as well as in the exercise of voting rights regarding the shares held by the signatories of this agreement.

B. Under article 2 par. 7 of Law 3986/2011, as in force, the Hellenic Republic shall exercise on HRADF's account the voting rights attaching to the foregoing shares, in accordance with the written directions of the latter. Further on, under the shareholders agreement dated 2.11.2016 between the Hellenic Republic, DEUTSCHE TELEKOM AG and HRADF, approved by virtue of the decision with no. 258 of the Inter-Ministerial Committee of Restructurings and Privatizations (see above under A.), the HRADF was irrevocably authorized and empowered the Hellenic Republic to exercise the voting rights attaching to HRADF's shares, on the latter's account and in accordance with the terms of said shareholders agreement.

C. The transfer agreement dated March 4, 2009 and signed between the Hellenic Republic and IKA-ETAM, provides for restrictions on the transfer of shares (call option held by the Hellenic Republic, put option held by IKA-ETAM and right of first refusal of the Hellenic Republic). Also the same agreement provides for 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 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.

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. 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:

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

The Euro 700.0 million notes due 2018, the Euro 700.0 million notes due 2020 and the Euro 350.0 million 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.

- Euro 225.0 million 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 million 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

- Euro 339.0 million Syndicated Loan arranged by the European Bank for Reconstruction and Development ("EBRD") and Euro 50.0 parallel Loan by the Black Sea Trade and Development Bank ("BSTDB")

On September 12, 2016, OTE signed a Euro 339.0 million Syndicated Loan arranged by the EBRD and a Euro 50.0 million parallel bilateral loan with the BSTDB.

Both the EBRD loan and the BSTDB loan 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, the banks may at their option, by notice to OTE, require the prepayment of the whole or any portion of the loans.

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 (broadcast rights agreement) with Tennis Properties Limited (ATP Media) for the acquisition of championships rights ATP World Masters 1000 & ATP World Tour Finals 2017-2020

OTE has concluded agreement with Tennis Properties Limited (ATP Media) for the rights of ATP World Masters 1000 & ATP World Tour Finals 2017-2020 championships. In case of a change of control of OTE, TPL may terminate the agreement.

- Agreement (broadcast rights agreement) with ATP Tour INC. represented by Tennis Properties Limited for the acquisition of tennis championships rights ATP World Tour 500 & ATP World Tour Magazine show 2017-2020

OTE has concluded agreement with ATP represented by Tennis Properties Limited (ATP Media) for the rights of ATP World Tour 500 & ATP World Tour Magazine show 2017-2020 tennis championship. In case of a change of control of OTE, Universal may 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 30-06-2018. In case of a change of control of OTE, Universal may terminate the agreement

- Agreement (pay television license agreement) with Universal Studios International B.V. for the acquisition of film rights transmitted via the Video on Demand Service of COSMOTE TV

OTE has concluded agreement with Universal Studios International B.V. for the acquisition of film rights transmitted via the Video on Demand Service until 28-02-2018. In case of a change of control of OTE, Universal may terminate the agreement.

- Agreement (output license agreement) with Paramount Pictures International Limited for the acquisition of film rights

OTE has concluded agreement with Paramount Pictures International Limited for the acquisition of film rights until 31-07-2019, with a right to extend the term for two (2) more years. In case of a change of control of OTE, Paramount may terminate the agreement.

- Agreement (digital television license agreement) with Paramount Pictures International Limited for the acquisition of film rights transmitted via the Video on Demand Service of COSMOTE TV

OTE has concluded agreement with Paramount Pictures International Limited for the acquisition of film rights transmitted via the Video on Demand Service until 31-10-2019. In case of a change of control of OTE, Universal may terminate the agreement.

- Agreement (Channels License Agreement) with Walt Disney Company Limited for the acquisition of media rights for the Disney Channels

OTE is in the process of concluding an agreement with Walt Disney Company Limited for the acquisition of media rights of the Disney Channels until 31-01-2018 with a right to extend the term for three (3) more years. In case of a change of control of OTE, Disney may terminate the agreement.

- Agreement (Transactional Video-on-Demand and Pay-per-View License Agreement) with Walt Disney Company Limited for the acquisition of film rights transmitted via the Video on Demand Service of COSMOTE TV

OTE is in the process of concluding an agreement with Walt Disney Company Limited for the acquisition of film rights transmitted via the Video on Demand Service until 15-12-2019. In case of a change of control of OTE, Disney may terminate the agreement.

- Agreement (Video-on-Demand and Pay-per-view License Agreement) with Twentieth Century Fox Telecommunications International, Inc. for the acquisition of film rights transmitted via the Video on Demand Service of COSMOTE TV

OTE is in the process of concluding an agreement with Twentieth Century Fox Telecommunications International, Inc. for the acquisition of film rights transmitted via the Video on Demand Service until 31-12-2019. In case of a change of control of OTE, FOX may terminate the agreement.

- Agreement (Non-Exclusive Video on Demand Digital Distribution Agreement) with COLUMBIA PICTURES CORPORATION LIMITED for the acquisition of film rights transmitted via the Video on Demand Service of COSMOTE TV

OTE is in the process of concluding an agreement with COLUMBIA PICTURES CORPORATION LIMITED for the acquisition of film rights transmitted via the Video on Demand Service until 14-12-2017 with a right to extend for two (2) more years. In case of a change of control of OTE, Columbia may terminate the agreement.

- Agreement (Video-on-Demand and Pay-per-View Distribution License Agreement) with Warner Bros. Entertainment Nederland B.V. for the acquisition of film rights transmitted via the Video on Demand Service of COSMOTE TV

OTE is in the process of concluding an agreement with Warner Bros. Entertainment Nederland B.V. for the acquisition of film rights transmitted via the Video on Demand Service until 30-11-2019. In case of a change of control of OTE, Warner may terminate the agreement.

- 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.

- 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 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.

PROCUREMENT

A. OTE

- Framework Agreement between OTE and Pan-Net Slovakia for the provision by OTE to Pan-net Slovakia of IMS SSC services:

(a) Within the frame of this agreement, change of control means that Deutsche Telekom AG no longer Controls the Service Provider and/or the Service Receiver. Control means the ability of Deutsche Telekom AG to exert, directly or indirectly, a controlling influence (by means of ownership, majority of voting right, contractual arrangement or otherwise) over an entity or person.

(b) In no event a change of control shall be considered as a basis to terminate the agreement. In such a case the parties will promptly inform each other about any change of control and will establish a transitional period of not more than 12 months on the terms of this agreement for the performing of the services described in the Service Arrangements.

- Agreement between Deloitte S.A and OTE S.A for the preparation of the annual assets declaration ("pothen esches") and of the statements of financial interests (art. 229 L. 4281/2014) of OTE's managers and of the members of OTE's BoD, who have the obligation to submit the above mentioned declaration and statements.

According to art. 4 of the standard terms and conditions of the agreement, Deloitte has the right to terminate the agreement with immediate effect, after a written notification to OTE, among others, in case the conditions have been changed (included, among others, changed in OTE's ownership or of any affiliated companies of OTE), so that the execution of any part of the agreement by Deloitte is considered illegal or in contradiction to independence regulations and its professional rules.

- Service Agreement between the company of DT Group under the name «Hrvatski Telekom d.d» (HT) and OTE for the provision of software services through interconnection with NEC Business Marketplace platform and relevant platform support services, in order business customers of OTE to order Microsoft Office 365 products (Cloud Office).

According to the Agreement each Party shall be entitled to terminate this Agreement with immediate effect in case of change of control or infringement of intellectual property rights of a third party. For the avoidance of doubt, change of control shall be understood to mean a change in the majority equity ownership or the voting majority of the other Party, either directly or indirectly, from the control currently existing at the time of execution of the Agreement.

- a) Frame Agreement (Project Service Agreement) between OTE S.A and T-Systems International GmbH for the provision of IT Services (software, licenses and relevant interconnection and support services) by T-Systems International GmbH and
  b) Project Term Sheet for the provision by T-Systems International GmbH of IT Services for the new accounting standard / revenue adjustment postings (IFRS15 Central Engine Solution).

According to the PSA the right of immediate termination for good cause, e.g. change of control, infringement of intellectual property rights of a third party, shall remain unaffected. For the avoidance of doubt, change of control shall be understood to mean a change in the majority equity ownership or the voting majority of the other Party, either directly or indirectly, from the control currently existing at the time of execution of this Agreement.

- Project Term Sheet between T-Systems International GmbH and Cosmote S.A for the provision of IT Services for the new accounting standard / revenue adjustment postings (IFRS15 Central Engine Solution) as part of the already concluded Project Service Agreement (PSA) for the provision of IT Services (software, licenses and relevant interconnection and support services) between T-Systems International GmbH and Cosmote S.A.

According to the PSA, the provisions of which apply to the Project Term Sheet as well, the right of immediate termination for good cause, e.g. change of control, infringement of intellectual property rights of a third party, shall remain unaffected. For the avoidance of doubt, change of control shall be understood to mean a change in the majority equity ownership or the voting majority of the other Party, either directly or indirectly, from the control currently existing at the time of execution of this Agreement.

B. COSMOTE

- Co-location Service Agreement between COSMOTE Mobile Telecommunications S.A. (COSMOTE) and Deutsche Telekom Pan-Net Greece EPE, (Pan-net) for the provision by COSMOTE of co-location services to Pan-net related to the VoXX services.

(a)Within the frame of this agreement, change of control means a change in the majority equity ownership or the voting majority of the Service Provider and/or of the Service Receiver, either directly or indirectly, from the control currently existing at the time of execution of this Agreement.
(b) In no event a change of control shall be considered as a basis to terminate the agreement. In such a case the parties will promptly inform each other about any change of control and will establish a transitional period of not more than 12 months on the terms of this agreement for the performing of the services described in the Service Arrangements.

- Pan-net VoXX Framework Agreement between Deutsche Telekom Europe Holding GmbH (DTEH) and COSMOTE Mobile Telecommunications S.A. (COSMOTE) for the provision by DTEH of VoXX related services:

(a) Within the frame of this agreement, change of control means that Deutsche Telekom AG no longer Controls the Service Provider and/or the Service Receiver. Control means the ability of Deutsche Telekom AG to exert, directly or indirectly, a controlling influence (by means of ownership, majority of voting right, contractual arrangement or otherwise) over an entity or person.
(b) In no event a change of control shall be considered as a basis to terminate the agreement. In such a case the parties will promptly inform each other about any change of control and in case they agree to terminate the agreement according to § 17 (2) [of that agreement] they will establish a transitional period of not more than twelve [12] months on the terms of this agreement for the performing of the services.

OTE'S CREDIT EVALUATION

OTE's credit rating as of 31/12/2016 was B+ by Standard & Poor's Ratings Services and Caa2 by Moody's Investors Service. During 2016 there have not been any credit rating actions.

(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.

K. ALTERNATIVE PERFORMANCE MEASURES (APMs)

The Group uses certain Alternative Performance Measures ("APMs") in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flow. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable IFRS line items.

Definitions and reconciliations of Alternative Performance Measures ("APMs")

Alternative Performance Measures ("APMs")

In discussing the performance of the Group, "Adjusted" measures are used such as: Adjusted EBITDA and the respective margin %, Adjusted net operating cash flow, Adjusted CapEx, and Adjusted Free Cash Flow. These are calculated by deducting from the performance measures deriving from directly reconcilable amounts of the Financial Statements, the impact of costs or payments related to voluntary leave schemes, costs or payments for restructuring plans and non-recurring litigations and Spectrum acquisitions.

Costs or payments related to Voluntary Leave Schemes

Costs or payments related to Voluntary Leave Schemes comprise the exit incentives provided to employees and the contributions to the social security fund to exit/retire employees before conventional retirement age. These costs are included within the income statement as well as within the cash flow statement line "costs related to voluntary leave schemes". However, they are excluded from the adjusted results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from ongoing activity.

Costs or payments related to other restructuring plans and non-recurring litigations

Other restructuring costs and non-recurring litigations comprise non-ongoing activity related costs arising from significant changes in the way the Group conducts business and non-recurring legal expenses. These costs are included in the Company's/Group's income statement, while the payment of these expenses are included in the cash flow statement. However, they are excluded from the adjusted results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from ongoing activity.

Spectrum Acquisition Payments

Spectrum payments comprise the amounts paid to acquire rights (licenses) through auctions run by the National Regulator to transmit signals over specific bands of the electromagnetic spectrum. As those payments are of significant size and of irregular timing, it is a common industry practice to be excluded from the Adjusted Cash Flow generation and Adjusted Capital Expenditure (CapEx) in order to facilitate comparability with industry peers.

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as short-term borrowings plus long-term borrowings plus short-term portion of long-term borrowings less cash and cash equivalents as illustrated in the table below.

Adjusted Net Debt

Net debt (adjusted) is used by management to evaluate the Group's capital structure and leverage defined as Net debt including other financial assets as they are highly liquidity assets. The calculations are described in the table below:

(Euro million)	2016	2015	Change
Long-term borrowings	1,941.0	1,755.6	+10.6%
Short-term portion of long-term borrowings	184.1	433.5	-57.5%
Short-term borrowings	0.0	0.0	-
Cash and cash equivalents	(1,585.6)	(1,322.5)	+19.9%
Net Debt	**539.5**	**866.6**	**-37.7%**
Other financial assets	(5.6)	(6.8)	-17.6%
Adjusted Net Debt	**533.9**	**859.8**	**-37.9%**

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)

EBITDA is intended to provide useful information to analyze the Group's operating performance. EBITDA is defined as total revenues plus other operating income less total operating expenses before depreciation, amortization and impairment, as illustrated in the table below. EBITDA margin (%) is defined as EBITDA divided by total revenues.

Adjusted EBITDA

Adjusted EBITDA is intended to provide useful information to analyze the Group's operating performance excluding the impact of costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations. Adjusted EBITDA is defined as EBITDA adding back costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations, as illustrated in the table below. Adjusted EBITDA margin (%) is defined as Adjusted EBITDA divided by total revenues.

(Euro million)	2016	2015	Change
Total Revenues	3,908.1	3,902.9	+0.1%
Other Operating Income	55.2	60.7	-9.1%
Total operating expenses before depreciation, amortization and impairment	(2,696.3)	(2,743.1)	-1.7%
EBITDA	**1,267.0**	**1,220.5**	**+3.8%**
EBITDA margin %	***32.4%***	***31.3%***	***+1.1pp***
Costs related to voluntary leave schemes	49.6	100.7	-50.7%
Other restructuring and non-recurring litigations	4.3	21.8	-80.3%
Adjusted EBITDA	**1,320.9**	**1,343.0**	**-1.6%**
Adjusted EBITDA margin %	***33.8%***	***34.4%***	***-0.6pp***

Adjusted Net Operating Cash Flow

Net Cash from operating activities focuses on the cash inflows and outflows from a company's main business activities (interest expense and income tax paid included on the outflows). Adjusted Net Operating Cash Flow is defined as net cash flows from operating activities adding back payments for voluntary leave schemes, payments for other restructuring plans and non-recurring litigation expenses plus interest received, as illustrated in the table below:

(Euro million)	2016	2015	Change
Net cash flows from operating activities (reported)	**1,025.1**	**943.2**	**+8.7%**
Payment for voluntary leave schemes	53.9	103.9	-48.1%
Payment for restructuring & non-recurring litigations	4.4	27.4	-83.9%
Interest received	2.2	2.4	-8.3%
Adjusted Net Operating Cash Flow	**1,085.6**	**1,076.9**	**+0.8%**

Capital expenditure (CAPEX) & Adjusted Capital expenditure

Capital expenditure is defined as payments for purchase of property plant and equipment and intangible assets. The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash. Adjusted capital expenditure is calculated by excluding spectrum payments from Capital expenditure as illustrated in the table below:

(Euro million)	2016	2015	Change
Purchase of property plant and equipment and intangible assets (reported) - CAPEX	(653.0)	(658.4)	-0.8%
Spectrum Payments	26.0	88.7	-70.7%
Adjusted CAPEX	**(627.0)**	**(569.7)**	**+10.1%**

Free Cash Flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchase of property plant and equipment and intangible assets (CAPEX). Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its payments for purchases of property plant and equipment and intangible assets. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash generating performance as well as availability for debt repayment, dividend distribution and own reserves.

(Euro million)	2016	2015	Change
Net cash flows from operating activities	1,025.1	943.2	+8.7%
Purchase of property, plant, equipment & intangible assets	(653.0)	(658.4)	-0.8%
Free Cash Flow	**372.1**	**284.8**	**+30.7%**

Adjusted Free Cash Flow

Adjusted Free Cash Flow facilitates comparability of Cash Flow generation with industry peers. Adjusted Free Cash Flow is useful in connection with discussions with the investment analyst community and debt rating agencies. Adjusted Free Cash Flow is calculated by excluding from the Free Cash Flow (defined earlier) the payments related to voluntary leave schemes, other restructuring plans and non-recurring litigation expenses and spectrum and adding the interest received.

(Euro million)	2016	2015	Change
Free Cash Flow	**372.1**	**284.8**	**+30.7%**
Payment for voluntary leave schemes	53.9	103.9	-48.1%
Payment for restructuring & non-recurring litigations	4.4	27.4	-83.9%
Interest received	2.2	2.4	-8.3%
Spectrum Payments	26.0	88.7	-70.7%
Adjusted FCF	**458.6**	**507.2**	**-9.6%**

Adjusted Profit to owners of the parent

Adjusted Profit for the year attributable to owners of the parent is intended to provide useful information to analyze the Group's net profitability excluding the impact of significant non-recurring or irregularly recorded items in order to facilitate comparability with previous ongoing performance. Adjusted Profit for the year (attributable to owners of the parent) is calculated by adding back to the Profit of the year (attributable to owners of the parent) the impact upon it of the following items: Costs related to voluntary leave schemes, Reversal of provision related to Asset sale (Globul), Net Impact from Impairments, Reassessment of Deferred tax, financial expenses for Bond issue & Bond Buyback premium, Other restructuring costs and non-recurring litigation expenses, as illustrated in the table below:

(Euro million) - After tax impact	2016	2015	Change
Profit to owners of the parent (reported)	**140.0**	**151.9**	**-7.8%**
Costs related to voluntary leave schemes	36.1	76.0	-52.5%
Reversal of provision related to Globul sale	(13.1)	(26.6)	-50.7%
Net Impact from Impairments	58.5	12.6	-
Financial expenses for Bond issue & Bond Buyback premium	0.0	6.3	-
Other restructuring & non-recurring litigations	8.7	15.9	-45.2%
Reassessment of Deferred tax	0.0	4.4	-
Adjusted Profit to owners of the parent	**230.2**	**240.5**	**-4.3%**

Athens, March 1, 2017

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 Audit of 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 2016 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 which have been transposed into Greek Law (GG/B'/2848/23.10.2012). 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 of December 31, 2016, 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

Taking into consideration, that management is responsible for the preparation of the Board of Directors' report and Corporate Governance Statement that is included to this report according to provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we note the following:

a) In the Board of Directors' Report is included the Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.

b) In our opinion, the Board of Directors' report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying financial statements for the year ended 31/12/2016.

c) Based on the knowledge we obtained from our audit for the Company "HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A." and its environment, we have not identified any material misstatement to the Board of Directors report.

pwc

Athens, 01 March 2017
Certified Auditor - Accountant

PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri
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IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE) AS OF DECEMBER 31, 2016

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 67-128, were approved by the Board of Directors on March 1, 2017 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	Anastasios Kapenis

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)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2016	2015	2016	2015
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,852.5	2,950.6	1,225.0	1,216.7
Goodwill	5	507.0	506.4	-	-
Telecommunication licenses	6	491.3	543.0	3.7	4.1
Other intangible assets	7	490.4	533.4	197.1	214.6
Investments	8	0.1	0.1	3,486.5	3,539.5
Loans to pension funds	19	85.6	88.2	85.6	88.2
Deferred tax assets	22	316.5	339.8	133.3	149.0
Other non-current assets	9	99.4	88.4	76.2	65.9
Total non-current assets		**4,842.8**	**5,049.9**	**5,207.4**	**5,278.0**
Current assets					
Inventories	10	95.9	97.2	23.5	18.1
Trade receivables	11	730.5	728.6	348.7	354.4
Other financial assets	12	5.6	6.8	9.4	2.1
Other current assets	13	307.6	252.4	100.3	103.8
Restricted cash		3.6	2.8	-	-
Cash and cash equivalents	14	1,585.6	1,322.5	511.6	290.3
Total current assets		**2,728.8**	**2,410.3**	**993.5**	**768.7**
TOTAL ASSETS		**7,571.6**	**7,460.2**	**6,200.9**	**6,046.7**
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	496.2	496.3	496.2	496.3
Treasury shares	15	(14.3)	(14.7)	(14.3)	(14.7)
Statutory reserve	16	362.2	357.3	362.2	357.3
Foreign exchange and other reserves	16	(156.5)	(164.1)	(18.5)	(17.3)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings	16	3,595.4	3,509.2	590.0	545.8
Total equity attributable to owners of the Parent		**2,356.0**	**2,257.0**	**2,802.7**	**2,754.5**
Non-controlling interests	8	295.7	352.2	-	-
Total equity		**2,651.7**	**2,609.2**	**2,802.7**	**2,754.5**
Non-current liabilities					
Long-term borrowings	18	1,941.0	1,755.6	1,348.5	1,089.1
Provision for staff retirement indemnities	19	227.6	219.1	192.2	185.4
Provision for youth account	19	142.5	157.2	142.5	157.2
Deferred tax liabilities	22	50.3	55.3	-	-
Other non-current liabilities	20	118.3	174.9	155.2	164.3
Total non-current liabilities		**2,479.7**	**2,362.1**	**1,838.4**	**1,596.0**
Current liabilities					
Trade accounts payable		1,364.1	1,202.5	491.9	460.4
Short-term borrowings	21	-	-	350.0	492.0
Short-term portion of long-term borrowings	18	184.1	433.5	128.5	256.4
Income tax payable	22	79.2	30.4	63.6	-
Deferred revenue		152.1	150.9	91.1	84.6
Provision for voluntary leave schemes	19	141.9	140.7	141.9	140.7
Dividends payable	17	0.3	0.3	0.3	0.3
Other current liabilities	23	518.5	530.6	292.5	261.8
Total current liabilities		**2,440.2**	**2,488.9**	**1,559.8**	**1,696.2**
TOTAL EQUITY AND LIABILITIES		**7,571.6**	**7,460.2**	**6,200.9**	**6,046.7**

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP 2016	GROUP 2015	COMPANY 2016	COMPANY 2015
Revenue					
Fixed business:					
Retail services revenues		1,205.2	1,202.1	898.0	872.1
Wholesale services revenues		647.7	621.7	344.4	333.6
Other revenues		297.7	310.4	217.0	230.6
Total revenues from fixed business		**2,150.6**	**2,134.2**	**1,459.4**	**1,436.3**
Mobile business:					
Service revenues		1,311.3	1,337.6	-	-
Handset revenues		221.5	232.7	24.6	22.6
Other revenues		23.3	19.2	-	-
Total revenues from mobile business		**1,556.1**	**1,589.5**	**24.6**	**22.6**
Miscellaneous other revenues		**201.4**	**179.2**	**84.5**	**77.1**
Total revenues		**3,908.1**	**3,902.9**	**1,568.5**	**1,536.0**
Other operating income	24	**55.2**	**60.7**	**8.2**	**18.0**
Operating expenses					
Interconnection and roaming costs		(542.9)	(487.0)	(112.2)	(110.7)
Provision for doubtful accounts	11	(89.9)	(86.8)	(20.5)	(20.3)
Personnel costs		(642.4)	(667.2)	(308.4)	(331.9)
Costs related to voluntary leave schemes	19	(49.6)	(100.7)	(35.8)	(80.0)
Commission costs		(134.7)	(148.6)	(13.5)	(13.9)
Merchandise costs		(268.7)	(292.1)	(54.2)	(55.8)
Maintenance and repairs		(100.1)	(103.2)	(38.0)	(40.6)
Marketing		(104.5)	(113.6)	(29.7)	(27.5)
Other operating expenses, out of which:		(763.5)	(743.9)	(336.6)	(335.3)
Rental, leasing and facility costs		*(210.4)*	*(209.0)*	*(99.2)*	*(104.3)*
Third party fees and services		*(178.9)*	*(164.9)*	*(150.6)*	*(145.2)*
Other taxes and regulatory charges		*(75.3)*	*(76.7)*	*(21.8)*	*(19.8)*
Construction cost network		*(68.0)*	*(50.9)*	-	-
Other sundry operating expenses		*(230.9)*	*(242.4)*	*(65.0)*	*(66.0)*
Total operating expenses before depreciation, amortization and impairment		**(2,696.3)**	**(2,743.1)**	**(948.9)**	**(1,016.0)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**1,267.0**	**1,220.5**	**627.8**	**538.0**
Depreciation, amortization and impairment	4,6,7	(881.4)	(829.4)	(306.4)	(305.9)
Operating profit before financial and investing activities		**385.6**	**391.1**	**321.4**	**232.1**
Income and expense from financial and investing activities					
Interest and related expenses		(149.4)	(157.4)	(104.5)	(100.7)
Interest income		2.2	2.4	2.3	2.2
Foreign exchange differences, net		(4.3)	(5.7)	2.5	1.1
Dividend income	8	-	-	15.1	0.6
Gains / (losses) from investments and other financial assets - Impairment	8,9,12	18.3	16.1	(57.1)	(17.0)
Total loss from financial and investing activities		**(133.2)**	**(144.6)**	**(141.7)**	**(113.8)**
Profit before tax		**252.4**	**246.5**	**179.7**	**118.3**
Income tax	22	(168.4)	(117.8)	(81.7)	(25.7)
Profit for the year		**84.0**	**128.7**	**98.0**	**92.6**
Attributable to:					
Owners of the parent		140.0	151.9	98.0	92.6
Non-controlling interests		(56.0)	(23.2)	-	-
Profit for the year		**84.0**	**128.7**	**98.0**	**92.6**
Earnings per share attributable to owners of the parent					
Basic earnings per share	25	0.2864	0.3108		
Diluted earnings per share	25	0.2864	0.3107		

The accompanying notes on pages 73-128 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2016	2015	2016	2015
Profit for the year		84.0	128.7	98.0	92.6
Other comprehensive income: **Items that will not be reclassified subsequently to profit or loss**					
Actuarial gains / (losses)	19	(1.1)	21.3	(1.7)	18.0
Deferred taxes on actuarial gains / (losses)		0.5	(5.4)	0.5	(5.4)
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		(0.6)	17.2	(1.2)	13.9
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		6.9	2.8	-	-
Net movement in available for sale financial assets	12	1.1	2.1	-	(0.1)
Deferred taxes on net movement in available for sale financial assets		(0.3)	(0.6)	-	-
Total items that may be reclassified subsequently to profit or loss		7.7	4.3	-	(0.1)
Other comprehensive income / (loss) for the year		7.1	21.5	(1.2)	13.8
Total comprehensive income for the year		91.1	150.2	96.8	106.4
Attributable to:					
Owners of the parent		147.6	174.4	96.8	106.4
Non-controlling interests		(56.5)	(24.2)	-	-
		91.1	150.2	96.8	106.4

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, 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	-	-	(0.4)	-	-	-	-	**(0.4)**	-	**(0.4)**
Transfer of treasury shares	-	-	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**
Balance as at January 1, 2016	**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**
Profit / (loss) for the year	-	-	-	-	-	-	140.0	**140.0**	(56.0)	**84.0**
Other comprehensive income / (loss)	-	-	-	-	7.6	-	-	**7.6**	(0.5)	**7.1**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**7.6**	**-**	**140.0**	**147.6**	**(56.5)**	**91.1**
Dividend payment	-	-	-	-	-	-	(48.9)	**(48.9)**	-	**(48.9)**
Transfer to statutory reserve	-	-	-	4.9	-	-	(4.9)	**-**	-	**-**
Share option plans	-	(0.1)	0.4	-	-	-	-	**0.3**	-	**0.3**
Balance as at December 31, 2016	**1,387.1**	**496.2**	**(14.3)**	**362.2**	**(156.5)**	**(3,314.1)**	**3,595.4**	**2,356.0**	**295.7**	**2,651.7**

The accompanying notes on pages 73-128 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, 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 / (loss)	-	-	-	-	13.8	-	**13.8**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**13.8**	**92.6**	**106.4**
Dividend payment	-	-	-	-	-	(39.1)	**(39.1)**
Transfer to statutory reserve	-	-	-	4.6	-	(4.6)	**-**
Acquisition of treasury shares	-	-	(0.4)	-	-	-	**(0.4)**
Transfer of treasury shares	-	-	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**
Balance as at January 1, 2016	**1,387.1**	**496.3**	**(14.7)**	**357.3**	**(17.3)**	**545.8**	**2,754.5**
Profit for the year	-	-	-	-	-	98.0	**98.0**
Other comprehensive income	-	-	-	-	(1.2)	-	**(1.2)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(1.2)**	**98.0**	**96.8**
Dividend payment	-	-	-	-	-	(48.9)	**(48.9)**
Transfer to statutory reserve	-	-	-	4.9	-	(4.9)	**-**
Share option plans	-	(0.1)	0.4	-	-	-	**0.3**
Balance as at December 31, 2016	**1,387.1**	**496.2**	**(14.3)**	**362.2**	**(18.5)**	**590.0**	**2,802.7**

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2016	2015	2016	2015
Cash flows from operating activities					
Profit before tax		252.4	246.5	179.7	118.3
Adjustments for:					
Depreciation, amortization and impairment	4,6,7	881.4	829.4	306.4	305.9
Costs related to voluntary leave schemes	19	49.6	100.7	35.8	80.0
Provision for staff retirement indemnities	19	12.1	14.9	10.0	15.8
Provision for youth account	19	1.8	1.0	1.8	1.0
Provision for doubtful accounts	11	89.9	86.8	20.5	20.3
Foreign exchange differences, net		4.3	5.7	(2.5)	(1.1)
Interest income		(2.2)	(2.4)	(2.3)	(2.2)
Dividend income	8	-	-	(15.1)	(0.6)
(Gains) / losses from investments and financial assets – Impairment	8,9,12	(18.3)	(16.1)	57.1	17.0
Interest and related expenses		149.4	157.4	104.5	100.7
Working capital adjustments:					
Decrease / (increase) in inventories		1.2	(9.8)	(5.4)	(6.3)
Decrease / (increase) in receivables		(164.3)	(205.4)	(17.0)	(36.4)
(Decrease) / increase in liabilities (except borrowings)		76.0	202.9	56.9	17.3
Plus /(Minus):					
Payment for voluntary leave schemes	19	(53.9)	(103.9)	(41.2)	(84.0)
Payment of staff retirement indemnities and youth account, net of employees' contributions	19	(15.2)	(27.3)	(14.9)	(26.5)
Interest and related expenses paid		(134.9)	(183.2)	(93.6)	(119.8)
Income tax paid		(104.2)	(154.0)	(1.5)	(9.4)
Net cash flows from operating activities		**1,025.1**	**943.2**	**579.2**	**390.0**
Cash flows from investing activities					
Acquisition of subsidiaries	8	-	-	(3.8)	-
Loans granted	9	-	-	(14.7)	(17.0)
Sale or maturity of financial assets		2.2	-	-	-
Repayment of loans receivable		7.3	8.9	7.3	10.4
Purchase of property plant and equipment and intangible assets		(653.0)	(658.4)	(311.4)	(237.9)
Movement in restricted cash		(0.8)	1.7	-	-
Payments related to disposal of subsidiaries / investments		(4.9)	-	-	-
Interest received		2.2	2.4	2.3	2.2
Dividends received		-	-	14.5	1.5
Net cash flows used in investing activities		**(647.0)**	**(645.4)**	**(305.8)**	**(240.8)**
Cash flows from financing activities					
Share option plans		-	(0.4)	-	17.8
Proceeds from loans granted and issued	18,21	389.0	350.0	739.0	677.1
Repayment of loans	18,21	(454.5)	(800.3)	(742.2)	(1,127.5)
Dividends paid to Company's owners		(48.9)	(39.4)	(48.9)	(39.4)
Net cash flows used in financing activities		**(114.4)**	**(490.1)**	**(52.1)**	**(472.0)**
Net increase / (decrease) in cash and cash equivalents		**263.7**	**(192.3)**	**221.3**	**(322.8)**
Cash and cash equivalents, at the beginning of the year		**1,322.5**	**1,509.9**	**290.3**	**613.1**
Net foreign exchange differences		(0.6)	4.9	-	-
Cash and cash equivalents, at the end of the year	14	**1,585.6**	**1,322.5**	**511.6**	**290.3**

The accompanying notes on pages 73-128 form an integral part of these financial statements.

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 from 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, 2016 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, 2016 and for the year then ended, were approved for issuance by the Board of Directors on March 1, 2017, and are subject to the final approval of OTE's General Assembly.

The total numbers of Group and Company employees as of December 31, 2016 and 2015 is as follows:

	GROUP	COMPANY
December 31, 2016	21,086	8,405
December 31, 2015	21,573	8,496

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

ENTITY NAME	LINE OF BUSINESS	COUNTRY	2016	2015
			GROUP's OWNERSHIP INTEREST	
COSMOTE MOBILE TELECOMMUNICATIONS S.A. ("COSMOTE")	Mobile telecommunications services	Greece	100.00%	100.00%
OTE INTERNATIONAL INVESTMENTS LTD	Investment holding entity	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%
OTESAT-MARITEL S.A. ("OTESAT-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%
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 entity	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%
TELEKOM ALBANIA	Mobile telecommunications services	Albania	99.76%	99.76%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
COSMOTE E-VALUE	Marketing services	Greece	100.00%	100.00%
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%

ENTITY NAME	LINE OF BUSINESS	COUNTRY	2016	2015
			GROUP's OWNERSHIP INTEREST	
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A. - see below)	TV Productions and TV services	Greece	100.00%	100.00%
COSMOHOLDING ROMANIA LTD	Investment holding entity	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 entity	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%

RENAMING OF OTE INVESTMENT SERVICES S.A.

On November 7, 2016, the Extraordinary General Assembly of OTE INVESTMENT SERVICES S.A. approved the renaming of OTE INVESTMENT SERVICES S.A. to COSMOTE TV PRODUCTIONS. The relevant decision was published on the General Commercial Registry (Γ.Ε.ΜΗ.) on January 30, 2017.

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, impairment of intangible assets, impairment of investments, 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 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 collectability 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. 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, 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

- **IAS 19 (Amendment) "Employee Benefits"**: This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans and simplifies 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"**: 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"**: 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"**: 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"**: 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"**: These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Annual Improvements to IFRSs 2012:

The amendments set out below describe the key changes to certain 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 when 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:

The amendments set out below describe the key changes to certain 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".

Standards and Interpretations effective for subsequent periods

A number of new standards and amendments to standards and interpretations are effective for subsequent periods, and have not been applied in preparing these consolidated financial statements. The Group is currently investigating the impact of the new standards and amendments on its financial statements.

- **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.

Based on the provision of the new standard, financial instruments are classified and measured on the basis of the business model within which they are held and their contractual cash flow characteristics. Although the Group has not yet finalized its detailed analysis of IFRS 9, the first-time adoption of this standard is not expected to have a material impact on the financial statements. The new standard will be applied by the Group from January 1, 2018.

- **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.

IFRS 15 provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It requires entities to allocate revenue earned from contracts to individual promises, i.e. performance obligations, on a relative stand-alone selling price basis, based on the five-step model.

The new standard will be applied by the Group from January 1, 2018. When applying IFRS 15 for the first time, the Group shall apply the standard in full for the year 2018 and in respect of prior periods, will recognize the cumulative effect of applying IFRS 15 to all contracts that had not yet been completed at January 1, 2018, as an adjustment to the opening balance of equity on January 1, 2018 (the cumulative catch-up transition method).

The Group is still in the process of quantifying the implications of this standard which is expected to have a material effect on its results of operations and financial position. In particular, the following indicative impacts are expected:

In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, currently the Group recognizes revenue for handsets and other devices when the asset is transferred to the customer and based on the corresponding charge. Under IFRS 15, a larger portion of the total remuneration is attributable to the components delivered in advance based on the asset's relative stand-alone value within the contract, which will result to higher revenue from the sale of handsets and other devices/equipment and to lower revenue from the provision of services. It will also impact the timing of recognition, resulting to earlier recognition of revenue. The difference between the revenue and the customer charge will be recognized as a contract asset, a receivable arising from customers secured cash flows in the statement of financial position.

Sales commissions and other customer acquisition costs resulting directly from securing contracts with customers are currently expensed as incurred. IFRS 15 will require these incremental costs of acquiring contracts to be recognized as an asset when incurred and expensed over the estimated customer retention period.
Based on the above it is expected that there will be an increase in total assets upon initial application due to the capitalization of contract assets and customer acquisition costs.
The Group will apply the new Standard to a portfolio of contracts with similar characteristics, as it expects that the effects on the financial statements would not differ materially from applying this Standard to the individual contracts.

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

- IAS 7 (Amendments) “Disclosure initiative” (effective for annual periods beginning on or after January 1, 2017): These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

- IFRS 2 (Amendments) “Classification and measurement of Shared-based Payment transactions” (effective for annual periods beginning on or after January 1, 2018): These amendments clarify the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles of IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments have not yet been endorsed by the EU.

- IAS 40 (Amendments) “Transfers of Investment Property” (effective for annual periods beginning on or after January 1, 2018): These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. These amendments have not yet been endorsed by the EU.

- IFRIC 22 “Foreign currency transactions and advance consideration” (effective for annual periods beginning on or after January 1, 2018): The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) (effective for annual periods beginning on or after January 1, 2017)

These amendments set out below describe the key changes to certain IFRSs. These amendments have not yet been endorsed by the EU.

- IFRS 12 “Disclosures of Interests in Other Entities”: The amendement clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

- IAS 28 “Investments in associates and Joint ventures”: The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

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 are 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 change 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. In the consolidated statement of financial position an amount of Euro 3,314.1 has been recognised at the acquisition date of non-conrolling interest.

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 recognized 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 recognized 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 "predecessor accounting". 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. Amortization is calculated using the straight-line method over their useful lives, being between 3 and 25 years.

5. Other intangible assets

Intangible assets acquired separately are recognized at historical cost, while those acquired from a business combination are recognized 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 group 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: Recognized on acquisition of ZAPP. The useful economic life is 7 years.
Franchise agreements: Recognized on acquisition of GERMANOS group. 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 and 18 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 recognized 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	4 – 12 years	8.3% – 25%
Broadband distribution network	5 – 9 years	11.1% – 20%
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%
Fixtures and furniture	1 – 15 years	6.7% – 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), if no impairment loss had 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 recognized 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 amortized 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 other financial assets - Impairment". Changes in the fair value of assets classified as available for sale are recognized in other comprehensive income. The Group and the Company holds no assets at fair value through profit and loss as of December 31, 2016 and 2015.

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 amortized 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 derecognized 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 income statement.

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.

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 accumulated 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 amortized 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 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 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

Accounting by lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially to the Group all the risks and economic benefits deriving from ownership, 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 economic benefits and risks deriving from 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

A lease that transfers substantially all of the economic benefits and risks deriving from ownership of the leased item is accounted for by the lessor as a sale and / or provision of financing.
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 amortized 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 annually 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 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. Marketing

All marketing 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, usage charges and sales of handsets and accessories. Revenues are recognized as follows:

Connection charges

Connection charges 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.

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

Usage Charges consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilized or volume of data transmitted. 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 Company's or Group's subscribers to subscribers of other operators are presented at their gross amount in the income statement as the credit and collection risk remains solely with Company or Group. Interconnection fees are recognized based on incoming traffic generated from other 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, included in the Group's prepaid services packages, are recognized based on usage. 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 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 owners of the parent 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 owners of the parent 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 and business activities, in line with the review performed by the Group's chief operating decision makers. The reportable segments are determined using the quantitative and qualitative 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 financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations, (b) operating profit / (loss) before financial and investing activities 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 public broadband networks (the "Concessions") by a public sector entity (the "Grantor"). Each concession relates to a specified rural area in Greece and Romania and is undertaken by Group's subsidiaries (the "Operator(s)") which have been separately granted for each 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 operating period in Greece and Romania is 15 and 18 years respectively.

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 (Guaranteed receipt from Grantor)

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 recognized 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	FIXTURES & FURNITURE	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2014								
Cost	46.8	992.5	12,447.9	52.3	445.4	270.1	55.6	14,310.6
Accumulated depreciation	-	(591.8)	(10,211.2)	(50.7)	(353.6)	-	-	(11,207.3)
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	50.0	475.8	280.7	52.5	14,444.0
Accumulated depreciation	-	(619.9)	(10,452.7)	(49.7)	(371.1)	-	-	(11,493.4)
Net book value 31/12/2015	**45.0**	**378.4**	**2,089.0**	**0.3**	**104.7**	**280.7**	**52.5**	**2,950.6**
Additions and transfers	-	8.4	408.4	0.4	25.7	354.5	105.2	902.6
Disposals and transfers - cost	(0.5)	(13.3)	(169.8)	(3.3)	(11.2)	(298.3)	(89.5)	(585.9)
Disposals and transfers - accumulated depreciation	-	10.4	169.3	3.2	11.0	-	-	193.9
Exchange differences - cost	-	(1.8)	(12.7)	-	(0.2)	(0.6)	(0.1)	(15.4)
Exchange differences - accumulated depreciation	-	1.6	12.3	-	0.2	-	-	14.1
Depreciation charge for the year - impairment	-	(35.9)	(545.5)	(0.6)	(25.1)	-	(0.3)	(607.4)
Net book value 31/12/2016	**44.5**	**347.8**	**1,951.0**	**-**	**105.1**	**336.3**	**67.8**	**2,852.5**
31/12/2016								
Cost	44.5	991.6	12,767.6	47.1	490.1	336.3	67.8	14,745.0
Accumulated depreciation	-	(643.8)	(10,816.6)	(47.1)	(385.0)	-	-	(11,892.5)
Net book value 31/12/2016	**44.5**	**347.8**	**1,951.0**	**-**	**105.1**	**336.3**	**67.8**	**2,852.5**

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

As at December 31, 2016, a value in use impairment test was performed by TELEKOM ROMANIA with respect to its property, plant and equipment and other intangible assets as there were indications based on its financial and operating performance that their carrying value exceeds the recoverable amount. The impairment test was performed based on the following assumptions:

Assumptions 2016	
Discount rate	7.8%
Average rate of revenue increase	2.1%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2017-2026)	13.1%-22.0%

As a result of the impairment test mentioned above, an impairment loss of Euro 58.5 was charged in the 2016 consolidated income statement and is included in the line “Depreciation, amortization and impairment”. An amount of Euro 46.9 relates to property, plant and equipment (“Telecom equipment”) and an amount of Euro 11.6 relates to other intangible assets (“TV rights”) (see Note 7).

Property, plant and equipment includes investment property of Euro 63.4 as of December 31, 2016 (December 31, 2015: Euro 66.5), the fair value of which amounts to Euro 247.6 (December 31, 2015: Euro 265.7). The fair value of the investment property is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued, using valuation method and assumptions which, to a significant extent, are not based on observable market data (Level 3 of IFRS 13 - Fair Value hierarchy).

Borrowing costs capitalized during the year ended December 31, 2016 and 2015 by the Group as part of the cost of qualifying assets amount to Euro 3.7 and Euro 4.0, respectively. The amounts were calculated based on an average rate of capitalization which was 4.6% and 4.8% for the year ended December 31, 2016 and 2015, 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, 2016 is Euro 0.2 (December 31, 2015: Euro 4.9). There are no unfulfilled conditions or contingencies attached to these grants.

COMPANY	BUILDINGS	TELECOM EQUIPMENT	TRANSPORTATION MEANS	FIXTURES & FURNITURE	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
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**
Additions and transfers	1.3	141.7	-	8.1	101.2	83.7	336.0
Disposals and transfers – cost	-	(73.2)	(0.4)	(3.7)	(63.8)	(70.9)	(212.0)
Disposals and transfers - accumulated depreciation	-	73.2	0.4	3.6	-	-	77.2
Depreciation charge for the year – impairment	(9.1)	(180.3)	(0.2)	(3.0)	-	(0.3)	(192.9)
Net book value 31/12/2016	**47.1**	**935.6**	**0.4**	**14.0**	**173.5**	**54.4**	**1,225.0**
31/12/2016							
Cost	106.8	7,813.7	30.4	116.1	173.5	54.4	8,294.9
Accumulated depreciation	(59.7)	(6,878.1)	(30.0)	(102.1)	-	-	(7,069.9)
Net book value 31/12/2016	**47.1**	**935.6**	**0.4**	**14.0**	**173.5**	**54.4**	**1,225.0**

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

Borrowing costs capitalized during the year ended December 31, 2016 and 2015 by OTE as part of the cost of qualifying assets amount to Euro 3.7 and Euro 4.0, respectively. The amounts were calculated based on an average rate of capitalization which was 4.6% and 4.8% for the year ended December 31, 2016 and 2015 respectively.

For the acquisition of the assets above, OTE has received government grants in the past, the unamortized amount of which at December 31, 2016 is Euro 0.2 (December 31, 2015: Euro 0.4). There are no unfulfilled conditions or contingencies attached to these grants.

5. GOODWILL

Goodwill is analyzed as follows:

GROUP	2016	2015
Carrying value January 1	**506.4**	**505.9**
Foreign exchange differences	0.6	0.5
Carrying value December 31	**507.0**	**506.4**

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:

Cash generating unit	2015	Foreign exchange differences	2016
COSMOTE Group - Greece	376.6	-	376.6
COSMOTE Group - Romania	74.1	(0.3)	73.8
COSMOTE Group - Albania	55.7	0.9	56.6
TOTAL	**506.4**	**0.6**	**507.0**

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 perpetuity.

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

Assumptions 2016	COSMOTE Group-Greece	COSMOTE Group-Romania	COSMOTE Group-Albania
Discount rate	7.9%	8.0%	9.9%
Average rate of revenue increase	1.0%	0.6%	2.6%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2017-2026)	32.0%-36.7%	16.5%-22.7%	29.3%-34.7%

Assumptions 2015	COSMOTE Group-Greece	COSMOTE Group-Romania	COSMOTE Group-Albania
Discount rate	7.8%	8.5%	10.5%
Average rate of revenue increase	0.5%	0.8%	0.2%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2016-2025)	31.3%-35.4%	23.4%-28.3%	33.8%-42.0%

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 before financial and investing activities and operating profit before financial and investing activities, depreciation, amortization and impairment 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, 2016, 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, 2016, 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.

If the growth rate for the projection of cash flows beyond ten years period assumed in the impairment test was 0.5% lower, the recoverable amount for each cash generating unit when compared to the respective carrying value, would indicate that adequate headroom exists. If the discount rate assumed in the impairment test was 1.0% higher, the recoverable amount for each cash generating unit when compared to the respective carrying value, would indicate that adequate headroom exists.

6. TELECOMMUNICATION LICENSES

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

The movement of telecommunication licenses is as follows:

GROUP	2016	2015
December 31		
Cost	917.4	905.3
Accumulated amortization	(374.4)	(329.9)
Net book value December 31	**543.0**	**575.4**
Additions	0.6	26.9
Transfers, cost	3.3	(12.0)
Transfers, accumulated amortization	-	9.3
Exchange differences, cost	(0.7)	(2.4)
Exchange differences, accumulated amortization	0.6	1.5
Amortization charge for the year	(55.5)	(55.7)
Write-offs, cost	(1.1)	(0.4)
Write-offs, accumulated amortization	1.1	0.4
Net book value December 31	**491.3**	**543.0**
December 31		
Cost	919.5	917.4
Accumulated amortization	(428.2)	(374.4)
Net book value December 31	**491.3**	**543.0**

COMPANY	2016	2015
December 31		
Cost	11.3	11.3
Accumulated amortization	(7.2)	(6.7)
Net book value December 31	**4.1**	**4.6**
Amortization charge for the year	(0.4)	(0.5)
Net book value December 31	**3.7**	**4.1**
December 31		
Cost	11.3	11.3
Accumulated amortization	(7.6)	(7.2)
Net book value December 31	**3.7**	**4.1**

7. OTHER INTANGIBLE ASSETS

Other intangible assets are analyzed as follows:

GROUP	SOFTWARE	TV RIGHTS	BRAND NAME	OTHER	TOTAL
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 and write-offs, cost	(0.2)	(27.1)	-	-	(27.3)
Disposals and write-offs, accumulated amortization	0.2	27.1	-	-	27.3
Transfers, cost	4.5	-	-	10.1	14.6
Transfers, accumulated amortization	(1.6)	-	-	(7.6)	(9.2)
Exchange differences, cost	(0.8)	(0.5)	(0.4)	(0.3)	(2.0)
Exchange differences, accumulated amortization	0.7	0.2	0.2	0.2	1.3
Amortization 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**
Additions	65.2	109.5	-	1.0	175.7
Disposals and write-offs, cost	(0.3)	(70.3)	-	-	(70.6)
Disposals and write-offs, accumulated amortization	0.3	70.3	-	-	70.6
Transfers, cost	0.4	-	-	-	0.4
Transfers, accumulated amortization	-	-	-	-	-
Exchange differences, cost	(0.4)	(0.9)	(0.1)	(0.3)	(1.7)
Exchange differences, accumulated amortization	0.4	0.5	0.1	0.1	1.1
Amortization charge for the year- impairment	(69.2)	(118.5)	(23.4)	(7.4)	(218.5)
Net book value 31/12/2016	**130.2**	**163.7**	**159.7**	**36.8**	**490.4**
31/12/2016					
Cost	885.0	397.7	350.5	158.4	1,791.6
Accumulated amortization	(754.8)	(234.0)	(190.8)	(121.6)	(1,301.2)
Net book value 31/12/2016	**130.2**	**163.7**	**159.7**	**36.8**	**490.4**

As a result of the impairment test performed by TELEKOM ROMANIA, an impairment loss of Euro 11.6 relating to other intangible assets (“TV rights”) was charged in the 2016 consolidated income statement and is included in the line “Depreciation, amortization and impairment” (see note 4).

COMPANY	SOFTWARE	TV RIGHTS	TOTAL
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
Amortization 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**
Additions	29.5	66.1	95.6
Disposals and write-offs, cost	-	(70.3)	(70.3)
Disposals and write-offs, accumulated amortization	-	70.3	70.3
Amortization charge for the year	(32.7)	(80.4)	(113.1)
Net book value 31/12/2016	**66.6**	**130.5**	**197.1**
31/12/2016			
Cost	360.4	305.0	665.4
Accumulated amortization	(293.8)	(174.5)	(468.3)
Net book value 31/12/2016	**66.6**	**130.5**	**197.1**

There are no intangible assets with indefinite useful life as of December 31, 2016 and 2015.

8. INVESTMENTS – BUSINESS COMBINATIONS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
(a) Investments in subsidiaries	-	-	3,486.4	3,539.4
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,486.5**	**3,539.5**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2016	2015
COSMOTE	100.00%	Greece	2,763.1	2,762.9
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	344.9	401.9
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)	100.00%	Greece	3.8	-
COSMO-ONE	30.87%	Greece	0.5	0.5
OTESAT- 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			**3,486.4**	**3,539.4**

IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

During 2016, a value in use impairment test was carried out on OTE's participation in OTE INTERNATIONAL INVESTMENTS LTD (investment holding entity). OTE INTERNATIONAL INVESTMENTS LTD has a direct ownership interest of 54.01% in TELEKOM ROMANIA. TELEKOM ROMANIA is a provider of fixed-line services, internet access services, ICT services and TV services in Romania. There were indications based on its financial and operating performance that the carrying value exceeds the recoverable amount. The impairment test was performed based on the following assumptions and as described in note 4:

Assumptions 2016	
Discount rate	7.8%
Average rate of revenue increase	2.1%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2017-2026)	13.1%-22.0%

As a result of the impairment test, an impairment loss of Euro 57.0 was recognized in the 2016 separate income statement in the line "Gains / (losses) from investments and other financial assets - Impairment".

TRANSFER OF SHARES OF COSMOTE TV PRODUCTIONS (EX OTE INVESTMENT SERVICES S.A.)

On December 15, 2016, OTE INTERNATIONAL INVESTMENTS LTD sold its stake in COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.) to OTE for an amount of Euro 3.8.

DIVIDEND INCOME

The dividend income is analyzed as follows:

COMPANY	2016	2015
OTESAT - MARITEL	0.5	0.6
OTE INSURANCE	0.6	-
OTE INTERNATIONAL INVESTMENTS LTD	13.9	-
OTE ESTATE	0.1	-
TOTAL	**15.1**	**0.6**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 295.7 as of December 31, 2016 (December 31, 2015: Euro 352.2), out of which Euro 292.6 relate to TELEKOM ROMANIA (December 31, 2015: Euro 349.2), 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	2016	2015
Non-current assets	531.5	574.9
Current assets	470.9	499.9
Total assets	**1,002.4**	**1,074.8**
Total equity	636.2	759.3
Non-current liabilities	43.3	45.6
Current liabilities	322.9	269.9
Total equity and liabilities	**1,002.4**	**1,074.8**

Income statement	2016	2015
Total revenues	**602.5**	**601.7**
Other operating income	29.5	29.1
Total operating expenses before depreciation, amortization and impairment	(544.5)	(529.3)
Operating profit before financial and investing activities, depreciation, amortization and impairment	**87.5**	**101.5**
Depreciation, amortization and impairment	(204.9)	(141.9)
Operating loss before financial and investing activities	**(117.4)**	**(40.4)**
Total loss from financial and investing activities	(4.9)	(0.4)
Loss before tax	**(122.3)**	**(40.8)**
Income tax	0.2	(9.8)
Loss for the year	**(122.1)**	**(50.6)**

Cash flow statement	2016	2015
Net cash flows from/ (used in) operating activities	(18.6)	82.5
Net cash flows used in investing activities	(90.4)	(104.6)
Net cash flows used in financing activities	(0.3)	(0.6)
Net decrease in cash and cash equivalents	**(109.3)**	**(22.7)**

SALE OF GLOBUL AND GERMANOS TELECOM BULGARIA A.D.

In 2013, the Group sold its 100% stake in GLOBUL and in GERMANOS TELECOM BULGARIA A.D. to TELENOR MOBILE COMMUNICATIONS AS ("TELENOR"), the Norwegian telecom operator. Included in the consolidated income statement of 2016 in the line "Gains / (losses) from investments and other financial assets – Impairment", is a gain of Euro 18.4, 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	
	2016	2015	2016	2015
Loans and advances to employees	48.4	46.2	48.3	46.1
Guarantees	6.0	6.0	0.4	0.2
Other advanced payments / prepayments	34.7	27.6	-	-
Loans to group companies (see Note 27)	-	-	22.8	15.5
Other receivables from related parties (see Note 27)	-	-	4.7	4.1
Other	10.3	8.6	-	-
TOTAL	**99.4**	**88.4**	**76.2**	**65.9**

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 1.43% and 1.71% for 2016 and 2015, 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 2016, the Company granted loans amounting to Euro 14.7 (December 31, 2015: Euro 17.0) to its subsidiaries OTE RURAL NORTH and OTE RURAL SOUTH. The outstanding amount of these loans as of December 31, 2016 is Euro 30.1 (December 31, 2015: Euro 15.5), out of which Euro 7.3 has been classified under other financial assets (see Note 12). An impairment loss of Euro 0.1 recognized in the line “Gains / (losses) from investments and other financial assets - Impairment” relates to loans to OTE RURAL NORTH and OTE RURAL SOUTH.

10. INVENTORIES

Inventories are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Merchandise	82.4	75.6	21.6	15.2
Other materials	13.5	21.6	1.9	2.9
TOTAL	**95.9**	**97.2**	**23.5**	**18.1**

11. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Subscribers / Customers	1,476.3	1,434.2	731.9	738.1
Due from related parties (see Note 27)	64.8	63.0	111.4	92.7
Unbilled revenue	100.0	89.1	32.4	34.7
	1,641.1	**1,586.3**	**875.7**	**865.5**
Less:				
Allowance for doubtful accounts	(910.6)	(857.7)	(527.0)	(511.1)
TOTAL	**730.5**	**728.6**	**348.7**	**354.4**

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance at January 1	(857.7)	(802.4)	(511.1)	(496.2)
Charge for the year	(89.9)	(86.8)	(20.5)	(20.3)
Write-offs	37.0	31.3	4.6	5.4
Foreign exchange differences	-	0.2	-	-
Balance at December 31	**(910.6)**	**(857.7)**	**(527.0)**	**(511.1)**

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Not impaired and not past due	531.9	516.5	257.5	264.2
Not impaired and past due:				
Up to 30 days	75.8	66.8	39.8	33.5
Between 31 and 180 days	87.7	103.5	42.2	52.5
Between 181 and 360 days	23.3	30.7	9.2	4.2
More than 360 days	11.8	11.1	-	-
TOTAL	**730.5**	**728.6**	**348.7**	**354.4**

12. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Available for sale – Mutual funds	5.6	6.8	2.1	2.1
Loans to group companies (see Notes 9, 27)	-	-	7.3	-
	5.6	**6.8**	**9.4**	**2.1**

The movement of other financial assets is analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance at January 1	6.8	3.7	2.1	2.2
Transfer from other non-current assets	-	3.9	7.3	-
Sales – maturities of available for sale financial assets	(2.2)	-	-	-
Impairment of financial assets	(0.1)	(2.9)	-	-
Transfer from other comprehensive income	-	2.1	-	-
Fair value adjustments through other comprehensive income	1.1	-	-	(0.1)
Balance at December 31	**5.6**	**6.8**	**9.4**	**2.1**

13. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Loans to Auxiliary fund, short-term portion (see Note 19)	6.1	6.5	6.1	6.5
Due from OTE Leasing customers (see Note 28)	25.5	25.5	25.5	25.5
Loans and advances to employees	6.3	9.5	6.2	9.0
Income tax receivable	19.9	29.7	7.7	10.7
Other prepayments	73.2	73.1	27.9	28.1
Dividends receivable (see Note 27)	-	-	0.6	-
Guaranteed receipt from Grantor (Financial assets model)	73.6	25.6	-	-
Other receivables from taxes not relating to income tax	49.9	45.6	2.8	2.8
Other receivables from related parties (see Note 27)	1.0	-	0.2	0.3
Other	52.1	36.9	23.3	20.9
TOTAL	**307.6**	**252.4**	**100.3**	**103.8**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Cash in hand	22.6	15.7	13.2	7.8
Short-term bank deposits	1,563.0	1,306.8	498.4	282.5
TOTAL	**1,585.6**	**1,322.5**	**511.6**	**290.3**

15. SHARE CAPITAL – SHARE PREMIUM – TREASURY SHARES

OTE's share capital as of December 31, 2016, amounted to Euro 1,387.1 (December 31, 2015: 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, 2016 and 2015 amounted to Euro 496.2 and Euro 496.3, respectively.

The following is an analysis of the ownership of OTE's shares as of December 31, 2016:

Shareholder	Number of shares	Percentage %
DEUTSCHE TELEKOM AG	196,060,156	40.00%
Hellenic State	4,901,507	1.00%
IKA–ETAM (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
Hellenic Republic Asset Development Fund (HRADF)	24,507,520	5.00%
Institutional investors	211,370,458	43.12%
Private investors	32,384,623	6.61%
Treasury shares	1,320,110	0.27%
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, 2016	1,361,260	14.7
Own shares acquired during the year	23,000	0.2
Own shares transferred during the year	(64,150)	(0.6)
Own shares as at December 31, 2016	**1,320,110**	**14.3**

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

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	347,380	4.79	4,049,086	10.69
Exercised	(41,150)	5.10	(8,691)	5.45
Forfeited / Cancelled	(306,230)	4.75	(3,693,015)	11.26
Outstanding at the end of the year	**-**	**-**	**347,380**	**4.79**
Exercisable at the end of the year	-	-	347,380	4.79

All these options were granted until 2011 and expired 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, 2016 and 2015, this reserve amounted to Euro 362.2 and Euro 357.3 respectively. This statutory reserve cannot be distributed to shareholders.

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Reserve for available for sale financial assets	1.1	-	0.1	0.1
Deferred taxes on available for sale financial assets	(0.3)	-	-	-
Foreign currency translation	(139.1)	(146.9)	-	-
Cumulative amount of actuarial losses recognized in equity	(31.6)	(30.0)	(31.8)	(30.1)
Deferred taxes on cumulative amount of actuarial losses recognized in equity	13.4	12.8	13.2	12.7
TOTAL	**(156.5)**	**(164.1)**	**(18.5)**	**(17.3)**

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, 2016 are Euro 3,595.4 and Euro 590.0 respectively (December 31, 2015: Euro 3,509.2 and Euro 545.8 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 23, 2016, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 48.9 or Euro 0.10 (in absolute amount) per share. The amount of dividends payable as of December 31, 2016 was Euro 0.3 (December 31, 2015: Euro 0.3).

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 0.16 (in absolute amount) per share outstanding compared to Euro 0.10 (in absolute amount) per share distributed last year. This proposed distribution will be subject to the pronouncements of the law 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	2016	2015
(a) Bank loans	457.7	116.4
(b) Global Medium-Term Note Programme	1,667.4	2,072.7
Total long-term debt	**2,125.1**	**2,189.1**
Short-term portion of long-term borrowings	(184.1)	(433.5)
Long-term borrowings	**1,941.0**	**1,755.6**

(a) Bank 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 2016, TELEKOM ROMANIA MOBILE repaid in total Euro 45.1 under the syndicated facility along with the accrued interest. As of December 31, 2016, the outstanding value is Euro 72.2 (2015: Euro 116.4) and the short-term portion is Euro 55.5 (2015: Euro 44.3).

The loan includes a change of control clause applicable to TELEKOM ROMANIA MOBILE, SUNLIGHT ROMANIA S.R.L. FILIALA, ZAPP, 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 operating profit before financial and investing activities, depreciation, amortization and impairment to net interest expense of senior debt should exceed 5:1 at all times, and (iii) The ratio of senior debt to operating profit before financial and investing activities, depreciation, amortization and impairment 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, 2016, the Romanian mobile business complies with these financial covenants.

Euro 339.0 Syndicated Loan arranged by the European Bank for Reconstruction and Development (“EBRD”) and Euro 50.0 parallel Loan by the Black Sea Trade and Development Bank (“BSTDB”)

On September 12, 2016, OTE signed a Euro 339.0 Syndicated Loan arranged by the EBRD and a Euro 50.0 parallel bilateral loan with the BSTDB, in order to provide additional liquidity for the Group’s strategic investments in Greece and enhance the development of New Generation Networks. Both loan facilities include same terms and conditions and specifically have a three-year tenor and will be repaid in equal semi-annual installments.

Both the EBRD loan and the BSTDB loan 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, the banks may at their option, by notice to OTE, require the prepayment of the whole or any portion of the loans.

Both loans also include two financial covenants tested on a semi-annual basis, namely:

(a) The ratio of consolidated operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations to consolidated net interest expense should exceed 4.5:1 at all times, and
(b) The ratio of consolidated net debt to consolidated operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations should not exceed 2.5:1 at all times.

As of December 31, 2016, the Company 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.

The table below depicts the long term debt during the reporting period:

Description	Coupon	Maturity	2015		2016				
			Outstanding nominal value	Book value	New Loans	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
	a) Bank loans								
EBRD loan	Euribor+5.25%	25/04/2018	118.1	116.4	-	(45.1)	0.9	73.0	72.2
EBRD loan	Euribor+3.50%	16/09/2019	-	-	339.0	-	(3.2)	339.0	335.8
BSTDB loan	Euribor+3.50%	16/09/2019	-	-	50.0	-	(0.3)	50.0	49.7
	b) Global Medium-Term Note Programme								
Euro 700.0 notes	3.500%	09/07/2020	700.0	693.0	-	-	1.5	700.0	694.5
Euro 350.0 notes	4.375%	02/12/2019	350.0	344.8	-	-	0.4	350.0	345.2
Euro 700.0 notes	7.875%	07/02/2018	650.0	645.7	-	(20.0)	2.0	630.0	627.7
Euro 900.0 notes	4.625%	20/05/2016	389.4	389.2	-	(389.4)	0.2	-	-
			2,207.5	2,189.1	389.0	(454.5)	1.5	2,142.0	2,125.1

Change of control clauses

The Euro 700.0 notes due 2018, the Euro 700.0 notes due 2020 and the 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, 2016 and 2015 was approximately 5.5% and 5.7%, respectively.

COMPANY	2016	2015
(a) Bank loans	385.5	-
(b) Intercompany loans from OTE PLC	1,091.5	1,345.5
Total long-term debt	**1,477.0**	**1,345.5**
Short-term portion of long-term borrowings	(128.5)	(256.4)
Long-term borrowings	**1,348.5**	**1,089.1**

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

Description	Maturity date	2015		2016				
		Outstanding nominal value	Book value	New loans	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
	a) Bank loans							
EBRD loan	16/09/2019	-	-	339.0	-	(3.2)	339.0	335.8
BSTDB loan	16/09/2019	-	-	50.0	-	(0.3)	50.0	49.7
	(b) Intercompany loans from OTE PLC							
Euro 700.0 loan	09/07/2020	700.0	693.0	-	-	1.5	700.0	694.5
Euro 150.0 loan	02/12/2019	150.0	147.8	-	-	0.2	150.0	148.0
Euro 250.0 loan	07/02/2018	250.0	248.3	-	-	0.7	250.0	249.0
Euro 575.0 loan	19/05/2016	237.0	236.6	-	(237.0)	0.4	-	-
Euro 20.0 loan	19/05/2016	20.0	19.8	-	(20.0)	0.2	-	-
		1,357.0	1,345.5	389.0	(257.0)	(0.5)	1,489.0	1,477.0

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

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 was 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.

Finally, as a result of new law 4387/2016 (article 53) IKA-ETAM was incorporated from January 1, 2017 into EFKA, with a gradual reduction of the pension segments contributions (article 38, paragraph 4), which commenced in January 1, 2017 and is expected to conclude in January 1, 2020 in equal installments per year.

Employer's contributions to pension funds for the year 2016 amounted to Euro 129.6 for the Group and Euro 73.7 for the Company (2015: Euro 136.8 and Euro 78.3, respectively) and are included in "Personnel costs" in the income statement.

(b) Auxiliary pension fund

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.

Furthermore, as a result of law 4052/2012 (article 36, paragraph 1), the Additional Pension segment was incorporated into ETEA.

Finally, as a result of law 4387/2016 (articles 74 and 75) ETEA was renamed as ETEAEP and the Lump-Sum Payment segment of TAYTEKO was incorporated from May 12, 2016 into ETEAEP.

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 to pension funds are analyzed as follows:

GROUP and COMPANY	2016	2015
Auxiliary Pension Fund	-	0.4
Interest bearing loan to Auxiliary Pension Fund (law 3371/2005)	82.1	84.8
Interest-free loan to Auxiliary Pension Fund (law 3762/2009)	9.6	9.5
TOTAL	**91.7**	**94.7**
Auxiliary Pension Fund	-	0.4
Interest bearing loan to Auxiliary Pension Fund (law 3371/2005)	5.5	5.5
Interest-free loan to Auxiliary Pension Fund (law 3762/2009)	0.6	0.6
Short-term portion (See Note 13)	**6.1**	**6.5**
Long-term portion	**85.6**	**88.2**

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 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. In 2015, due to liquidity problems of Auxiliary Pension Fund, an agreement was reached resulting in an extension of the loan maturity for 7 years. The loan bears interest at 0.29%. At the date of the contractual commitment and after the restructuring, the loan was discounted to its present value. During 2016, Euro 3.3 was unwinded (2015: Euro 3.6).

Furthermore, based on law 3762/2009, OTE was required to grant an interest-free long-term loan to the Auxiliary Pension Fund for the the Lump Sum benefits due to participants of the 2009 Voluntary Leave Scheme. 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. In 2015, due to liquidity problems of Auxiliary Pension Fund, an agreement was reached resulting in an extension of the loan maturity for 3.8 years. At the date of the contractual commitment and after the restructuring, the loan was discounted to its present value. During 2016, Euro 1.0 was unwinded (2015: Euro 1.0).

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

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	
	2016	2015	2016	2015
Current service cost	11.2	12.5	9.2	10.0
Recognition of past service cost	0.9	5.8	0.8	5.8
Loss / (gain) on settlement / curtailment / termination	-	(3.4)	-	-
P&L effect recorded in "Personnel costs"	**12.1**	**14.9**	**10.0**	**15.8**
P&L effect recorded in "Interest and related expenses"	4.8	4.9	3.9	3.8
Total P&L effect	**16.9**	**19.8**	**13.9**	**19.6**

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Defined benefit obligation - beginning of the year	219.1	244.6	185.4	206.5
Current service cost	11.2	12.5	9.2	10.0
Recognition of past service cost	0.9	5.8	0.8	5.8
Interest cost	4.8	4.9	3.9	3.8
Actuarial losses / (gains)	3.8	(16.6)	4.4	(13.3)
Foreign exchange differences	-	(0.1)	-	-
Loss / (gain) on settlement / curtailment / termination	-	(3.4)	-	-
Usage of provision for voluntary leave schemes participants	(10.5)	(24.8)	(10.1)	(24.4)
Benefits paid	(1.7)	(3.8)	(1.4)	(3.0)
Defined benefit obligation - end of the year	**227.6**	**219.1**	**192.2**	**185.4**

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Discount rate	1.4% - 3.6%	2.1% - 3.8%	1.6%	2.1%
Assumed rate of future salary changes	0.0% - 2.5%	0.0% - 5.5%	0.0% - 1.0%	0.0% - 5.5%
Inflation rate	1.5% - 2.5%	1.0% - 2.5%	1.5%	1.5%

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 12.5%. 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 salary 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 6.7%. The average duration of the liabilities in respect of the staff retirement indemnities for the Company as at the valuation date is equal to 14.4 years. The benefits payments expected to take place in 2017 for the Company amount to Euro 7.1.

(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:

GROUP and COMPANY	2016			2015		
	Post employment benefit	Other long-term benefit	TOTAL	Post employment benefit	Other long-term benefit	TOTAL
Current service cost	1.8	1.3	3.1	2.0	1.3	3.3
Actuarial (gains)/ losses	-	(1.3)	(1.3)	-	(2.3)	(2.3)
P&L effect recorded in "Personnel costs "	**1.8**	**-**	**1.8**	**2.0**	**(1.0)**	**1.0**
P&L effect recorded in "Interest and related expenses"	0.9	0.4	1.3	0.8	0.4	1.2
Total P&L effect	**2.7**	**0.4**	**3.1**	**2.8**	**(0.6)**	**2.2**

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

GROUP and COMPANY	2016			2015		
	Post employment benefit	Other long-term benefit	TOTAL	Post employment benefit	Other long-term benefit	TOTAL
Defined benefit obligation - beginning of the year	65.0	30.6	**95.6**	81.8	40.5	**122.3**
Current service cost	1.8	1.3	**3.1**	2.0	1.3	**3.3**
Interest cost	0.9	0.4	**1.3**	0.8	0.4	**1.2**
Actuarial losses / (gains)	(2.7)	(1.3)	**(4.0)**	(5.4)	(2.3)	**(7.7)**
Benefits paid	(9.0)	(4.5)	**(13.5)**	(14.2)	(9.3)	**(23.5)**
Defined benefit obligation - end of the year	**56.0**	**26.5**	**82.5**	**65.0**	**30.6**	**95.6**
Employee's accumulated contributions			**60.0**			**61.6**
Liability in the statement of financial position			**142.5**			**157.2**

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

GROUP and COMPANY	2016	2015
Discount rate	0.9%	1.4%
Assumed rate of future salary changes	0.0% - 1.0%	0.0% - 5.5%
Inflation rate	1.5%	1.5%

If the discount rate used in the valuation was 1% higher, then the defined benefit obligation for Youth Account would decrease by about 5.3%. If the discount rate used in the valuation was 1% lower, then the defined benefit obligation for Youth Account would increase by about 5.9%. If the allowance for pay increases was 0.5% higher, then the defined benefit obligation for Youth Account would increase by about 3.6%. If the allowance for pay increases was 0.5% lower, then the defined benefit obligation for Youth Account would decrease by about 3.5%. The average duration of the liabilities in respect of the Youth Account as at the valuation date is equal to 6.4 years. The benefits payments expected to take place in 2017 amount to Euro 9.1.

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 Schemes

OTE voluntary leave schemes
In 2016, OTE implemented a voluntary leave scheme mainly addressed to employees close to their retirement age. The respective cost amounted to Euro 31.9 (2015: Euro 75.0). Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 3.9 (2015: Euro 5.0).

Group voluntary leave schemes
In 2016 Group companies applied voluntary leave schemes, the total cost of which is as follows:

	2016	2015
OTE (as described above)	35.8	80.0
COSMOTE Group - Greece	5.3	4.7
COSMOTE Group - Romania	0.9	1.2
TELEKOM ROMANIA	6.0	14.3
OTHER	1.6	0.5
Costs related to voluntary leave schemes	**49.6**	**100.7**

Amounts paid during 2016, in relation to voluntary leave schemes were Euro 53.9 for the Group and Euro 41.2 for the Company (2015: Euro 103.9 and Euro 84.0, 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 of TAYTEKO for OTE personnel 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.

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 law 3371/2005 and law 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.

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 law 3762/2009 and consequently, there are valid grounds for the annulment of this article. The hearing of this case was scheduled for May 12, 2016, when it was rescheduled for October 6, 2016 and the decision is pending.

20. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Asset retirement obligation	10.0	9.5	-	-
Provision for obligation of phone credits	-	3.7	-	3.7
Deferred revenue	30.3	40.2	18.0	22.2
Unpaid portion for spectrum licenses	13.5	38.8	-	-
Long-term liabilities to related parties	-	-	96.9	74.9
Liability for TV broadcasting rights	58.8	79.9	38.8	63.1
Other	5.7	2.8	1.5	0.4
TOTAL	**118.3**	**174.9**	**155.2**	**164.3**

During 2016, the phone credits programme has been terminated. The accumulated provision of Euro 3.7 has been reversed and has reduced by the same amount the line "Personnel costs".

21. SHORT-TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of December 31, 2016 for the Company amounted to Euro 350.0 (December 31, 2015: Euro 492.0), out of which Euro 241.0 have been granted by OTE PLC and Euro 109.0 have been granted by TELEKOM ALBANIA.

The analysis of short-term borrowings is as follows:

Description	Maturity	31/12/2015	31/12/2016			
		Book value	New loans	Repayments/ Prepayments	Amortization of expenses	Book value
Euro 50.0 loan	10/05/2017	-	50.0	-	-	50.0
Euro 50.0 loan	04/05/2017	-	50.0	-	-	50.0
Euro 50.0 loan	27/04/2017	-	50.0	-	-	50.0
Euro 50.0 loan	04/04/2017	-	50.0	-	-	50.0
Euro 50.0 loan	28/03/2017	-	50.0	-	-	50.0
Euro 50.0 loan	21/03/2017	-	50.0	-	-	50.0
Euro 50.0 loan	14/03/2017	-	50.0	-	-	50.0
Euro 48.5 loan	08/12/2016	47.3	-	(47.2)	(0.1)	-
Euro 51.4 loan	15/11/2016	50.2	-	(50.0)	(0.2)	-
Euro 51.3 loan	08/11/2016	50.1	-	(50.0)	(0.1)	-
Euro 25.0 loan	25/10/2016	25.0	-	(25.0)	-	-
Euro 70.3 loan	19/10/2016	68.4	-	(68.0)	(0.4)	-
Euro 26.0 loan	12/10/2016	26.0	-	(26.0)	-	-
Euro 30.0 loan	19/05/2016	29.9	-	(30.0)	0.1	-
Euro 30.3 loan	06/04/2016	29.9	-	(29.0)	(0.9)	-
Euro 41.8 loan	28/03/2016	41.2	-	(40.0)	(1.2)	-
Euro 62.8 loan	16/03/2016	62.0	-	(60.0)	(2.0)	-
Euro 62.7 loan	08/03/2016	62.0	-	(60.0)	(2.0)	-
		492.0	**350.0**	**(485.2)**	**(6.8)**	**350.0**

22. INCOME TAXES – DEFERRED TAXES

The corporate income tax rate of legal entities in Greece is set at 29% for fiscal year 2015 onwards.
Intragroup dividends distributed from January 1, 2014 and 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 at least 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. 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, a 100% income tax advance calculated 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 Société Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements and have taxable revenues of over Euro 0.15 are subject to the "Annual Tax Certificate" process as provided for by paragraph 5 of Article 82 of law 2238/1994 and article 65a of law 4174/2013. This "Annual Tax Certificate" is 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 issues to the entity a "Tax Compliance Report" which is subsequently 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 "Annual Tax Certificate" process, the "Tax Compliance Report" for the years 2011 till 2015, 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 2016 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	2016
COSMOTE	2010, 2016
OTE INTERNATIONAL INVESTMENTS LTD	2010 - 2016
COSMO-ONE	2010, 2016
OTE PLC	2013 - 2016
OTESAT-MARITEL	2016
OTE PLUS	2010, 2016
OTE ESTATE	2016
OTE GLOBE	2010, 2016
OTE INSURANCE	2010, 2016
OTE ACADEMY	2010, 2016
HATWAVE	1996 - 2016
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)	2010, 2016
TELEKOM ROMANIA	2007 - 2016
NEXTGEN	2008 - 2016
TELEKOM ALBANIA	2013 - 2016
TELEKOM ROMANIA MOBILE	2013 - 2016
GERMANOS	2010, 2016
COSMOTE E-VALUE	2010, 2016
GERMANOS TELECOM ROMANIA S.A.	2009 - 2016
SUNLIGHT ROMANIA S.R.L. - FILIALA	2009 - 2016
MOBILBEEEP LTD	2010 - 2016
COSMOHOLDING ROMANIA LTD	2009 - 2016
ZAPP	2010 - 2016
E-VALUE LTD	2010, 2016
COSMOHOLDING INTERNATIONAL B.V.	2014 - 2016
E-VALUE INTERNATIONAL S.A.	2014 - 2016
OTE RURAL NORTH	2014 - 2016
OTE RURAL SOUTH	2014 - 2016

- The tax audit for OTESAT - MARITEL for the years 2009 and 2010 was completed without any impact for the Group.
- The tax audit for OTE ESTATE for the years 2008 - 2010 was completed without any impact for the Group.
- COSMOTE, GERMANOS, COSMOTE E-VALUE, OTE PLUS and OTE GLOBE have received tax audit notifications for year 2010. The relative audits have not started yet.
- ZAPP has received an income tax audit notification for the years 2010 - 2015. The audit is expected to start within 2017.
- The tax audit for TELEKOM ALBANIA for the years 2013-2015 is in progress.

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 major components of income tax expense for the years ended December 31, 2016 and 2015 are as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Current income tax	149.9	107.2	65.5	0.2
Deferred income tax – Effect due to change in the income tax rate	-	(29.4)	-	(19.3)
Deferred income tax	18.5	40.0	16.2	44.8
Total income tax	**168.4**	**117.8**	**81.7**	**25.7**

Income tax payable for the Group and the Company as of December 31, 2016 amounted to Euro 79.2 and Euro 63.6, respectively (December 31, 2015: Euro 30.4 and Euro nil, respectively).

Income tax receivable for the Group and the Company as of December 31, 2016 amounted to Euro 19.9 and Euro 7.7, respectively (December 31, 2015: Euro 29.7 and Euro 10.7 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 (2016: 29%, 2015: 29%) is as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit before tax	**252.4**	**246.5**	**179.7**	**118.3**
Statutory tax rate	29%	29%	29%	29%
Tax at statutory rate	**73.2**	**71.5**	**52.1**	**34.3**
Non-taxable and specially taxed income	(3.0)	(3.4)	(4.4)	(0.2)
Effect of different tax rates in foreign countries	25.0	14.9	-	-
Effect of changes to tax rates	-	(29.4)	-	(19.3)
Expenses non-deductible for tax purposes	54.4	54.3	20.7	20.2
Impairment loss in investments non-deductible	-	-	16.5	-
Utilisation of previously unrecognized tax losses	-	(0.3)	-	-
Non-taxable reserve law 3299/2004	(2.7)	(9.3)	(2.7)	(9.3)
Non-taxable reserve law 3905/2010	(0.5)	-	(0.5)	-
Items for which no deferred tax asset is recognized	19.8	16.4	-	-
Other	2.2	3.1	-	-
Income tax	**168.4**	**117.8**	**81.7**	**25.7**

In 2016, the Company in accordance with investment law 3299/2004, formed an untaxed reserve of Euro 9.3 which relates to investments in broadband network infrastructure – services.

In 2016, the Company in accordance with the law 3905/2010, formed a non-taxable reserve of Euro 1.8 which relates to the Company's obligation to invest in cinema film production.

Deferred taxes are analyzed as follows:

	Statement of financial position		Income statement	
GROUP	2016	2015	2016	2015
Voluntary leave schemes	40.7	41.4	(0.7)	2.7
Staff retirement indemnities	61.8	59.5	1.0	2.6
Youth account	23.9	27.7	(3.0)	(3.2)
Employee benefits	17.5	19.1	(1.6)	4.4
Property, plant and equipment	123.3	120.6	2.7	6.2
Provisions	96.1	107.3	(11.2)	(19.7)
Tax losses	25.2	25.7	(0.5)	(7.8)
Deferred income	15.8	17.8	(2.0)	7.8
Other	9.2	11.4	(1.9)	2.8
Deferred tax asset (before offset)	**413.5**	**430.5**		
Offset of deferred tax liabilities	(97.0)	(90.7)		
Deferred tax asset (after offset)	**316.5**	**339.8**		
Property, plant and equipment	(62.1)	(52.7)	(9.4)	(8.5)
Capitalized interest	(16.6)	(18.6)	2.0	0.1
Loan fees	(0.3)	(0.7)	0.4	1.0
Fair value adjustment on acquisition of subsidiaries	(57.1)	(65.4)	8.3	1.5
Other	(11.2)	(8.6)	(2.6)	(0.5)
Deferred tax liabilities (before offset)	**(147.3)**	**(146.0)**		
To be offset against deferred tax asset	97.0	90.7		
Deferred tax liabilities (after offset)	**(50.3)**	**(55.3)**		
Deferred tax income / (expense)			**(18.5)**	**(10.6)**
Deferred tax assets, net	**266.2**	**284.5**		

A deferred tax asset has been recognized to the Group for a part of the non-expiring tax losses that are related 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 account that these losses do not expire.

	Statement of financial position		Income statement	
COMPANY	2016	2015	2016	2015
Voluntary leave schemes	40.7	41.4	(0.7)	2.7
Staff retirement indemnities	55.6	53.7	0.6	3.4
Youth account	23.9	27.7	(3.0)	(3.2)
Employee benefits	17.4	19.1	(1.7)	5.4
Provisions	72.5	75.6	(3.1)	(16.0)
Tax losses	-	-	-	(6.8)
Deferred income	1.3	2.3	(1.0)	(1.0)
Deferred tax assets (before offset)	**211.4**	**219.8**		
Offset of deferred tax liabilities	(78.1)	(70.8)		
Deferred tax assets (after offset)	**133.3**	**149.0**		
Property, plant and equipment	(56.6)	(48.9)	(7.7)	(11.9)
Capitalized interest	(16.6)	(18.6)	2.0	0.1
Loan fees	(0.3)	(0.6)	0.3	0.7
Other	(4.6)	(2.7)	(1.9)	1.1
Deferred tax liabilities (before offset)	**(78.1)**	**(70.8)**		
To be offset against deferred tax assets	78.1	70.8		
Deferred tax liabilities (after offset)	-	-		
Deferred tax income / (expense)			**(16.2)**	**(25.5)**
Deferred tax assets, net	**133.3**	**149.0**		

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Deferred tax asset (net) – beginning of the year	284.5	299.7	149.0	178.6
Deferred tax charged to the income statement	(18.5)	(10.6)	(16.2)	(25.5)
Deferred tax through other comprehensive income	0.2	(4.7)	0.5	(4.1)
Foreign exchange differences	-	0.1	-	-
Deferred tax asset (net) - end of the year	**266.2**	**284.5**	**133.3**	**149.0**

The recoverability of deferred tax is analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Deferred tax assets (before offset) to be recovered:				
After more than 12 months	389.2	399.0	205.5	211.6
Within 12 months	24.3	31.5	5.9	8.2
Deferred tax liabilities (before offset) to be recovered:				
After more than 12 months	(138.4)	(137.1)	(77.8)	(70.5)
Within 12 months	(8.9)	(8.9)	(0.3)	(0.3)
Deferred tax asset (net)	**266.2**	**284.5**	**133.3**	**149.0**

The Group does not recognize deferred tax asset on the following accumulated tax losses from Romanian operations, 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
2017	50.6
2018	27.1
2019	20.5
2020	16.5
2021	6.7
2022 and onwards	85.8
TOTAL	**207.2**

23. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Employer contributions	30.2	33.4	19.4	20.4
Payroll	80.2	71.8	42.4	39.0
Other taxes - duties	121.6	102.1	47.1	28.1
Interest payable	48.4	48.5	39.5	28.8
Provisions for litigation and other liabilities	125.7	131.3	111.6	114.1
Customer advances	7.8	8.5	-	-
Unpaid portion for spectrum licenses	25.4	25.4	-	-
Provisions related to the disposal of assets / subsidiaries	47.6	72.3	25.5	25.5
Advances related to construction contracts	17.5	23.3	-	-
Other	14.1	14.0	7.0	5.9
TOTAL	**518.5**	**530.6**	**292.5**	**261.8**

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

	GROUP		COMPANY	
	2016	2015	2016	2015
Balance at January 1	131.3	128.7	114.1	110.0
Addition during the year	2.7	21.3	2.2	10.7
Utilized	(7.7)	(18.7)	(4.7)	(6.6)
Unused amounts reversed	(0.6)	-	-	-
Balance at December 31	**125.7**	**131.3**	**111.6**	**114.1**

24. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Gain from disposal of property, plant and equipment	25.7	29.2	6.3	11.4
Income from contract penalties	10.7	14.7	0.2	4.5
Income from investment property	7.5	7.3	-	-
Other	11.3	9.5	1.7	2.1
TOTAL	**55.2**	**60.7**	**8.2**	**18.0**

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	2016	2015
Profit attributable to owners of the parent	**140.0**	**151.9**
Weighted average number of shares for basic earnings per share	488,794,766	488,782,139
Share options	-	347,380
Weighted average number of shares adjusted for the effect of dilutions	488,794,766	488,930,229
Basic earnings per share	0.2864	0.3108
Diluted earnings per share	0.2864	0.3107

(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 and business activities.

Using quantitative and qualitative thresholds OTE, COSMOTE Group – Greece, COSMOTE Group – Romania, COSMOTE Group – Albania (or TELEKOM ALBANIA) 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. This presentation basis is consistent with the prior year with the exception that COSMOTE Group has been further analysed on a geographic basis, namely Greece, Romania and Albania, so as to provide additional enhanced disclosures to the users of the financial statements. 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, Romania and Albania.
- 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 financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations; operating profit / (loss) before financial and investing activities and profit / (loss) for the year.

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

2016	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	1,446.1	1,062.2	407.8	62.6	575.0	354.4	3,908.1	-	3,908.1
Intersegment revenue	122.4	132.0	49.3	14.6	27.5	135.3	481.1	(481.1)	-
Interest income	2.3	52.5	0.2	12.3	0.2	125.7	193.2	(191.0)	2.2
Interest and related expenses	(104.5)	(54.0)	(55.1)	(0.2)	(5.1)	(121.4)	(340.3)	190.9	(149.4)
Depreciation, amortization and impairment	(306.4)	(222.4)	(103.1)	(19.5)	(204.9)	(25.4)	(881.7)	0.3	(881.4)
Dividend income	15.1	-	-	-	-	-	15.1	(15.1)	-
Income tax	(81.7)	(70.2)	(1.3)	(1.0)	0.2	(14.4)	(168.4)	-	(168.4)
Operating profit / (loss) before financial and investing activities	321.4	171.0	(22.3)	(3.4)	(117.4)	42.5	391.8	(6.2)	385.6
Profit / (loss) for the year	98.0	117.7	(78.6)	0.1	(122.1)	33.1	48.2	35.8	84.0
Operating profit before financial and investing activities, depreciation, amortization and impairment	627.8	393.4	80.8	16.1	87.5	67.9	1,273.5	(6.5)	1,267.0
Costs related to voluntary leave schemes	(35.8)	(5.3)	(0.9)	-	(6.0)	(1.6)	(49.6)	-	(49.6)
Other restructuring costs and non-recurring litigations	-	(4.3)	-	-	-	-	(4.3)	-	(4.3)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations	663.6	403.0	81.7	16.1	93.5	69.5	1,327.4	(6.5)	1,320.9
Segment assets	2,714.4	2,408.5	842.6	640.8	1,002.4	2,889.8	10,498.5	(2,926.9)	7,571.6
Segment liabilities	3,398.2	1,422.7	469.5	91.5	366.2	2,140.8	7,888.9	(2,969.0)	4,919.9
Purchase of property plant and equipment and intangible assets	311.4	167.4	35.0	16.2	101.8	21.2	653.0	-	653.0

2015	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	1,430.0	1,103.0	405.6	64.1	577.5	322.7	3,902.9	-	3,902.9
Intersegment revenue	106.0	125.4	32.9	18.6	24.2	151.9	459.0	(459.0)	-
Interest income	2.2	49.3	0.2	13.8	0.5	143.5	209.5	(207.1)	2.4
Interest and related expenses	(100.7)	(59.8)	(57.8)	(0.2)	(3.6)	(142.3)	(364.4)	207.0	(157.4)
Depreciation, amortization and impairment	(305.9)	(231.2)	(104.8)	(20.0)	(141.9)	(25.6)	(829.4)	-	(829.4)
Dividend income	0.6	-	-	-	-	-	0.6	(0.6)	-
Income tax	(25.7)	(80.1)	0.7	(1.7)	(9.8)	(1.2)	(117.8)	-	(117.8)
Operating profit / (loss) before financial and investing activities	232.1	183.3	(19.0)	0.6	(40.4)	41.3	397.9	(6.8)	391.1
Profit / (loss) for the year	92.6	126.3	(77.7)	3.9	(50.6)	41.6	136.1	(7.4)	128.7
Operating profit before financial and investing activities, depreciation, amortization and impairment	538.0	414.5	85.8	20.6	101.5	66.9	1,227.3	(6.8)	1,220.5
Costs related to voluntary leave schemes	(80.0)	(4.7)	(1.2)	-	(14.3)	(0.5)	(100.7)	-	(100.7)
Other restructuring costs and non-recurring litigations	-	(19.1)	-	-	(2.7)	-	(21.8)	-	(21.8)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations	618.0	438.3	87.1	20.6	118.4	67.4	1,349.8	(6.8)	1,343.0
Segment assets	2,507.2	2,374.7	866.4	624.3	1,074.8	3,600.8	11,048.2	(3,588.0)	7,460.2
Segment liabilities	3,292.2	1,507.4	413.2	84.5	315.5	2,873.5	8,486.3	(3,635.3)	4,851.0
Purchase of property plant and equipment and intangible assets	237.9	214.5	39.3	37.0	114.9	14.8	658.4	-	658.4

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 2,071.3 (2015: Euro 2,640.8) 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	
	2016	2015	2016	2015
Greece	2,862.7	2,855.7	3,131.8	3,217.1
Romania	982.8	983.1	1,050.5	1,153.1
Albania	62.6	64.1	158.9	163.2
TOTAL	**3,908.1**	**3,902.9**	**4,341.2**	**4,533.4**

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 Group includes all entities which OTE controls, either directly or indirectly (see Note 1). Transactions and balances between companies in the 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 sales and purchases with related parties are analyzed as follows:

	2016		2015	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	88.0	115.4	75.7	107.9
COSMOTE Group - Albania	0.2	-	-	-
OTE INTERNATIONAL INVESTMENTS LTD	0.1	-	0.1	-
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)	0.5	1.0	0.5	3.5
COSMO-ONE	-	0.6	-	0.6
OTESAT – MARITEL	0.2	0.3	0.6	0.3
OTE PLUS	-	3.6	0.3	21.3
OTE ESTATE	0.1	42.6	0.7	42.1
OTE GLOBE	14.3	58.5	13.3	57.5
OTE ACADEMY	0.3	5.9	0.2	6.0
TELEKOM ROMANIA	0.1	0.3	-	0.2
OTE RURAL NORTH	10.4	-	6.8	-
OTE RURAL SOUTH	8.2	-	7.8	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.9	5.8	5.0	3.2
TOTAL	**132.3**	**234.0**	**111.0**	**242.6**

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

	2016		2015	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	39.7	34.5	33.3	27.1
TOTAL	**39.7**	**34.5**	**33.3**	**27.1**

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

	Other operating income OTE	
	2016	2015
COSMOTE Group - Greece	-	0.1
OTE PLUS	0.1	-
OTE ESTATE	0.1	0.3
OTE GLOBE	-	2.4
TOTAL	**0.2**	**2.8**

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	
	2016	2015
DEUTSCHE TELEKOM group of companies (except for OTE Group)	1.3	1.4
TOTAL	**1.3**	**1.4**

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

	2016		2015	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	75.4	-	88.0
COSMOTE Group - Albania	-	3.0	-	-
OTE RURAL NORTH	0.3	-	0.1	-
OTE RURAL SOUTH	0.4	-	0.2	-
TOTAL	**0.7**	**78.4**	**0.3**	**88.0**

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

	Dividend income OTE	
	2016	2015
OTESAT-MARITEL	0.5	0.6
OTE INSURANCE	0.6	-
OTE INTERNATIONAL INVESTMENTS LTD	13.9	-
OTE ESTATE	0.1	-
TOTAL	**15.1**	**0.6**

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

	31/12/2016		31/12/2015	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	69.9	161.2	64.0	130.8
COSMOTE Group - Romania	0.3	-	0.2	-
COSMOTE Group - Albania	0.2	-	-	-
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)	0.2	0.3	0.1	1.1
COSMO-ONE	-	0.2	-	0.2
OTESAT – MARITEL	3.8	0.2	3.0	0.2
OTE PLUS	-	2.1	0.4	13.2
OTE ESTATE	1.8	5.5	1.6	4.5
OTE GLOBE	3.9	23.1	4.9	20.7
OTE ACADEMY	0.6	2.0	0.7	1.0
TELEKOM ROMANIA	0.8	0.2	0.8	0.2
OTE RURAL NORTH	15.6	0.3	7.3	-
OTE RURAL SOUTH	14.4	-	8.6	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	5.4	4.9	5.5	3.0
TOTAL	**116.9**	**200.0**	**97.1**	**174.9**

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:

	31/12/2016		31/12/2015	
	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)	65.8	122.0	63.0	105.4
TOTAL	**65.8**	**122.0**	**63.0**	**105.4**

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

	31/12/2016		31/12/2015	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,357.9	-	1,866.3
COSMOTE Group - Albania	-	111.4	-	-
OTE RURAL NORTH	11.7	-	5.4	-
OTE RURAL SOUTH	18.5	-	10.1	-
TOTAL	**30.2**	**1,469.3**	**15.5**	**1,866.3**

Amounts owed by OTE to OTE PLC and COSMOTE Group - Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 25.4 and 2.4 respectively as of December 31, 2016 (December 31, 2015: OTE PLC Euro 28.8 and TELEKOM ALBANIA Euro nil).

Amounts owed by RURAL NORTH and RURAL SOUTH to OTE relating to loans include interest receivable amounting to Euro 0.1 as of December 31, 2016 (December 31, 2015: Euro nil).

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 8.0 and Euro 7.6 for the years 2016 and 2015, respectively.

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

COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.)
COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.) invoices OTE and its subsidiaries for the administration services provided to them. From 2017 COSMOTE TV PRODUCTIONS (ex OTE INVESTMENT SERVICES S.A.) will provide to OTE, TV related services.

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

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

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

COSMOTE Group
OTE invoices COSMOTE group with commissions for mobile connections made through OTE. OTE invoices COSMOTE group for leased lines. OTE and COSMOTE group 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 group provides OTE with mobile equipment.

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

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

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

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

DEUTSCHE TELEKOM group of companies
The Group has income and expenses which arise from transactions with incoming, outgoing and transit traffic to and from the network of the companies that belong to DEUTSCHE TELEKOM group, as well as other shared services (like ICT projects and billing solutions).

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, 2016, are as follows:

OTE

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 April 26, 2018.

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. Forthnet S.A. resigned from its claim.

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 was heard on September 28, 2016 and the decision is pending.
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. The Court decided to accept the said claim and awarded to TELEDOME S.A. the respective amount in accordance with the factual investigation. OTE will appeal against this decision.
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.: LAN-NET S.A. through a lawsuit against OTE before the Athens Multimember Court of First Instance, claimed an amount of Euro 175.7, but following the hearing, said Court decided that LAN-NET S.A. was obliged to deposit a guarantee in favor of OTE which LAN-NET S.A did not pay. As a result, OTE requested the withdrawal of LAN-NET S.A's lawsuit before the Athens Multimember Court of First Instance. In April 2016 the Court, accepted OTE's request.

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. 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 these decisions OTE and K. Prinianakis S.A. have filed appeals which 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 for 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 Case was heard on November 2, 2016. The decision is pending.
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 Telecommunications 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 12.2 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 the fact that the other party did not appear before the Court.

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 was scheduled, after a postponement, for September 28, 2017.

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 November 1, 2017. On November 8, 2016 the UNIFY S.A. (formerly Siemens Enterprise Communications S.A.) served to OTE a new lawsuit for the same amount, resigning from the above lawsuit. On January 20, 2017, OTE and UNIFY

S.A. submitted their written proposals to the Court. On January 17, 2017, before the hearing of the case and in order to avoid interest charges, OTE served to UNIFY S.A. an extra-judicial statement, acknowledging an amount of Euro 3.6 out of the total claimed sum and requesting from UNIFY S.A. to provide its bank account for respective payment to be effected. On January 30, 2017 OTE deposited the respective amount in the bank account provided by UNIFY S.A.. On February 6, 2017 OTE and UNIFY S.A. submitted further written proposals and the hearing is pending.

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 plaintiff 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.

NOKIA Siemens Networks S.A. and Siemens S.A. Electrotechnical Projects and Products: On December 13, 2012 NOKIA Siemens Networks S.A. served to OTE a lawsuit before the Athens Multimember Court of First Instance claiming the payment of an aggregate amount of Euro 22.2 plus interest, in respect of outstanding invoices from 2007 until 2010 (the invoices were not paid due to OTE's denial to recognize 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, jointly with an Intervention by Siemens S.A. Electrotechnical Projects and Products to the abovementioned lawsuit requesting the payment of said amount to Siemens S.A. Electrotechnical Projects and Products, was held on October 7, 2015 and in May 2016 the Athens Multimember Court of First Instance decided that OTE was liable to pay to NOKIA Solutions and Networks Hellas S.A. (former NOKIA Siemens Networks S.A.) an amount of Euro 22.1 plus interest, from the date that each invoice became outstanding and due. The decision has been declared provisionally enforceable for an amount of Euro 4.4, which has been paid by OTE on June 30, 2016. OTE, NOKIA Solutions and Networks Hellas S.A. and Siemens S.A. Electrotechnical Projects and Products appealed against the Court of First Instance's decision and the hearing has been scheduled for November 23, 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 Court rejected the claim.

ALTEC TELECOMS TELECOMMUNICATION SYSTEMS S.A.: On December 31, 2013, ALTEC TELECOMS TELECOMMUNICATION SYSTEMS S.A. filed a lawsuit against OTE claiming an amount of 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, after a postponement, on November 8, 2018.

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, after a postponement, on October 25, 2018.

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, after a postponement, on November 15, 2018.

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 decision is 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 Council of State rejected again OTE's appeal.

On May 20, 2005, HTPC imposed a fine amounting to 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 postponements, for March 21, 2017.

On June 22, 2006, HTPC imposed 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. The Athens Court of Appeals' rejected OTE's appeal.

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. The Court decided to reduce the fine to Euro 0.5.

On July 26, 2007, HTPC imposed a fine amounting to 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 to 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. The Council of State accepted OTE's appeal and annulled the decision of HTPC and cancelled the trial on the appeal of HTPC.

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 was heard, after postponements, on February 7, 2017. The decision is pending.

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 April 25, 2017.

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 March 14, 2017.

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.. OTE appealed against this decision before the Athens Administrative Court of Appeals which was partially accepted reducing the fine to Euro 5.7. OTE and HTPC have appealed against this decision before the Council of State and the hearing is scheduled, after postponements, for March 21, 2017.

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 was heard on May 13, 2010 and the decision rejected the trial. Similarly, the above mentioned decision of HTPC 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, after postponements, was heard on February 7, 2017. The decision is pending.

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 postponements, for September 19, 2017.

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, FORTHNER 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. The hearing took place on December 14, 2016 and the decision is pending.

COSMOTE

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2016 are the following:

On September 28, 2010, HTPC imposed a fine of Euro 2.0 against COSMOTE 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 hence 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 May 23, 2017.

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 was 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 has been scheduled, after postponements, for October 11, 2017.

On January 25, 2012, HTPC imposed a fine of Euro 1.0 against COSMOTE for alleged failure to provide the requested information (collocation agreements between OTE and COSMOTE). COSMOTE has appealed against this decision 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 hence 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 of Euro 3.5 against COSMOTE 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 hence the fine to Euro 1.1. COSMOTE has appealed against this decision before the Council of State. The hearing has been scheduled, after a postponement, for March 21, 2017.

On May 24, 2012, HTPC notified to COSMOTE a complaint of VODAFONE 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. The complainant requests from HTPC to examine the potential 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. 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.

On July 20 2016, HTPC notified COSMOTE about a complaint filed by the electronic communications operator, WIND, against COSMOTE and VODAFONE, for alleged violation of Competition Law, relating to retail prices for calls terminating to their subsidiaries in Albania, for the period from February 2012 and up to this day and alleged violation of article 26, of law 3728/2008 regarding intragroup transactions. COSMOTE submitted to HTPC a memorandum with the requested data and its views on the complaint.

TELENOR: In April 2014, TELENOR notified COSMOTE that after thorough examination it has identified violations of the warranties provided by COSMOTE at the sale of GLOBUL and claimed an amount of Euro 15.4 based on the alleged incurred loss in so far. In the first half of 2015, TELENOR reduced the amount to Euro 9.6. On August 30, 2016, a settlement agreement was signed, according to which COSMOTE paid to TELENOR an amount of Euro 4.8. TELENOR, reserves the right to raise further claims depending on the outcome of pending legal and tax cases.

Babis Vovos International Construction S.A.: Babis Vovos International Construction S.A. filed a lawsuit against COSMOTE before the Court of First Instance, claiming the invalidity of COSMOTE's termination on May 31, 2012, of their lease contract. After the hearing of the case, the Court accepted Babis Vovos International Construction S.A.'s claim and recognized the invalidity of the termination by COSMOTE of the said lease contract. COSMOTE appealed against this decision and the hearing has been scheduled for March 21, 2017. Furthermore, on September 20, 2016 Babis Vovos International Construction S.A. requested the payment of outstanding rents of a total amount of Euro 9.1. On October 24, 2016 an order of payment, issued by the First Instance Court of Athens was served to COSMOTE, at the request of Babis Vovos International Construction S.A., obliging COSMOTE to pay a total amount of Euro 4.1. COSMOTE appealed against the said order of payment, requesting in addition, a suspension of the payment order's enforcement. The Court issued a temporary order, which suspended temporarily the order of payment until the hearing of the appeal, which took place on December 16, 2016. The decision is pending.

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 filed an appeal against 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 ("ACA") imposed to TELEKOM ALBANIA a fine, amounting approximately to Euro 1.7 for an alleged breach of the competition legislation during the period 2004-2005. TELEKOM ALBANIA has appealed against this decision in front of the Albanian Administrative Court of Appeals, which validated the ACA's decision. TELEKOM ALBANIA appealed against this decision in front of the Albanian Supreme Court. On July 15, 2014, the Albanian Supreme Court decided to return the case to the Albanian Administrative Court of Appeals for re-examination, due to procedural irregularities. The decision is still pending.

Mobal Albania sh.p.k.: Mobal Albania sh.p.k., a commercial partner of TELEKOM ALBANIA, raised a claim for Euro 9.6 against Telekom Albania alleging unilateral termination by TELEKOM ALBANIA of the master agency agreement. The case is ongoing before the Tirana District Court.

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 16.0. The hearings of these cases are scheduled until 2018.

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 in April 2010 a relevant investigation. In the meantime, GERMANOS received a similar request from HTPC for the provision of information based on the same, as above, complaints, on the basis that HTPC was also competent to address 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 (Law 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 was served to GERMANOS, according to which a penalty of Euro 10.3 was imposed to GERMANOS for breaching Article 1 of Law 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 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 appealed against this decision and hearing is scheduled, after postponements for March 15, 2017. In October 2016 GERMANOS was informed of the new decision of HCC which imposed a fine separately for each violation, namely Euro 6.2 for designation of resale prices, Euro 3.1 for prohibited cross-supplies between distributors – franchisees and Euro 1.0 for imposing non-competition clause after the expiration of contracts (in total an amount of Euro 10.3). GERMANOS appealed against this decision.

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 S.A.), 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. At the hearing of June 23, 2016, the trial was adjourned for September 19, 2016, however, in the meantime, the President of the Court deceased and the trial was postponed for November 2, 2016, since no alternate members in the Court's composition had been drawn by lot. The trial was postponed for December 2, 2016 and on the same date OTE declared (again) its will to become a civil party in the proceedings. The trial is 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. Following repeated adjournments of the trial due to the lawyers' abstention from their duties (strike), the Court, at its hearing dated July 12, 2016, declared the subpoena for the 13 German defendants and one defendant of French-Swiss nationality, null and void, because the bill of indictment had not been translated in their native language. The trial was therefore indefinitely postponed. A new hearing has been set for February 24, 2017. 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. On October 27, 2016 COSMOTE E-VALUE and RealWay Ltd. submitted to the Court proposals, which limited the amount requested in Euro 0.3. The hearing took place on November 17, 2016 and the Court rejected RealWay's Ltd lawsuit.

B. COMMITMENTS

Capital commitments

Capital commitments for the acquisition of property, plant and equipment and intangible assets are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Capital commitments	176.7	108.8	126.0	59.3
TOTAL	**176.7**	**108.8**	**126.0**	**59.3**

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases for rental of land and buildings, technical equipment, vehicles and IT/office equipment, are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Up to 1 year	109.4	95.8	13.3	8.3
1 to 5 years	256.0	220.0	38.9	41.3
Over 5 years	330.3	315.0	7.2	9.2
TOTAL	**695.7**	**630.8**	**59.4**	**58.8**

The lease payment recognized as an expense during 2016 for the Group and the Company amounted to Euro 109.2 and Euro 55.4 respectively.
The Company has operating lease commitments for rental with its wholly owned subsidiary OTE ESTATE, not included in the above table. The lease arrangement matures in 2027, however the operating lease commitments are determined annually according to the contractual provisions and based on the rental requirements of the Company. For 2017, an annual rental rate of approximately Euro 39.5 is estimated.

Other operating commitments

Other operating commitments for repair and maintenance services and other services are analyzed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Up to 1 year	255.1	365.6	219.6	204.2
1 to 5 years	204.7	121.7	140.4	44.8
Over 5 years	3.0	14.1	32.0	3.4
TOTAL	**462.8**	**501.4**	**392.0**	**252.4**

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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	2016	2015	2016	2015
Financial Assets				
Trade receivables	730.5	728.6	730.5	728.6
Loans to pension funds	91.7	94.7	129.0	129.6
Loans and advances to employees	54.7	55.7	54.7	55.7
Guarantees	6.0	6.0	6.0	6.0
Guaranteed receipt from Grantor (Financial asset model)	73.6	25.6	73.6	25.6
Restricted cash	3.6	2.8	3.6	2.8
Cash and cash equivalents	1,585.6	1,322.5	1,585.6	1,322.5
Financial Liabilities				
Long-term borrowings	1,941.0	1,755.6	2,029.2	1,779.7
Short-term borrowings and short-term portion of long-term borrowings	184.1	433.5	186.9	438.8
Trade accounts payable	1,364.1	1,202.5	1,364.1	1,202.5
Interest payable	48.4	48.5	48.4	48.5
Unpaid portion for spectrum licenses	38.9	64.2	38.9	64.2
Liability for TV broadcasting rights	58.8	79.9	58.8	79.9

	Carrying Amount		Fair value	
COMPANY	2016	2015	2016	2015
Financial Assets				
Trade receivables	348.7	354.4	348.7	354.4
Loans to pension funds	91.7	94.7	129.0	129.6
Loans and advances to employees	54.5	55.1	54.5	55.1
Guarantees	0.4	0.2	0.4	0.2
Other receivables from related parties	4.7	4.1	4.7	4.1
Loans to group companies	30.1	15.5	31.7	15.5
Cash and cash equivalents	511.6	290.3	511.6	290.3
Financial Liabilities				
Long-term borrowings	1,348.5	1,089.1	1,400.1	1,077.1
Short-term borrowings and short-term portion of long-term borrowings	478.5	748.4	481.9	752.0
Trade accounts payable	491.9	460.4	491.9	460.4
Interest payable	39.5	28.8	39.5	28.8
Liability for TV broadcasting rights	38.8	63.1	38.8	63.1

The fair value of cash and cash equivalents, restricted cash, trade receivables, loans and advances to employees, trade accounts payable, guarantees, guaranteed receipt from Grantor, interest payable, unpaid portion for spectrum licences and liability for TV broadcasting rights approximate their carrying amounts. The fair values of the remaining financial assets and financial liabilities are based on either quoted (unadjusted) prices or on cash flows discounted using either direct or indirect observable inputs.

As at December 31, 2016, the Group and the Company held the following financial instruments measured at fair value:

	Fair value		
GROUP	2016	2015	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	3.5	3.6	Level 1
Available-for-sale mutual funds	2.1	3.2	Level 3

	Fair value		
COMPANY	2016	2015	Fair value hierarchy
Financial Assets			
Available-for-sale mutual funds	2.1	2.1	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing signs of stability, however uncertainties continue to exist. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The capital controls had a short term impact on the Group's Greek operations, however this has normalised. Assuming that the capital controls will be in place only for the short term and to the extent that the agreed terms and conditions of the third bailout program are implemented, no material negative impact on the Group’s Greek operations is anticipated.

Management continually assesses the possible impact of any changes in the macroeconomic and financial environment in Greece so as 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, it has concluded that no additional impairment provisions are required with respect to the Group’s financial and non-financial assets as of December 31, 2016.

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 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 volume 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 to Auxiliary Pension Fund mainly due to prior year voluntary leave schemes (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 other financial assets as at December 31, 2016 amount to Euro 1,591.2 and Euro 521.0 respectively and their short-term debt amounts to Euro 184.1 and Euro 478.5, 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, 2016	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Global Medium-Term Note Programme	89.4	694.6	1,114.3	-	1,898.3
Syndicated loan TELEKOM ROMANIA MOBILE	59.5	17.3	-	-	76.8
Bank loans (EBRD and BSTDB)	141.9	137.7	133.1	-	412.7
Unpaid portion for spectrum licenses	27.3	14.2	-	-	41.5
Trade accounts payable and long-term liability for TV broadcasting rights	1,364.1	47.0	15.7		1,426.8
TOTAL	**1,682.2**	**910.8**	**1,263.1**	**-**	**3,856.1**
December 31, 2015	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Global Medium-Term Note Programme	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**

Guarantees

OTE has guaranteed the borrowings of its subsidiary, OTE PLC as follows:

- As at December 31, 2016: Euro 1,740.0
- As at December 31, 2015: Euro 2,568.2

COMPANY					
December 31, 2016	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 Years**	**Total**
Intercompany loans (OTE PLC)	412.2	291.2	905.8	-	1,609.2
Bank loans (EBRD and BSTDB)	141.9	137.7	133.1	-	412.7
Trade accounts payable and long-term liability for TV broadcasting rights	491.9	27.7	14.9	-	534.5
TOTAL	**1,046.0**	**456.6**	**1,053.8**	**-**	**2,556.4**
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**

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, 2016, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 78.5%/21.5% (2015: 95%/5%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
Floating interest rate	457.7	116.4	385.5	-
Fixed interest rate	1,667.4	2,072.7	1,441.5	1,837.5
TOTAL	**2,125.1**	**2,189.1**	**1,827.0**	**1,837.5**

The following table demonstrates the sensitivity to a change in interest rates on loans and deposits to the income statement. If interest rates were to increase by 1%, the impact would be gain:

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit before tax	11.3	12.1	1.3	2.9

If interest rates were to decrease by 1%, the impact would be (loss):

	GROUP		COMPANY	
	2016	2015	2016	2015
Profit before tax	(15.9)	(12.1)	(5.1)	(2.9)

In OTE Group bank loans with floating rate, the Euribor is floored at zero per cent.

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 possesses adequate Foreign Currency reserves to minimize 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):

Change in functional currency exchange rate	Effect on profit before tax	
	2016	2015
+10%	45.1	42.3
-10%	(45.1)	(42.3)

As of December 31, 2016, subsidiaries of COSMOTE had a Euro 685.3 loan payable to COSMOTE (December 31, 2015: 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 (2015: 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.

The table below shows a significant decrease in the gearing ratio in 2016 compared to 2015, mainly arising from a decrease in net debt and an increase in equity (through the profit of the year):

GROUP	December 31	
	2016	2015
Long-term borrowings	1,941.0	1,755.6
Short-term portion of long-term borrowings	184.1	433.5
Cash and cash equivalents	(1,585.6)	(1,322.5)
Net debt	**539.5**	**866.6**
Total equity	2,651.7	2,609.2
Gearing ratio	**0.20x**	**0.33x**

COMPANY	December 31	
	2016	2015
Long-term borrowings	1,348.5	1,089.1
Short-term borrowings	350.0	492.0
Short-term portion of long-term borrowings	128.5	256.4
Cash and cash equivalents	(511.6)	(290.3)
Net debt	**1,315.4**	**1,547.2**
Total equity	2,802.7	2,754.5
Gearing ratio	**0.47x**	**0.56x**

30. RECLASSIFICATIONS

In the consolidated income statement of 2015, an amount of Euro 7.2 has been reclassified from "Other taxes and regulatory charges" to "Rental, leasing and facility costs" for better presentation.

31. EVENTS AFTER THE FINANCIAL POSITION DATE

There were no significant events after December 31, 2016 that should be disclosed in these financial statements.

V. FINANCIAL DATA AND INFORMATION

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

OTE GROUP OF COMPANIES

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, 2016 TO DECEMBER 31, 2016

(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, Development 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: March 1, 2017
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. Srini Gopalan, Non - Executive Member
5. Panagiotis Tabourlos, Independent, Non - Executive Member
6. Elias Drakopoulos, Non - Executive Member
7. Raphael Kübler, Non - Executive Member
8. Athanasios Misdanitis, Non - Executive Member
9. Panagiotis Skevofylax, Non - Executive Member
10. Andreas Psathas, Non - Executive Member

DATA FROM STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
ASSETS				
Property, plant and equipment	2.852,5	2.950,6	1.225,0	1.216,7
Intangible assets	1.488,7	1.582,8	200,8	218,7
Other non current assets	501,6	516,5	3.781,6	3.842,6
Inventories	95,9	97,2	23,5	18,1
Trade receivables	730,5	728,6	348,7	354,4
Other current assets	316,8	262,0	109,7	105,9
Cash and cash equivalents	1.585,6	1.322,5	511,6	290,3
TOTAL ASSETS	**7.571,6**	**7.460,2**	**6.200,9**	**6.046,7**
EQUITY AND LIABILITIES				
Share capital	1.387,1	1.387,1	1.387,1	1.387,1
Other equity items	968,9	869,9	1.415,6	1.367,4
Equity attributable to shareholders of the parent (a)	2.356,0	2.257,0	2.802,7	2.754,5
Non-controlling interests (b)	295,7	352,2	-	-
Total equity (c) = (a) + (b)	**2.651,7**	**2.609,2**	**2.802,7**	**2.754,5**
Long-term borrowings	1.941,0	1.755,6	1.348,5	1.089,1
Provisions / Other non-current liabilities	538,7	606,5	489,9	506,9
Short-term borrowings	184,1	433,5	478,5	748,4
Other current liabilities	2.256,1	2.055,4	1.081,3	947,8
Total liabilities (d)	**4.919,9**	**4.851,0**	**3.398,2**	**3.292,2**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**7.571,6**	**7.460,2**	**6.200,9**	**6.046,7**

DATA FROM STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2016	01.01-31.12.2015	01.01-31.12.2016	01.01-31.12.2015
Total revenues	3.908,1	3.902,9	1.568,5	1.536,0
Profit before taxes, investment and financial activities	**385,6**	**391,1**	**321,4**	**232,1**
Profit before tax	252,4	246,5	179,7	118,3
Profit after tax (A)	**84,0**	**128,7**	**98,0**	**92,6**
Attributable to:				
- Owners of the parent	140,0	151,9	98,0	92,6
- Non-controlling interests	(56,0)	(23,2)	-	-
Other comprehensive income / (loss) after tax (B)	**7,1**	**21,5**	**(1,2)**	**13,8**
Total comprehensive income after tax (A) + (B)	**91,1**	**150,2**	**96,8**	**106,4**
Attributable to:				
- Owners of the parent	147,6	174,4	96,8	106,4
- Non-controlling interests	(56,5)	(24,2)	-	-
Basic earnings per share (in €)	**0,2864**	**0,3108**		
Proposed dividend per share (in €)			0,16	0,10
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**1.267,0**	**1.220,5**	**627,8**	**538,0**

DATA FROM STATEMENTS OF CHANGES IN EQUITY (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	2016	2015	2016	2015
Total equity at the beginning of the year (01.01.2016 and 01.01.20	**2.609,2**	**2.498,4**	**2.754,5**	**2.687,5**
Total comprehensive income after tax	91,1	150,2	96,8	106,4
Dividend distribution	(48,9)	(39,1)	(48,9)	(39,1)
Share option plans	0,3	(0,3)	0,3	(0,3)
Total equity at the end of the year (31.12.2016 and 31.12.2015)	**2.651,7**	**2.609,2**	**2.802,7**	**2.754,5**

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE) Amounts in millions of Euro

	GROUP		COMPANY	
	01.01-31.12.2016	01.01-31.12.2015	01.01-31.12.2016	01.01-31.12.2015
Cash flows from operating activities				
Profit before tax	252,4	246,5	179,7	118,3
Adjustments for:				
Depreciation, amortization and impairment	881,4	829,4	306,4	305,9
Costs related to voluntary leave schemes	49,6	100,7	35,8	80,0
Provision for staff retirement indemnities	12,1	14,9	10,0	15,8
Provision for youth account	1,8	1,0	1,8	1,0
Provision for doubtful accounts	89,9	86,8	20,5	20,3
Foreign exchange differences, net	4,3	5,7	(2,5)	(1,1)
Interest income	(2,2)	(2,4)	(2,3)	(2,2)
Dividend income	-	-	(15,1)	(0,6)
(Gains) / losses from investments and financial assets - Impairments	(18,3)	(16,1)	57,1	17,0
Interest and related expenses	149,4	157,4	104,5	100,7
Working capital adjustments:				
Decrease / (increase) in inventories	1,2	(9,8)	(5,4)	(6,3)
Decrease / (increase) in receivables	(164,3)	(205,4)	(17,0)	(36,4)
(Decrease) / increase in liabilities (except borrowings)	76,0	202,9	56,9	17,3
Plus / (Minus):				
Payment for voluntary leave schemes	(53,9)	(103,9)	(41,2)	(84,0)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(15,2)	(27,3)	(14,9)	(26,5)
Interest and related expenses paid	(134,9)	(183,2)	(93,6)	(119,8)
Income tax paid	(104,2)	(154,0)	(1,5)	(9,4)
Net cash flows from operating activities (a)	**1.025,1**	**943,2**	**579,2**	**390,0**
Cash flows from investing activities				
Acquisition of subsidiaries	-	-	(3,8)	-
Loans granted	-	-	(14,7)	(17,0)
Sale or maturity of financial assets	2,2	-	-	-
Repayment of loans receivable	7,3	8,9	7,3	10,4
Purchase of property, plant and equipment and intangible assets	(653,0)	(658,4)	(311,4)	(237,9)
Movement in restricted cash	(0,8)	1,7	-	-
Payments related to disposal of subsidiaries / investments	(4,9)	-	-	-
Interest received	2,2	2,4	2,3	2,2
Dividends received	-	-	14,5	1,5
Net cash flows used in investing activities (b)	**(647,0)**	**(645,4)**	**(305,8)**	**(240,8)**
Cash flows from financing activities				
Share option plans	-	(0,4)	-	17,8
Proceeds from loans granted and issued	389,0	350,0	739,0	677,1
Repayment of loans	(454,5)	(800,3)	(742,2)	(1.127,5)
Dividends paid to Company's owners	(48,9)	(39,4)	(48,9)	(39,4)
Net cash flows used in financing activities (c)	**(114,4)**	**(490,1)**	**(52,1)**	**(472,0)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**263,7**	**(192,3)**	**221,3**	**(322,8)**
Cash and cash equivalents at the beginning of the year	**1.322,5**	**1.509,9**	**290,3**	**613,1**
Net foreign exchange differences	(0,6)	4,9	-	-
Cash and cash equivalents at the end of the year	**1.585,6**	**1.322,5**	**511,6**	**290,3**

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, 2016 for litigations and other risks, as well as for unaudited tax years or open tax audit cases are as follows: a) for the Group € 125.7 million and € 30.2 million respectively and b) for the Company € 111.6 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 21,086 (31.12.2015: 21,573), Company 8,405 (31.12.2015: 8,496).
5) Other comprehensive income / (loss) after tax for the year 2016 which was recognized directly in equity for the Group, relates to actuarial losses € (0.6) million (net of deferred taxes), foreign currency translation € 6.9 million and the net movement in available for sale investments € 0.8 million (net of deferred taxes). As for the Company, it relates to actuarial losses € (1.2) 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, 2016.
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 2016, amounted to € 132.3 million and € 234.0 million, respectively. Other operating income for the year 2016 amounted to € 0.2 million. Finance income and expense for the year 2016 amounted to € 0.7 million and € 78.4 million respectively. Dividend income from related parties amounts to € 15.1 million. The outstanding balance of receivables and payables from / to related parties as of December 31, 2016 derived from current transactions amounted to € 116.9 million and € 200.0 million, respectively. The outstanding balance of loans receivables granted and payables to related parties amounted to € 30.2 million and € 1,469.3 million respectively. Fees 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 2016, amount to € 8.0 million. At Group level, sales and purchases of goods and services between related parties which are not eliminated, for the year 2016 amounted to € 39.7 million and € 34.5 million, respectively. Other operating income, between related parties which are not eliminated, for the year 2016 amounted to € 1.3 million. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2016 derived from operating transactions amounted to € 65.8 million and € 122.0 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, 2016 that should be disclosed in these financial statements.

Athens, March 1, 2017

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 AN 023801	ANASTASIOS KAPENIS I.D.Number AK 618263 License Number 0086190