HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL REPORT

For the period
from January 1, 2017 to December 31, 2017

(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

STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS
(In accordance with article 4 par. 2 of Law 3556/2007)

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, 2017 to December 31, 2017, which have been prepared in accordance with the applicable accounting standards, provide a true and fair view of the assets and liabilities, the owners' equity and the results of the Group and the Company.

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

Maroussi, February 21, 2018

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

The two members of the Board of Directors, who have signed the above statements, have been authorized to do so in accordance with the decision of the Company's Board of Directors of February 21, 2018.

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, 2017, 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 (IFRS), 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, 2017 to December 31, 2017, its objectives and its strategy, the significant events which took place in 2017, 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.

OTE's Financial Statements (separate and consolidated), Auditor's Report on the Financial Statements and the Annual Report of the Board of Directors of OTE S.A can be found on the following link: https://www.cosmote.gr/fixed/en/corporate/ir/financial-results/financial-statements-of-ote-group-and-ote-sa.
Furthermore, the Financial Statements and the Auditors' Report on the Financial Statements of the OTE Group consolidated companies that are not listed in the stock exchange (in accordance with Capital Markets Board of Director's decision 8/754/14.04.2016) can be found on the following link: https://www.cosmote.gr/fixed/en/corporate/ir/financial-statements-of-ote-group-companies

A.FINANCIAL AND OPERATIONAL HIGHLIGHTS OF 2017

Financial Highlights:

Group Revenues (Euro million)	2017	2016	Change
Fixed Line Operations, Greece	1,583.8	1,568.5	+1.0%
Mobile Operations, Greece	1,202.3	1,194.2	+0.7%
Fixed Line Operations, Romania	607.7	602.5	+0.9%
Mobile Operations, Romania	464.9	457.1	+1.7%
Mobile Operations, Albania	68.1	77.2	-11.8%
Others	451.6	489.7	-7.8%
Eliminations (Mobile & Group)	(521.3)	(481.1)	+8.4%
TOTAL	**3,857.1**	**3,908.1**	**-1.3%**
Other operating income	51.4	55.2	-6.9%

Group Adjusted EBITDA (Euro million)*	2017	2016	Change
Fixed Line Operations, Greece	677.6	663.6	+2.1%
margin	*42.8%*	*42.3%*	*+0.5pp*
Mobile Operations, Greece	404.0	403.0	+0.2%
margin	*33.6%*	*33.7%*	*-0.1pp*
Fixed Line Operations, Romania	101.9	93.5	+9.0%
margin	*16.8%*	*15.5%*	*+1.3pp*
Mobile Operations, Romania	58.2	81.7	-28.8%
margin	*12.5%*	*17.9%*	*-5.4pp*
Mobile Operations, Albania	8.8	16.1	-45.3%
margin	*12.9%*	*20.9%*	*-8pp*
Others	58.4	69.5	-16.0%
margin	*12.9%*	*14.2%*	*-1.3pp*
Eliminations (Mobile & Group)	(5.0)	(6.5)	-23.1%
Group OTE	**1,303.9**	**1,320.9**	**-1.3%**
Adjusted EBITDA margin	**33.8%**	**33.8%**	**0pp**

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

OTE Group's consolidated revenues stood at Euro 3,857.1 million in 2017, decreased by 1.3%. For a second consecutive year, the Greek fixed-line achieved a positive performance, with revenues up 1.0%, the result of solid performance in both broadband which benefited from the impressive take up of fiber services, and COSMOTE TV revenues, driven by subscriber growth. Greek mobile operations posted a revenue increase of 0.7% in 2017, reflecting data uptake and the Roam Like Home regulation impact.

In Romania, fixed-line operations posted total revenues of Euro 607.7 million in 2017, up 0.9% compared to 2016, reflecting higher contribution from fixed-mobile convergence services along with good performance in wholesale services, offsetting declining fixed voice revenues. Revenue in Romania mobile was up by 1.7% in 2017 reaching Euro 464.9 million, driven from increased handset and other mobile revenue.

In Albania, revenues declined by 11.8% compared to 2016, mainly due to lower international traffic partially offset by higher retail revenue.

All Other revenues were down 7.8% for the year, mainly reflecting the lower international transit revenue coming from OTE Globe and the completion of the Rural Broadband project in Greece.

Total Operating Expenses, excluding depreciation, amortization, impairment and charges related to voluntary leave schemes, other restructuring costs and non-recurring litigations amounted to Euro 2,604.6 million in 2017, down 1.4% compared to 2016. The drop is mainly driven by reduced personnel expenses, down by 3.1% and lower other indirect expenses.

Group Adjusted EBITDA stood at Euro 1,303.9 million in 2017, a 1.3% decline compared to 2016, resulting in a 33.8% adjusted EBITDA margin in the period, stable compared to 2016.

Consolidated expenses for depreciation, amortization and impairment stood at Euro 937.0 million, a 6.3% or Euro 55.6 million increase. At December 31, 2017, an impairment test was performed for TELEKOM ROMANIA with respect to its carrying value. As a result of the impairment test, an impairment loss of Euro 55.5 million was charged in the 2017 consolidated income statement (included in "Depreciation, amortization and impairment" line).

At December 31, 2017, an impairment test was also performed for TELEKOM ALBANIA with respect to its carrying value. As a result of the impairment test, an impairment loss of Euro 78.4 million was charged in the 2017 consolidated income statement (included in "Depreciation, amortization and impairment" line). An amount of Euro 57.4 million relates to Goodwill and an amount of Euro 21.0 million relates to property, plant and equipment.

Interest and related expenses stood at Euro 139.4 million, down 6.7%, mainly reflecting the lower outstanding debt.

The Group's Income Tax expense stood at Euro 151.7 million in 2017, decreased compared to 2016 by 9.9%, reflecting the recognition of losses carried forward and current year losses in Greece mobile.

Group Profit of the year (attributable to owners of the parent) stood at Euro 67.2 million in 2017, compared to Euro 140.0 million recorded in 2016. The decline reflects mainly impairment losses in Romania and Albania.

In 2017, the Group's adjusted Free Cash Flow stood at Euro 105.1 million down 77.1% compared to 2016, primarily reflecting the increase in Capital Expenditure as well as higher taxes.

The Group's Adjusted Net Debt (including other financial assets) was Euro 737.1 million at December 31, 2017, up 38.1% compared to December 31, 2016. The Group's ratio of adjusted Net Debt to adjusted EBITDA stood at 0.6x.

On the 18th of January, the Board of Directors approved the Shareholder Remuneration Policy. The Policy has been defined as follows: Provided the external and the macroeconomic environment remain stable, in the mid-term the Company intends to distribute to its shareholders, through a combination of dividend payout and Share Buyback Programs for their cancelation, the free cash flow generated every year, after incorporating the considerations for spectrum acquisitions, and one-off items. The split between ordinary dividends and share buybacks is targeted approximately at 65%/35% respectively in 2018 and in the medium term.

The extraordinary General Meeting of the Shareholders held on February 15, 2018, approved the own share buyback for up to 10% of the Company's total paid up share capital for a period of 24 months, beginning from February 15, 2018, the date of adopting this Shareholders' resolution. The shares will be acquired in order to be cancelled following a Shareholders' General Meeting resolution.

The implementation of the Remuneration Policy will start in 2018 and will take into account the free cash flow projections for the respective year, i.e. 2018, as the basis for calculating the aggregate shareholder payout. In the same way, the

Remuneration Policy will be applied in the forthcoming years, i.e. the basis for calculating total shareholders' remuneration in 2019 will take into account the projections of free cash flow for 2019 and so on.

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 0.35 per share outstanding compared to Euro 0.16 per share distributed last year. This proposed distribution will be subject to the C.L. 2190/1920 requirements, as in force, and the prevailing tax legislation at the date of approval by the Annual General Assembly of Shareholders.

Operational Highlights:

GREECE

In 2017, the Greek telecom market turned to marginal growth in service revenues, following several years of revenue decline.
Despite the challenging and competitive environment, OTE Group consolidated its leadership position in the local market and further improved its profitability margins at the level of 40%.

In 2017, OTE Group:

- Achieved mobile service revenues growth after 8 consecutive years of contraction
- Increased its broadband customer base leveraging on its NGA investments and accelerated roll-out plan
- Expanded its PAY-TV base to over 520k subscribers despite the adversely impact of the new 10% PAY-TV revenue tax, consolidating customer market share leadership
- Strengthened its Business-to-Business (B2B) leading position, winning large scale and complex ICT projects and further enhancement of internet of Things (IoT) services

Greece:	2017	2016	Change
Fixed-line business:			
COSMOTE Retail access line connections (excl. WLR)	2,639,132	2,657,924	-0.7%
COSMOTE Broadband active retail subscribers	1,759,752	1,635,736	+7.6%
...of which VDSL subscribers	354,257	*219,166*	+61.6%
COSMOTE TV subscribers (IPTV & Satellite)	524,770	502,696	+4.4%
Mobile business:			
Mobile subscribers	7,981,236	7,724,812	+3.3%

Greek Fixed line business

In the fixed line business OTE accomplished a positive revenue growth in service revenues for third consecutive year, as the company managed to:

- Protect its access base of 2.6 million customers, leveraging its customer-centric strategy and its converged fixed and mobile value propositions
- Capitalize on extended NGA footprint as well as speed enhancement campaigns, resulting in the addition of 135k customers with new ultra-high broadband VDSL speeds. At the end of 2017 the total number of VDSL customers rose to 354K
- Pay-TV revenues increased by 5% 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 Group maintained its leading market position with more than 51% service revenue market share

- Service revenue turned positive +1.4% after 8 consecutive years of contraction and significantly improved its performance compared to -2.7% decline in 2016.
- Solid growth 20% in data revenues, enabled by increased smartphones penetration. In parallel, the data active internet users uptake increased by 8 percentage points compared to last year, achieving 51% penetration in active base.
- Focusing on data monetization, "more-for-more" data bundles introduced across postpaid and prepaid segment to address growing demand for mobile usage and online preferences (video or music streaming, chatting, social media).

- Furthermore, focusing on new revenue streams, continues to enhance Internet of Things services, has introduced e-Fuel Management service and has implemented 2 Smart City pilots in the municipalities of Halkida and Patras.

ROMANIA

The Group is investing in upgrading its Romanian network infrastructure, including expanding its own 4G coverage and FTTH footprint while commercially, the focus remains on convergent bundles, including fixed, mobile and TV.

Romania:	2017	2016	Change
Fixed-line business:			
Voice Telephony lines (Incl.CDMA)	2,098,052	2,150,814	-2.5%
Broadband subscribers (Incl.CDMA BB)	1,180,192	1,185,797	-0.5%
TV subscribers (DTH,IPTV & Cable)	1,470,341	1,464,283	+0.4%
FMC subscribers	504,046	370,524	+36.0%
Mobile business:			
Mobile subscribers	4,748,905	5,344,638	-11.1%

Romanian Fixed Business

In 2017, revenues from Romanian fixed-line activities were higher than the prior-year level, reaching Euro 607.7 million, up by 0.9%, primarily reflecting the company's successful Fixed-Mobile convergent (FMC) solution and wholesale revenues. Revenues from the FMC proposition increased by 41%, as the number of FMC subscribers rose 36% year on year to 504k at 2017 year end. Telekom Romania's Adjusted EBITDA increased by 9.0% compared to 2016 reaching Euro 101.9 million.

Romanian Mobile Business

At December 31, 2017, Telekom Romania Mobile's customer base totaled 4.7 million subscribers, down 11.1% from the year-earlier level mainly due to elimination of inactive prepaid cards. Total Revenues increased by 1.7% in 2017, reaching Euro 464.9 million.
Working together with the Romanian fixed-line operations, Telekom Romania Mobile is taking steps to improve its performance, including enhanced 4G coverage, refocused sales efforts, and cost optimization.

ALBANIA

Albania:	2017	2016	Change
Mobile business:			
Mobile subscribers	1,941,324	1,839,273	+5.5%

As of 2017 year end, Telekom Albania's customer base totaled 1.9 million subscribers up 5.5% compared to December 2016. Compared to 2016 total revenues decreased by 11.8% to Euro 68.1 million, result of 11.3% decline in service revenues. Telekom Albania's Adjusted EBITDA decreased by 45.3% compared to 2016, mainly due the drop in international traffic.

B. OBJECTIVES & STRATEGY

Management's continuous goal for OTE Group, 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 talents
- Increase the value of the shareholders
- Maximize synergies as a member of Deutsche Telekom Group

Key achievements of 2017

1. Reinforced leadership position in the market

- Reinforced leadership in the Greek telecom market (Fixed/Mobile/TV)
- Significant containment of Fixed Access lines losses (<1% of subscriber base, -29% vs. 2016)
- Increased market share in Broadband net additions (83% for OTE)
- Sustained leading position in Mobile. Mobile Service Revenues +1.4%, for the first time after 8 years
- Maintained the #1 market position in Pay-TV subscribers, further increasing its market share

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

- Noteworthy growth of COSMOTE One base by 75% y-o-y, signifying a recognition by households of its added-value and differentiated customer services
- FMC COSMOTE Business One outperformed its annual target for subscriptions, offering unique Smart Working and Professional Services to business customers

3. Revenue Transformation

- Strong penetration in VDSL customers (subscribers increased by +135k, +62% vs. 2016) and sustained growth for COSMOTE TV (+5% in revenues)
- Accelerated revenue growth for Mobile Data Services (+ 20% vs. 2016), capitalizing on our extensive 4G/4G + network
- The largest ICT solutions' integrator in Greece, with a significant increase in the respective revenues (+ 10% vs. 2016)
- 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" (64%) & "Fault2Repair in 24 hours" (59%) processes, due to the ongoing 48/24 program
- Differentiated Customer Service for B2B FMCC customers
- Further digitization of C.Care and Field technician processes and introduction of new e-Care services (e-Signature, "@Your Service", "U-fix-it", etc.)
- 45% of active COSMOTE subs are also COSMOTE App / What's Up App users
- Multi-awarded Customer Care

5. Network and Services Evolution

- OTE implements the largest Optical Fiber network in Greece (43,000 km fiber optics,> 2.7 million households and businesses with speed access> 100Mbps)
- Mobile Network superiority maintained (P3 Test "Best in Class") • Population coverage expanded: 98%/4G and 92%/4G+
- First operator in Greece to demonstrate a live 5G network and speeds up to 4.5Gbps
- Successful completion of the "Rural Networks" project – awarded project in the "European Broadband Awards 2017"
- IP Transformation project advanced
- 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
- Transformation continued in major IT systems (OSS, One Customer/ One View, Siebel@Orders, etc.)
- Aiming to reduce further operating costs, a series of cost-optimization programs implemented, leveraging experience from the DT Group
- Improvements in physical security and information security areas.

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

- Developing our people is at the center of our actions. Extensive training programs run for retraining and upgrading the skills of our employees, as well as a modern leadership program for all levels of management (You.Lead / EXELIXIS)
- Completed the development journey for our young talented employees ("You.Grow")
- New skills were acquired through digital platforms: Coursera, Skillsoft, Learnlight, etc
- Digitization and simplification of HR processes and systems

Key objectives of 2018

For 2018, 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 2018:

Technology & IT leadership	Best Customer Experience	Innovation & Revenue Transformation	Lead in Core Business
• INS /NGA: Massive rollouts of Vectoring; Super Vectoring; FTTH • 4G/4G+ coverage everywhere • Rural Network Completion • IP Transformation • IoT-ready network	• Digital Transformation @Customer: ○ Digital touch points; Extended functionalities in apps; Service enhancements in O2B and F2R, etc. • Push Online Sales • Unify customer-handling processes for Fixed and Mobile subs	• Data services monetization • Innovative services launch (Smart Home, One Connectivity, etc) • IoT & Cloud Solutions • Verticals (Shipping, Hotels, Smart Cities, etc) • Expand in adjacent markets	• COSMOTE brand superiority • Enhancements on FMC and FMCC propositions • COSMOTE TV Growth • 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

People Strategy

- Digital tools to support HR systems and processes, improving employees' experience and productivity
- Design of digital skills development programs (IoT, Big Data, TV, Agile, AI)
- Culture change in Growth mentality, Convergence between Fixed-Mobile and Digitization

Outlook for 2018

The Group expects overall positive revenue trends to continue in the current year. The recovering economic environment in Greece should provide a favorable background to its activities in fixed and mobile telecommunications, with growth in mobile data, broadband and pay-TV services expected to continue. The extended reach of advanced data networks, in both fixed and mobile, drives increased customer reliance on OTE services, supporting its revenue base. Performance in Romania is expected to remain challenging. While operational progress is encouraging, the outlook is stable. In Albania, provided the regulatory environment remains unchanged, the improved market structure is likely to enable a continuing performance recovery. The Group will implement further cost-saving initiatives to improve the profitability of all its operations.
Following a year of accelerated capital investment in technologies and infrastructure to support its future growth, OTE's Capex is expected to gradually return to normalized levels. In 2018, management expects adjusted Capex of approximately Euro 700 million. Reflecting further cash generation improvements, OTE expects 2018 full-year adjusted FCF of approximately Euro 350 million and reported FCF of approximately Euro 260 million.

C.SIGNIFICANT EVENTS OF THE YEAR 2017

VOLUNTARY LEAVE SCHEMES

OTE voluntary leave schemes

In 2017, OTE implemented voluntary leave schemes mainly addressed to employees close to their retirement age. The respective cost amounted to Euro 24.2 million (2016: Euro 31.9 million). Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 3.5 million (2016: Euro 3.9 million).

Group voluntary leave schemes

In 2017 Group companies applied voluntary leave schemes, the total cost of which is as follows:

Euro million	2017	2016
OTE (as described above)	27.7	35.8
COSMOTE Group - Greece	5.5	5.3
COSMOTE Group - Romania	1.7	0.9
COSMOTE Group - Albania	0.1	-
TELEKOM ROMANIA	15.3	6.0
OTHER	1.5	1.6
Costs related to voluntary leave schemes	**51.8**	**49.6**

Amounts paid during 2017, in relation to voluntary leave schemes were Euro 65.3 million for the Group and Euro 38.6 million for the Company (2016: Euro 53.9 million and Euro 41.2 million, respectively).

DIVIDEND

On June 20, 2017, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 78.2 million or Euro 0.16 per share.

D.RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

OTE Group has developed the Enterprise Risk Management System that supports Management in its strategic decisions, in order to safeguard its smooth operation and future corporate success. This is achieved by identifying, evaluating, communicating and addressing enterprise risks (sustainability risks included) utilizing all strategic and operational risk mitigation and monitoring measures available.

Furthermore, every two (2) years, an analysis of material topics (Materiality Assessment) is conducted in order to identify the most important issues for the sustainable development of the Group. 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 Group's stakeholders.

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing continuous 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. To the extent that the agreed terms and conditions of the third bailout program are implemented and assuming that the capital controls will be further eased or eliminated in the short to medium term, 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, 2017.

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.

Group’s cash and cash equivalents are mainly 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 pension funds mainly due to prior years voluntary leave schemes. The latter loans are exposed to credit risk related to the debt servicing capacity of the pension 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, 2017 amount to Euro 1,303.6 million and Euro 202.4 million respectively and their short-term borrowings and short-term portion of long-term borrowings amount to Euro 764.5 million and Euro 541.4 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, 2017, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 80.0%/20.0% (2016: 78.5%/21.5%).

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. 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.

GROUP (Euro million)	December 31	
	2017	2016
Long-term borrowings	1,276.2	1,941.0
Short-term portion of long-term borrowings	764.5	184.1
Cash and cash equivalents	(1,297.7)	(1,585.6)
Net debt	**743.0**	**539.5**
Total equity	2,589.4	2,651.7
Gearing ratio	**0.29x**	**0.20x**

COMPANY (Euro million)	December 31	
	2017	2016
Long-term borrowings	1,004.4	1,348.5
Short-term borrowings	163.0	350.0
Short-term portion of long-term borrowings	378.4	128.5
Cash and cash equivalents	(185.6)	(511.6)
Net debt	**1,360.2**	**1,315.4**
Total equity	2,958.2	2,802.7
Gearing ratio	**0.46x**	**0.47x**

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.

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 2017, 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.

The Company collects, stores and uses data in the ordinary course of its operations that is protected by data protection laws. Although precautions are taken to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, measures may fail and certain subscriber data may be lost as a result of human error or technological failure or otherwise be used inappropriately. Violation of data protection laws or regulations by the Company or one of its partners or suppliers may result in fines, reputational harm and subscriber churn and could have a material adverse effect on the business, financial condition and prospects.

On April 27, 2016, the General Data Protection Regulation (EU) (2016/679) (the "Data Protection Regulation") was adopted by the European Parliament and the European Council. The Data Protection Regulation contains extensive obligations for companies in relation to procedures and mechanisms for dealing with personal data and rights of data subjects and in cases of a breach, permits supervisory authorities to impose fines of up to 4% of the Group's annual worldwide turnover (or Euro 20 million whichever is higher). The Data Protection Regulation will enter into force on 25 May 2018 after a two-year transition period.

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.

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% by 2030, compared to 1990 levels.

In this context, OTE Group applies a specific environmental strategy comprising 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
- Reinforcing the 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), and affects the operational cost of OTE Group, which is also directly based on the regulated charges of the national electricity grid, and may also be influenced 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.).

Low environmental performance could affect Group's reputation and market share, as surveys indicated 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 (All –IP migration)
- 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 supply chain 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 implements the following Policies and Procedures:

- The Social Charter, which lays out the Basic Social Principles that the Company is committed to observe and apply wherever it operates and guarantees their notification to 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, respect human rights and protect the environment.
- The OTE Group Supplier Code of Conduct, the acceptance of which is a prerequisite for signing a contract or other agreement.
- An anti-corruption clause which is 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 impact correlation from electromagnetic emissions from telecommunication stations below the established EMF exposure safety limits 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 with the limits set by law 4070/2012, which are at 60-70% of the ICNIRP limits [already at the establishment of the limits, the scientific community has set a safety factor of fifty (50), considering that some population groups may be more vulnerable] at free public access points. In general, OTE Group's policy is based on the application, by default, of the Prevention Principle, which incorporates 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 possible 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 of the lowest electromagnetic radiation limits by ICNIRP or the introduction of additional measures for the restructuring of 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 the first half of 2018.

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 Process ("Tell Me") and the relevant communication channels. 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 OTE Group Supplier 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. 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 has five thematic pillars:

Sustainability Strategy

Responsible Business
OTE Group aims to stand as an example, by operating responsibly throughout the value chain. It develops procedures, policies, tools, systems and mechanisms which allow the Group's companies, to manage business and operational matters responsibly. It is moving towards its digital transformation so it can provide a complete digital experience to its customers, employees, partners and suppliers.

Responsible Employment and Development
OTE group provides a sustainable work environment that encourages employee development, recognizes high performance and offers them opportunities to grow. Furthermore, OTE Group seeks to cultivate a common high-performance, collaboration and teamwork culture and an open feedback and communication environment aiming to employees' satisfaction. OTE Group's goal is to be perceived as an attractive and desirable employer for existing and new employees.

As a living organism that evolves and changes continuously, is developing digital tools and systems, while designs and implements contemporary digital skills programs, meeting the needs of the new digital era, in order to improve the employees' experience.

Digital Society
The Group's ultimate goal and commitment is to contribute into the building of a digital society aiming to its development and modernization, as well as to tackle the digital divide. In order to constantly improve customer service and experience, as well as

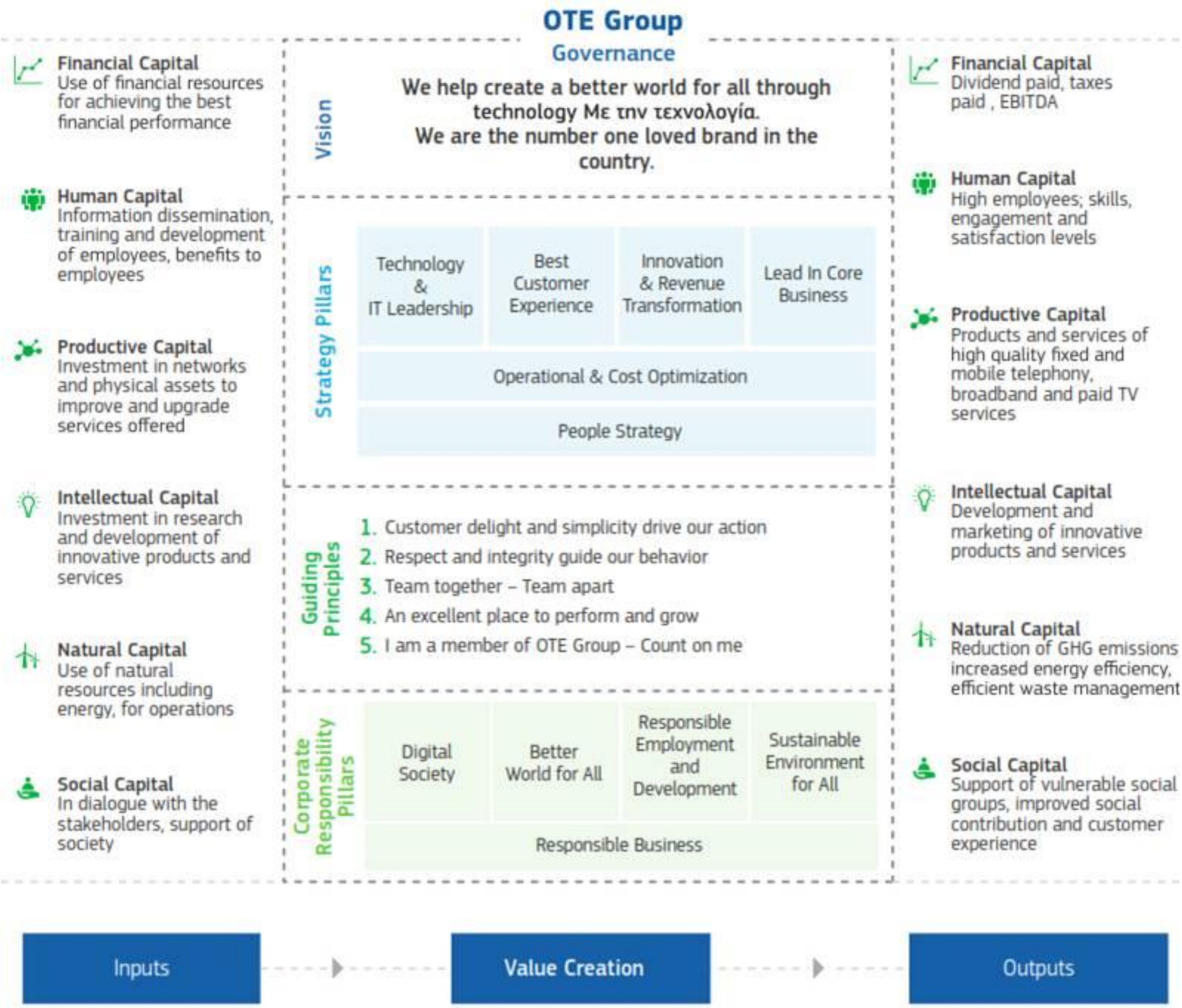
with respect for the customer and the free competition legislation, the Group connects people, through technology, within a world of unlimited digital possibilities. The Group is one of the largest investors in telecommunications in S.E. Europe and the largest in Greece. It develops innovative products and services, which contribute to the sustainable development, with environmental and social benefits for all.

Better World for All
With technology and innovation, the Group creates a better world for all. The various social contribution and corporate volunteering initiatives that take place throughout the countries of operation, aim at supporting vulnerable social groups, children, education, local communities, entrepreneurship, culture and sports.

Sustainable Environment for All
The Group aims for a financial growth in accordance with environmental responsibility in all aspects of its performance. For this reason its environmental strategy focuses on minimizing the environmental impact of its activities, on the development and provision of products and services, which allow the enhancement of productivity and protection of the environment in other sectors and on informing and raising awareness for its stakeholders.

Business model

The OTE Group business model aims to create value for its shareholders but also for customers, society and employees. The Group's efficient operation and high competitiveness lead to positive economic results, a fact that allows it 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 CEO of OTE Group.

The subsidiaries are responsible for implementing the standards, requirements and corporate responsibility objectives of the Group and also for developing and 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

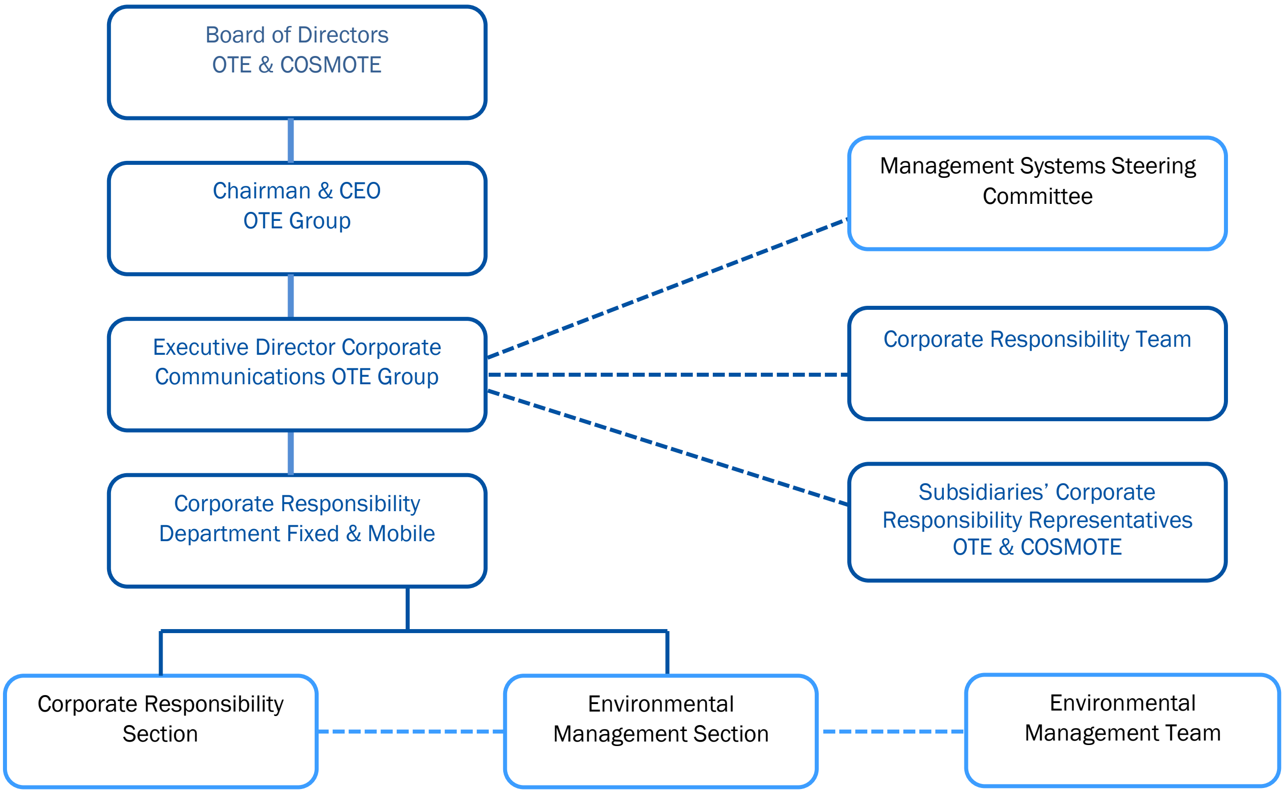
- Develops corporate responsibility strategy, corporate responsibility policy and corporate responsibility program (in the form of strategic policies)
- Prepares the decisions to be made by the OTE Group Corporate Communication Division or Boards of Directors
- Coordinates and monitors implementation 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.
In this context, two significant Group Codes were updated in 2017: the Code of Conduct and the Supplier Code of Conduct.

OTE Group Code of Conduct

The OTE Group Code of Conduct is a set of guidelines that ensure the continuous and smooth operation of the Group, safeguard its reputation and protect all stakeholder groups.
It reflects the Group's commitment to operate with integrity, responsibility and transparency towards its customers, suppliers, employees and shareholders.

OTE Group Supplier Code of Conduct

In 2017, a new and unified Supplier Code of Conduct for all OTE Group companies was released, which includes the following principles that the suppliers of the Group shall adhere to:

- Compliance with national and international law,
- Underlying principles to respect internationally proclaimed human rights,
- Social responsibility practices,
- Environmental responsibility practices,
- Prohibited business practices,
- Monitoring and audits of social, environmental and compliance issues

Information regarding the Compliance Management System (CMS) and the CMS Policies adopted by the company are included in the following Section F. Corporate Governance Statement (C. "Corporate Governance practices above the requirements of the Law").

OTE Group Corporate Responsibility Policy

The OTE Group Corporate Responsibility Policy determines the strategy and the OTE general 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 Administration and its subsidiaries.

OTE Group Social Charter

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

It has been developed in accordance with internationally recognized standards, guidelines and regulations, as the International Bill of Human Rights, the Core Conventions of the International Labor Organization, the Guidelines of the Organisation for Economic Cooperation and Development and the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Integrated Management System

The Corporate Process Model and its systematic documentation, assessment and improvement form the basis of the **Integrated Management System (IMS)** implemented in OTE Group, certified as per PAS99.
The Integrated Management System comprised of the following certifications in the leading companies of the Group, and more specifically in OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania, according to the table below.

Company/Standard	OTE	COSMOTE	Telekom Romania Communications	Telekom Romania Mobile Communications	Telekom Albania
Integrated Management System, as per PAS99	√	√	-	-	-
Quality Management, as per ISO 9001	√	√	√	√	√
Environmental Management,as per ISO 14001	√	√	√	√	√
Health & Safety at work, as per OHSAS 18001	√	√	√	√	√
Information Security, as per ISO 27001	√	√	√	√	-
Business Continuity Management,as per ISO 22301	√	√	√	√	-
IT Service Management,as per ISO 20000	-	√	√	√	-
Energy Management, as per ISO 50001	√	√	-	-	-
Risk Management, as per ISO 31000	√	√	√	√	-
Anti-bribery Management,as per ISO 37001	√	√	√	√	√
Compliance Management, as per ISO 19600	√	√	√	√	√
Laboratory Measurements of the Electromagnetic Radiation,as per ISO 17025	-	√	-	-	-
Principles and guidelines for Good Distribution Practice of Medical Devices acc. to Decision No. 1348/04 of the Greek Ministry for Health and Welfare	√	√	-	-	-

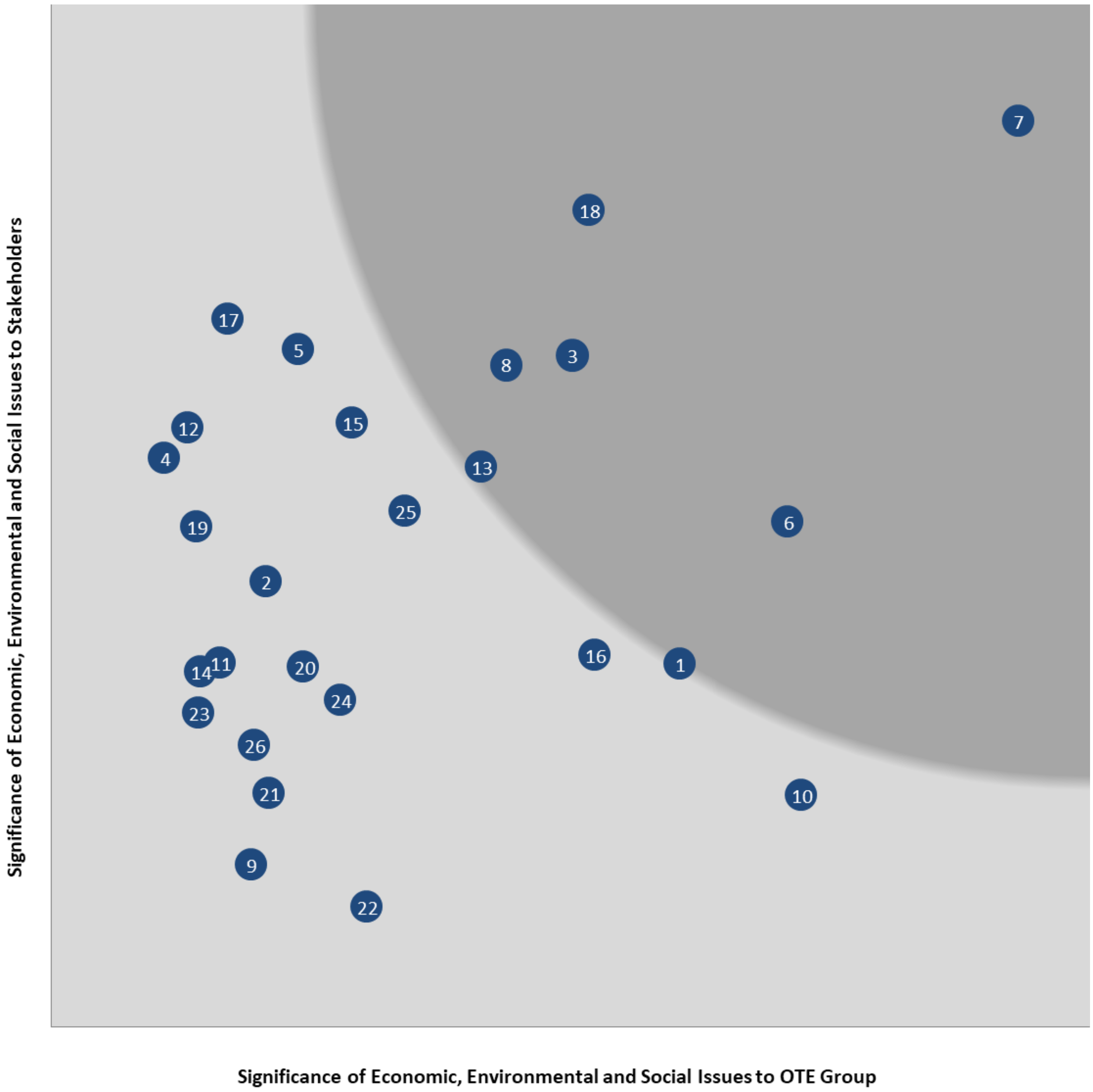
The Integrated Management System of OTE and COSMOTE also includes certifications in accordance with ISAE 3402 (SOC 1 TYPE II) and ISAE 3000 (SOC 2 TYPE II and SOC 3) "Assurance Reports on Controls at a Service Organization" of the International Auditing and Assurance Standards Board by international auditing company. The certifications relate to the proper design and the efficient operation of the processes and the service environment control delivered to ICT customers, in the context of ICT Hosting Services.

Materiality Analysis

The OTE Group companies identify the most important issues of their sustainable development through the "Analysis of material issues" carried out in accordance with the Group's Corporate Risk Management approach.

In 2017, the materiality of sustainability issues was determined through the participation of OTE Group's Senior Management (meetings with Senior Management members in Greece, Romania and Albania) and stakeholders (18,184 responses via an online questionnaire from all stakeholder groups in Greece, Romania and Albania). For the first time, this analysis was conducted for the entire Group rather than on a company level.

All available data were evaluated in order 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	Economic performance	14	Products and services for sustainability
2	Governance and management	15	Research and innovation
3	Corporate compliance policies	16	Responsible competition
4	Employees' compliance and grievance mechanisms	17	Responsible communication with customers
5	Human rights	18	Customer service and satisfaction
6	Business resilience	19	Digital inclusion
7	Data security and privacy	20	Support education on ICT
8	Safe and responsible use of technology	21	Managing impacts to society and the local community
9	Responsible procurement and supply chain management	22	Stakeholder engagement
10	Employment	23	Energy and climate change
11	Fair employment and equal opportunities	24	Circular economy
12	Employee health, safety and wellness	25	Electromagnetic fields (EMF)
13	Employee training and skills development	26	Other environmental aspects

Indicative Indices for 2017

In the following table the indicative performance indicators for 2017 are depicted. The indicators have been selected taking into account the sustainability reporting guidelines of the Global Reporting Initiative.

Indices:	OTE	OTE Group[1]
Employees covered by collective bargaining agreements (%)	99%	97%
Women employees (%)	29%	37%
Fatal work accidents (number of employees) [2]	0	1
Non-fatal work accidents (number of employees) [2]	54	70
Court convictions for corruption against the company or its employees in relation to their professional activities (number of convictions)	0	0
Social contribution[3] (€)	1,696,566	4,172,684
Electricity consumption (GWh) [4]	267.3	670.9
Direct and indirect CO2 emissions from energy (t)	166,631	365,857
Recycling of phone devices and accessories (t)	4.2	5.2
EMF measurements (number of measurements)	2	94
Suppliers evaluated (% of the annual procurement value)[5]	78%	75%

1 Data refer to the companies OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania which contribute approximately 90% of OTE Group revenues. On December 1st, 2017, Telekom Romania Mobile Communications S.A. absorbed the companies: Germanos Telecom Romania S.A., Telemobil S.A. and Sunlight Filiala Bucuresti SRL. In the OTE Group data for the "Employees covered by collective bargaining agreements (%)","Women employees (%)","Fatal work accidents (number of employees)", "Non-fatal work accidents (number of employees)" and "Court convictions for corruption against the company or its employees in relation to their professional activities (number of convictions)" indices, the three aforementioned companies absorbed by Telekom Romania Mobile Communications are included.
2 Fatal work accidents and non-fatal work accidents don't contain incidents from strictly natural causes
3 Including financial and in kind contribution.
4Energy consumption is calculated based on energy consumption records per installation for OTE, COSMOTE, Telekom Romania Communications and Telekom Albania, and energy consumption expenditure records per installation for Telekom Romania Communications Mobile.
5 Suppliers to be evaluated are selected on the basis of purchase orders issued within 12 months. All suppliers are evaluated: (a) with orders worth more than Euro 2 million, (b) providing important types of supply (i.e. products and services that have a significant effect on the products and services provided to customers) worth over Euro 500,000, (c) of products / services related to OTE Group Integrated Management System. In addition, the Group evaluates certain suppliers who did not meet the above criteria but were proposed for evaluation by OTE Group Managers.
Includes high value supplies, product and service supplies that affect the end products / services provided to customers, as well as high risk products as defined internally. Supplies from affiliates, merchant, interconnection, roaming supplies, and sponsorships-donations are excluded).

Detailed elements of the Group's approach and the performance of its Companies, will be presented in the 2017 OTE Group Sustainability Report (June 2018).

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.

A. Statement of compliance with the Corporate Governance Code

The Company follows the 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, , on February 21, 2018, 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 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. However, in practice the independent non-executive members of the Board of Directors discuss with each other if this is deemed necessary due to the nature of the issue (Part A, paragraphs 3.1, 3.4, 7.2 and Part D. par. 1.1 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

[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

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) 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).
(8) 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 for years already has been reviewed 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).
(9) The Company does not publish amounts through the Compensation Report of executive Board Members, for the protection of personal data and of the persons themselves that these refer to. However, these amounts are based on resolutions / approvals of the General Assembly of shareholders (Part C paragraph 1.11 of the Code).
(10) 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).
(11) The Company does not publish a summary of the minutes of the General Assembly of shareholders on the corporate website within five days from its meeting. 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).
(12) The Secretary of the Board of Directors, the Head of the Internal Audit business unit and the certified 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
- OTE Group Supplier Code of Conduct
- OTE Group Code of Ethics for Senior Financial Officers
- Binding Corporate Rules Privacy (BCRP)
- OTE Group Whistleblowing Policy
- OTE Group Anti-Fraud Policy
- OTE Group Policy on Insider Trading
- OTE Group Policy on Avoiding Corruption and other Conflicts of Interest
- OTE Group Policy on Accepting and Granting of Benefits
- OTE Group Donation Policy
- OTE Group Sponsoring Policy
- OTE Group Event Policy
- OTE Group Policy on Avoiding Sexual Harassment within OTE Group
- OTE Group Policy on Anti-Trust Law
- OTE Group Policy on Employee Relations within OTE Group
- OTE Group Corporate Responsibility Policy
- OTE Group Social Charter

In 2017, the CMS was successfully certified according to the international standard ISO 37001:2016 (Anti-Bribery Management Systems) and received attestation according to ISO 19600:2014 (Compliance Management Systems) by the independent TUV HELLAS (TUV NORD) S.A. Certification Body, in Greece for OTE and COSMOTE, in Romania for Telekom Romania & Telekom Romania Mobile as well as in Albania for Telekom Albania. These certificates confirm that the Group, in its day-to-day business, complies with current legislation, its Code of Conduct and its internal Policies.

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 ten(10) members which may be or not shareholders of the Company, following a resolution of the General Assembly of May 15, 2017 for the amendment of the relevant article of the Company's Articles of Incorporation. The members are distinguished in 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, in case the number of the remaining Directors exceeds half of the members that existed before these events happened, 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 a relevant item has not been

included in the agenda of said General Assembly. The actions of the replacing Directors, thus elected, are valid even if their election is not approved at the General Shareholders Assembly.

1.3 Composition of the Board of Directors during 2017

The members of the Board of Directors from **1/1/2017** until **31/12/2017**, 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
Srinivasan Gopalan	Non-Executive member	Appointment 17/1/2017	2018
Robert Hauber	Non-Executive member	Appointmnet 12/4/2017	2018
Raphael Kübler	Non-Executive member	Appointment 23/5/2013 Re-appointment 12/6/2015	2018
Charalampos Mazarakis	Executive member	Appointment 19/7/2012 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
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	11/4/2017
Athanasios Misdanitis	Non-Executive member	Appointment 1/4/2015 Re-appointment 12/6/2015	17/9/2017

The changes to the composition of the Board of Directors during 2017 and until 21/02/2018 are summarized as follows:

- 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 non-executive member Mr. Elias Drakopoulos submitted his resignation, effective as of 12/4/2017, and the Board of Directors on the same date elected as a new non-executive member Dr. Robert Hauber, for the rest of the resigned member's tenure, namely until the Ordinary General Assembly of Shareholders to be held in the year 2018.
- The non-executive member Mr. Athanasios Misdanitis submitted his resignation, effective as of 18/9/2017, and the Board of Directors, taking into consideration the provisions of article 9 par. 4 of OTE's Articles of Incorporation, resolved that the management of the business affairs and representation of the Company shall be continued by the remaining nine members of the Board of Directors, until the date of the election by the BoD of a replacement of the resigned member.

The CV's of those who served as members of the Board of Directors during the financial year 2017 and until, February 21st, 2018 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.

Srinivasan (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.

Robert Hauber *Non-executive member*
Dr. Robert Hauber studied at the University of Stuttgart, University of Mainz and at the University of Massachusetts. He holds a Master degree (Dipl. Kfm.) and a doctoral degree (Dr.) - both in business administration. He serves Deutsche Telekom since fifteen years as a senior finance executive in several management positions. Before his career with Deutsche Telekom he worked for Hewlett Packard, Procter & Gamble and DaimlerChrysler, where he was involved in the merger between Daimler-Benz & Chrysler.

During 2011-2016 he was Chief Financial Officer, Vice Chairman of the Executive Management Board and Member of the Board of Directors of Slovak Telekom. Since July 2016 Dr. Robert Hauber took over within Deutsche Telekom the position of CFO/Senior Vice President & Head of Performance Management of the Segment Europe. In addition to this role he is the Chairman of the Board of Directors of Magyar Telekom, Member of the Board of Directors of Hellenic Telecommunications Organization (OTE), Member of the Board of Directors of T-Mobile Czech Republic, Member of the Board of Directors of Telekom Romania and Managing Director of Deutsche Telekom Europe Holding.

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.

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).

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.

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.

Elias Drakopoulos *Non-executive member*
Dr. Elias Drakopoulos held the position of Senior Vice President Portfolio, Strategy & Data at Deutsche Telekom, from January 2017 until the end of 2017. Previously he held 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.

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.

In addition, the C.V. of the Company's Secretary of the Board of Directors is hereby provided:

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	CEO and Chairman of the BoD
	OTE INTERNATIONAL INVESTMENTS LTD	Chairman of the BoD
	OTE INTERNATIONAL SOLUTIONS S.A. (OTEGLOBE)	Vice-Chairman of the BoD
	GREEK-AMERICAN COMMERCIAL CHAMBER	BoD member
	SEV (HELLENIC FEDERATION OF ENTERPRISES)	BoD member (as OTEGLOBE representative)
Konstantinos Christopoulos	None	
Srinivasan Gopalan	DEUTSCHE TELEKOM AG	Member of the Board of Management Deutsche Telekom AG for Europe.
	T-MOBILE POLSKA S.A.	Chairman of the Supervisory Board
Robert Hauber	TELEKOM ROMANIA COMMUNICATIONS S.A.	BoD Member
	T-MOBILE CZECH REPUBLIC A.S.	BoD Member
	MAGYAR TELEKOM NYRT	Chairman of the Board of Directors
	DT EUROPE HOLDING GMBH	BoD Member
	DEUTSCHE TELEKOM SERVICES EUROPE	Member of the Supervisory Board
	Consortium 1 S.a.r.L. (Luxembourg)	Member of the Management Board
	Consortium 2 S.a.r.L. (Luxembourg)	Member of the Management Board
	GTS Central European Holding B.V.	Member of the Supervisory Board
Raphael Kübler	DEUTSCHE TELEKOM AG	Senior Vice President Corporate Operating Office
	T-MOBILE US	BoD Member
	DT HOLDING BV	BoD Member
	DEUTSCHE TELEKOM CAPITAL PARTNERS MANAGEMENT GMBH	Member of other governing body / Beirat

MEMBERS	CORPORATE NAME	PROFESSIONAL ENGAGEMENT
Charalampos Mazarakis	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	TELEKOM ROMANIA COMMUNICATIONS S.A.	BoD Member
	TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	Chairman of the BoD
	OTE- ESTATE	Chairman of the BoD
	OTE PLC	BoD Member
	GERMANOS	BoD Member
	GERMANOS TELECOM ROMANIA (GTR) (merged with TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. as of 1/12/2017)	Chairman of the BoD
	TELEMOBIL S.A. (ZAPP) (merged with TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. as of 1/12/2017)	Chairman of the BoD
	TELEKOM ALBANIA S.h.A.	Chairman of the BoD
	E-VALUE INTERNATIONAL S.A.	Chairman of the BoD
	COSMOTE TV PRODUCTIONS	BoD Member
	Foundation for Economic and Industrial Research (IOBE)	Member of the BoD
Panagiotis Skevofylax	Office of Vice President of the Greek Government	Special advisor
Panagiotis Tabourlos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	Audit Committee of AIA (Athens International Airport)	Independent member
	STRYMONAS S.A.	Chairman of the BoD (since 7/2017)
Andreas Psathas	Andreas Psathas	Private business for the provision of engineering services
Claudia Nemat	DEUTSCHE TELEKOM AG	Member Board of Management - Technology and Innovation
	AIRBUS GROUP	Member of the Board of Directors
	AIRBUS DEFENCE AND SPACE GMBH	Member of the Supervisory Board
Elias Drakopoulos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member (until 31/12/2017)
	DEUTSCHE TELEKOM AG	Senior Vice President Portfolio, Strategy & Data (until 31/12/2017)
	T-MOBILE CZECH REPUBLIC	Chairman of the Board of Directors (until 21/12/2017)
	HRVATSKI TELEKOM	Chairman of the Supervisory Board (until 25/4/2017)
Athanasios Misdanitis	Hellenic Parliament	Special Advisor

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

1.4. According to the Company's Articles of Incorporation[3]:

The Board of Directors as part of its responsibilities:

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

The Board of Directors may delegate its powers to its members, Company's executives, third parties or Committees, determining the extent of such delegation, indicatively on the following, matters:

- financial issues,
- related to subscribers, subscribers' complaints – requests,
- related to labour law, health and safety of the Company's employees, who are employed by the Company on any kind of contractual or project basis,

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

- 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 2017, the Board of Directors met 27 times. In principle, the Board of Directors meets at least once a month.
The presences of each member of the Board of Directors during 2017 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	27	27	-
Konstantinos Christopoulos	27	27	-
Srinivasan Gopalan	25	17	8
Robert Hauber	19	18	1
Raphael Kübler	27	19	8
Charalampos Mazarakis	27	27	-
Panagiotis Skevofylax	27	26	1
Panagiotis Tabourlos	27	27	-
Andreas Psathas	27	26	1
Claudia Nemat	1	1	-
Elias Drakopoulos	7	6	1
Athanasios Misdanitis	21	19	2

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 Executive Director 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 Enterprise Risk Management 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 Enterprise 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 2017

The 65th Ordinary General Assembly of the Company’s shareholders -held on June 20, 2017- has determined the Directors’ remuneration for their participation in the meetings of the Board of Directors for the fiscal year 2017 as follows:

I. For the period from 01-01-2017 until 30-06-2017 no change should be conferred upon the Directors’ remuneration for their participation in the meetings of the Board of Directors as compared to the remuneration approved for 2016 by the Ordinary General Assembly of the Shareholders held on June 23, 2016 , namely Euro 2.000 “net” per month, regardless of the number of meetings. For the payment of the above net amounts the maximum tax rates, special solidarity and social security levies should be taken into account.

II. For the period from 01-01-2017 until 31-12-2017, the Directors’ remuneration for their participation in the meetings of the Board of Directors should be set at the amount of Euro 4.800 gross per month, regardless of the number of meetings. The gross amount mentioned hereinabove:

i) Shall be subject to all lawful taxes (income tax, special solidarity levy, social security levy), as stipulated by the law from time to time and taking into account for their calculation the maximum amounts set by law.
ii) Shall not change in the event of amendment in the tax legislation or/ and in the social security legislation . In this case, the payable net amount may change accordingly.

Moreover, by resolution of the said 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 members of the Board of Directors for their participation in the meetings of the Committees of the Board of Directors for the year 2017, see below par. 2.1 (Audit Committee) and 2.2 (Remuneration and Human Resources Committee).

With regard to the the remuneration of the executive members of the Board of Directors for the year 2017, see below in par. 1.9.

1.9. Compensation Report of executive Members of the Board of Directors for year 2017

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 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 2021, 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 agreement of the Managing Director for the on target achievement (100%) of the predefined targets, the Annual Variable Reward (or Annual Short Term Incentive), starting with the payment for 2017 and thereafter, is calculated as a percentage of the Annual Total Target Cash for the achievement of targets [defined as the sum of the Annual Basic Salary plus the Total Annual Variable Reward for the Achievement of the Targets (100% - On Target)]. More specifically, the percentage of the Annual Variable Reward for the Achievement of the Targets (100% -On Target) is defined at a level of 37,58 % and the Annual Basic Salary at a level of 62,42% of the Annual Total Target Cash (for 100% - On Target achievement). The maximum Annual Reward for the achievement of the predefined targets at a level of 150% or higher, could reach the 150% of 37,58 % of the Annual Total Target Cash (for 100% - On Target achievement).

- According to the employment agreement of the OTE Group Chief Financial Officer, as in force for the year 2017, for on target achievement of the corporate targets (100%) and of an individual performance rating level "3",(namely, fully meets all role expectations and grows with the role) in the context of 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", (namely, always exceeds role expectations by far), the proportion of Annual Base Salary and Short-term incentive stands at 55%-45%, respectively.

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 & 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 car (with the respective coverages), 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 2017:

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 2017 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 2014-2016.

A.2. In December 2014, the extraordinary General Assembly of the Company's shareholders approved the amendment of the 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 (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 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 2017 the 3rd rolling long-term (4year) incentive plan (LTI) commenced, where the MD participates and which will be completed in December 2020.
It is noted that:

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 third three-year Plan initiated in 2014 (based on the Annual Performance Bonus paid to the Managing Director for the previous year (2013), whose lock-up period has been competed in 2017, the Managing Director has been granted by OTE one additional OTE share for free ("matched share") for each share purchased by him in 2014 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 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 2017, 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 (2016).

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 the employment agreement of the OTE Group Chief Financial Officer 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 (namely, fully meets all role expectations and grows with the role), 4 (namely, often exceeds role expectations) or 5 (namely, always exceeds role expectations by far) according to the Performance Evaluation Process.

The amount taken as the basis for employee participation (grant value), depends on the Total Target Cash (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 (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 2017 the third rolling long-term (4year) incentive plan (LTI) commenced, where the OTE Group Chief Financial Officer participates and which will be completed in December 2020.

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 2 (1:2) or 3 (1:3) DTAG shares acquired under the Voluntary Private Investment, according to the level of his individual annual performance (level «5», «4», or «3» respectively).

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 Extraordinary General Assembly of the Company's shareholders held on May 15th 2017 (Item 2nd) and in accordance with the provisions of article 44 of the Law 4449/2017 (Government Gazette A 7/24.01.2017) "Mandatory audit of the annual separate and consolidated financial statements, state oversight over the auditory profession and other provisions", consists of three (3) non-executive members of the Board of Directors – out of which two members, including the Chairman of said Committee, are independent, in accordance with the provisions of L. 3016/2002 on corporate governance.

The Audit Committee during 2017 consisted of the following members:

- Up to 15/5/2017: Messrs. Panagiotis Tabourlos (Chairman of the Committee- Independent Non-Executive BoD member), Raphael Kübler (Member of the Committee – Non-executive BoD member), Konstantinos Christopoulos (Member of the Committee - Independent Non-Executive BoD member) and Athanasios Misdanitis (Member of the Committee – Non-executive BoD member).

- Following the aforementioned resolution of the Extraordinary General Assembly of the Company's shareholders held on 15/5/2017: Messrs. Panagiotis Tabourlos (Chairman of the Committee - Independent Non-Executive BoD member), Konstantinos Christopoulos (Member of the Committee - Independent Non-Executive BoD member) and Athanasios Misdanitis (Member of the Committee – Non-executive BoD member).
- As of 18/9/2017, following the resignation of Mr. Athanasios Misdanitis as a BoD member: Messrs. Panagiotis Tabourlos (Chairman of the Committee - Independent Non-Executive BoD member), Konstantinos Christopoulos (Member of the Committee - Independent Non-Executive BoD member) and Andreas Psathas (Member of the Committee – Non-executive BoD member).

For the fiscal year 2017, by resolution of the ordinary General Assembly of the Company's shareholders held on June 20th, 2017, the remuneration of the Chairman and the members of the Audit Committee for their participation in its meetings has been determined as follows:

I.For the period from 01-01-2017 until 30-06-2017 no change in the Directors' remuneration for their participation in the meetings of the Audit Committee compared to the remuneration approved for 2016, namely:

(a) Chairman: Euro 1,200 "net" per meeting in which he participates.
(b) Members: Euro 960 "net" per meeting in which they participate.

For the payment of the above net amounts, the maximum tax rates, special solidarity and social security levies should be taken into account.

II. For the period from 01-07-2017 until 31-12-2017, the remuneration of the Chairman and the members of the Audit Committee for their participation in the meetings of the Committee, should be set as follows:

(a) Chairman: Euro 2,700 gross per meeting.
(b) Members: Euro 2,200 gross per meeting.

The gross amounts mentioned hereinabove:
i) Shall be subject to all lawful taxes (income tax, special solidarity and social security levies) as stipulated by the law from time to time and taking into account for their calculation the maximum amounts set by law.
ii) Shall not change in the event of amendment in the tax legislation and/or in the social security legislation. In this case, the payable, net amount may change accordingly.

According to the Regulation of its Operation[4], the Audit Committee holds at least four (4) meetings every year. During 2017, it held fourteen (14) meetings.

The attendance of the Chairman and the members of the Audit Committee in its meetings during 2017 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	-
Konstantinos Christopoulos	14	14	-
Andreas Psathas	4	4	-
Raphael Kübler	6	4	2
Athanasios Misdanitis	10	10	-

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 2017, 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.

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

- 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.

Furthermore, the Audit Committee, during 2017, dealt with the review and assessment of the completeness, accuracy and precision of the Periodic OTE Group Compliance Reports - which include, among others, information on the handling and results of complaints and allegations – as well as the OTE Group Enterprise Risk Management Reports. The OTE Group Compliance Reports and the OTE Group Enterprise Risk Management 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 on Commissioning the 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. On the one hand the certified auditors are invited and participate in the meetings of the Audit Committee, when the semi-annual and annual separate and consolidated financial statements are reviewed, on the other hand in the meetings of the Audit Committee in the absence of the Company's management.

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

The Compensation and Human Resources Committee during 2017 consisted of the following members:
Mr. Panagiotis Tabourlos (Chairman), Mrs. Claudia Nemat (Member, until 17/1/2017), Mr. Srinivasan Gopalan (Member since 17/1/2017) and Mr. Raphael Kübler (Member).

The Committee consists exclusively of non-executive members of the Board of Directors.

For the fiscal year 2017, by resolution of the ordinary General Assembly of the Company's shareholders held on June 20th, 2017, the remuneration of the Chairman and the members of the Compensation and Human Resources Committee, for their participation in its meetings, has been determined as follows:
I. For the period from 01-01-2017 until 30-06-2017 no change should be conferred upon the remuneration of the Chairman and the members of the Committee for their participation in its meetings, compared to the remuneration approved for 2016, namely Euro 480 net per meeting.
For the payment of the above net amounts the maximum tax rates, special solidarity and social security levies should be taken into account.

II. For the period from 01-07-2017 until 31-12-2017, the remuneration of the Chairman and the members of the Compensation and Human Resources Committee for their participation in its meetings has been set at the amount of Euro 1,100 gross per meeting

The gross amounts mentioned hereinabove:
i) Shall be subject to all lawful taxes (income tax, special solidarity and social security levies) as stipulated by the law from time to time and taking into account for their calculation the maximum amounts set by law.
ii) Shall not change in the event of amendment in the tax legislation and/or in the social security legislation. In this case, the payable, net amount may change accordingly.

According to the Regulation of its Operation, the Compensation and Human Resources Committee holds at least two (2) meetings every year. During 2017 the Committee held nine (9) meetings.
The attendance of the Chairman and the members of the Compensation and Human Resources Committee in its meetings during 2017 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	9	9	-
Raphael Kübler	9	7	2
Srinivasan Gopalan	8	7	1
Claudia Nemat	1	1	-

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

Concisely, in 2017, 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 2017 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 Commercial Officer Consumer Segment, the OTE Group Chief Commercial Officer Business Segment, the Executive Director Customer Services Fixed & Mobile (as of 1/4/2017) and the Executive Director Corporate Communications OTE Group.
Furthermore in the Management Meeting participate, without voting rights, on a case by case basis, executives of the Group or third parties, depending on the issue under discussion and following an invitation of the Chairman of the Board. The Management Meeting operates in accordance with the Managing Director's decision for its formation and operation.

3.2 OTE Group Compliance, Enterprise Risks and Corporate Governance Committee

By resolution of the Chairman of the Board of Directors & CEO, 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 Executive Director Compliance, Enterprise Risk Management & Insurance 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 assesses 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, regarding Compliance, Enterprise Risks and Corporate Governance issues.
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 CEO's decision for its formation and operation.

3.3. Managing Director

The Company's Managing Director, is appointed 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 at its discretion may delegate to the Managing Director, the authority and power, at his discretion to decide and represent the Company, either in person or by proxy 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, any other applicable legislation

and the Company's Articles of Incorporation 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 fully paid-up share curries one vote at any General Assembly.

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 where its shares have been admitted to trading. The General Assembly is convened either in an ordinary meeting mandatorily , once every financial year and the latest within six (6) months from the end of the financial year or in an extraordinary meeting.

The invitation of the ordinary or extraordinary General Assembly of shareholders is drawn up and published pursuant to the legal 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 (share capital increase and issuance of a bond loan by decision of the Board of Directors taken by a two-thirds- majority of following relevant resolution of the General Assembly).
(h) .Amendment of same Article 20 of the Company's Articles of Incorporation.

The percentages of the quorum of the repeated meetings of the General Assembly are those determined by Law as in force , i.e one half (1/2) for the first repeated assembly and one fifth (1/5) for the second repeated assembly

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 in the General Assembly

2.1. The terms and time limits for the participation of the shareholders in the General Assembly and the exercise of the voting rights are determined by the applicable legislation (article 28a of C.L. 2190/1920).
Specifically, 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 legalization of the shareholder for his participation in the General Assembly and 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 date of meeting of the General Assembly.

According to article 27 paragraph 3 of C.L. 2190/1920, the Company is obliged to post on its website as of the date of publication of the invitation for the General Meeting until the date of the General Meeting, apart from the said invitation, information relating to the procedure of voting by proxy , the forms of appointment and revocation of a proxy, draft resolutions for the agenda items, as well as information regarding the exercise of minority rights of article 39, paragraphs 2, 2a, 4 and 5 of C.L. 2190/1920. Said information and the documents are also available in hard copy before every General Assembly , at the Company's offices.

2.2. The Shareholder may participate and vote in the General Assembly in person or by proxy, according to the provisions of the the applicable legislation (article 28a of C.L. 2190/1920).

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 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*.

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 (article 28a of C.L. 2190/1920).

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 take a decision 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 2017:

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 certified auditor etc, the General Assembly decided in 2017, inter alia, the amendment of the Company's Articles of Incorporation as regards article 2 (Object), 8 (Board of Directors), 9 (Election, Composition and term of the Board of Directors) and 10 (Incorporation and Operation of the Board of Directors). Moreover, the General Assembly appointed members of the Audit Committee, approved the payment of compensation to the Board Members and and memebers pf Committees and provided special permission for the conclusion 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 2017, 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 29 and 61 years (average age 47 years), of the high upper level managers between 35 and 59 years (average age 50 years) and of the members of OTE Group Management Meeting between 44 and 61 years (average age 53 years).

With respect to the professional and educational background, the medium and upper level managers are University graduates or above in a percentage of 60%, while in the high upper level managers and members of OTE Group Management Meeting the respective percentage is 92%. 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, 2017, the Board of Directors is comprised by men.

However as per the age of the members of the Board of Directors, they range between 34 and 66 years of age with an average age of 51 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 latter was recently incorporated in national law 4449/2017 on statutory audit of annual and interim consolidated financial statements), 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.

In the framework of the OTE Group ERM System, the following Policies have been adopted:

- Enterprise Risk and Insurance Management Policy
- Policy on Pensions and Risk Benefits

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.

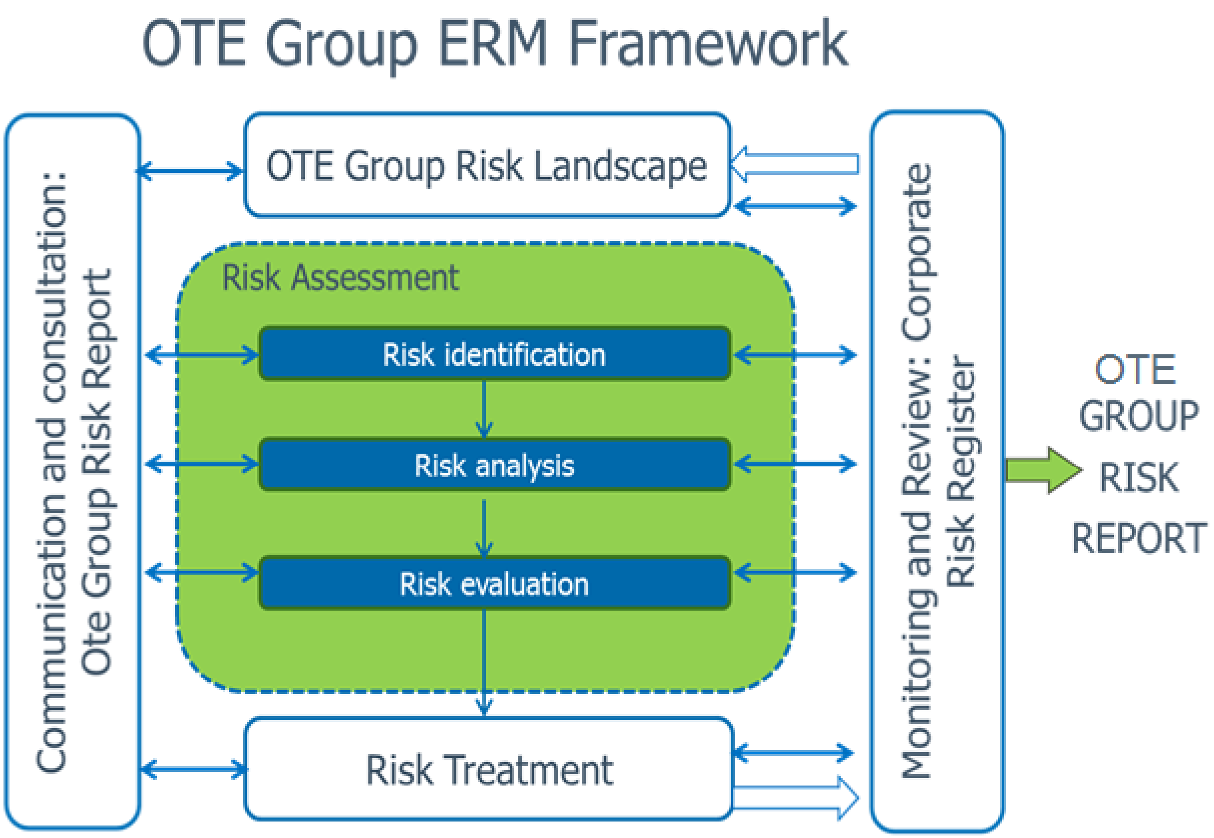
-Record the OTE Group response to risk identification, analysis, communication and management, as well as evaluating mitigating alternatives (such as transfer the risk to third parties, e.g. insurance companies).

-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 ad hoc when necessary, the OTE Group Enterprise Risk Management 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 Enterprise Risk Management 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 Enterprise Risk Management 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 Group includes all entities which OTE controls, either directly or indirectly. 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:

(Euro million)	2017		2016	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	101.0	127.5	88.0	115.4
COSMOTE Group - Albania	0.1	-	0.2	-
OTE INTERNATIONAL INVESTMENTS LTD	-	-	0.1	-
COSMOTE TV PRODUCTIONS	0.2	0.4	0.5	1.0
COSMO-ONE	-	0.6	-	0.6
OTESAT-MARITEL	0.1	0.2	0.2	0.3
OTE PLUS	-	2.0	-	3.6
OTE ESTATE	0.3	46.2	0.1	42.6
OTE GLOBE	13.6	55.9	14.3	58.5
OTE ACADEMY	0.2	4.2	0.3	5.9
TELEKOM ROMANIA	0.2	0.2	0.1	0.3
OTE RURAL NORTH	4.3	1.1	10.4	-
OTE RURAL SOUTH	10.7	1.6	8.2	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	11.2	4.1	9.9	5.8
TOTAL	**141.9**	**244.0**	**132.3**	**234.0**

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

(Euro million)	2017		2016	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	45.7	36.8	39.7	34.5
TOTAL	**45.7**	**36.8**	**39.7**	**34.5**

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

(Euro million)	Other operating income OTE	
	2017	2016
COSMOTE Group - Greece	2.6	-
OTE PLUS	-	0.1
OTE ESTATE	0.3	0.1
OTE ACADEMY	0.1	-
TOTAL	**3.0**	**0.2**

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	
	2017	2016
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.4	1.3
TOTAL	**0.4**	**1.3**

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

(Euro million)	2017		2016	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	58.2	-	75.4
COSMOTE Group - Greece	0.1	-	-	-
COSMOTE Group - Albania	-	2.7	-	3.0
OTE RURAL NORTH	0.4	-	0.3	-
OTE RURAL SOUTH	0.6	-	0.4	-
TOTAL	**1.1**	**60.9**	**0.7**	**78.4**

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

(Euro million)	Dividend income OTE	
	2017	2016
OTESAT-MARITEL	0.6	0.5
OTE INSURANCE	-	0.6
OTE INTERNATIONAL INVESTMENTS LTD	-	13.9
OTE GLOBE	21.0	-
OTE ESTATE	105.0	0.1
TOTAL	**126.6**	**15.1**

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

(Euro million)	31/12/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	77.8	181.6	69.9	161.2
COSMOTE Group - Romania	0.2	-	0.3	-
COSMOTE Group - Albania	0.1	-	0.2	-
COSMOTE TV PRODUCTIONS	0.2	0.2	0.2	0.3
COSMO-ONE	-	0.2	-	0.2
OTESAT-MARITEL	4.0	0.1	3.8	0.2
OTE PLUS	-	2.1	-	2.1
OTE ESTATE	51.7	1.2	1.8	5.5
OTE GLOBE	23.4	8.8	3.9	23.1
OTE ACADEMY	0.7	1.9	0.6	2.0
TELEKOM ROMANIA	0.9	0.1	0.8	0.2
OTE RURAL NORTH	11.1	0.1	15.6	0.3
OTE RURAL SOUTH	16.5	-	14.4	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	8.7	6.3	5.4	4.9
TOTAL	**195.3**	**202.6**	**116.9**	**200.0**

Amounts owed to OTE by OTE ESTATE, OTE GLOBE and OTESAT-MARITEL include dividends receivable amounting to Euro 50.0 million, Euro 21.0 million and Euro 0.6 million respectively as of December 31, 2017.

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)	31/12/2017		31/12/2016	
	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)	29.8	83.7	65.8	122.0
TOTAL	**29.8**	**83.7**	**65.8**	**122.0**

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

(Euro million)	31/12/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,239.5	-	1,357.9
COSMOTE Group - Albania	-	72.1	-	111.4
OTE RURAL NORTH	10.6	-	11.7	-
OTE RURAL SOUTH	18.5	-	18.5	-
TOTAL	**29.1**	**1,311.6**	**30.2**	**1,469.3**

Amounts owed by OTE to OTE PLC and COSMOTE Group - Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 22.5 million and Euro 1.1 million respectively as of December 31, 2017 (December 31, 2016: OTE PLC Euro 25.4 million and TELEKOM ALBANIA Euro 2.4 million).

Amounts owed to OTE by OTE RURAL NORTH and OTE RURAL SOUTH relating to loans include interest receivable amounting to Euro 0.1 million as of December 31, 2017 (December 31, 2016: Euro 0.1 million).

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

Fees to the members of the Board of Directors and OTE's key management personnel amounted to Euro 7.0 million and Euro 8.0 million for the years 2017 and 2016, 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 for management services.

COSMOTE TV PRODUCTIONS
COSMOTE TV PRODUCTIONS invoices OTE for 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 and COSMOTE Group have also revenues and expenses for other shared services, depending which of the two entities provides the services.

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

OTE PLC
OTE PLC OTE grants / receives loans to / from 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 NORTH provides wholesale broadband network services to OTE.

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

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).

H.SIGNIFICANT EVENTS AFTER THE YEAR END

The most significant events after December 31, 2017 are as follows:

Principal repayment under the Euro 150.0 million syndicated facility arranged by the European Bank for Reconstruction and Development (EBRD)

On January 12, 2018, COSMOTE repaid principal of Euro 23.0 million under the syndicated facility with EBRD, along with the accrued interest.

Repayment of intercompany Loan granted from OTE PLC and TELEKOM ALBANIA

On January 17, 2018, OTE fully repaid the Euro 163.0 million intercompany loan maturing on that date along with the accrued interest.

Euro 150.0 million bilateral term loan with the European Investment Bank (EIB)

On January 23, 2018, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 million bilateral term loan with EIB, which was signed on July 10, 2017. The loan has a tenor of 7 years, will be repaid via equal semi-annual installments and the interest rate was set at 2.805% p.a..

Repayment of Notes under the Global Medium-Term Programme

On February 7, 2018, OTE PLC fully repaid the remaining outstanding amount of Euro 590.3 million under the Notes maturing on that date along with the accrued interest.

Repayment of intercompany Loan granted from OTE PLC

On February 7, 2018, OTE fully repaid the Euro 250.0 million intercompany loan maturing on that date along with the accrued interest.

OTE's credit evaluation

On January 24, 2018, Standard & Poor's Ratings Services raised its long-term corporate credit rating on OTE to 'BB-' from 'B+'.

Shareholder Remuneration Policy - Share Buyback Programs

In the respect of the new shareholder remuneration policy, as approved by the Board of Directors on January 18, 2018, the extraordinary General Meeting of the Shareholders held on February 15, 2018, approved the own share buyback for up to 10% of the Company's total paid up share capital for a period of 24 months, beginning from February 15, 2018, the date of adopting this Shareholders' resolution. The shares will be acquired in order to be cancelled following a Shareholders' General Meeting resolution.

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

- OTE has acquired own shares in the context of the share matching plan of the Managing Director.
- During 2017, OTE acquired 34,000 own shares of a nominal value of Euro 0.1 million representing the 0.007% of its share capital. In 2017, 11,000 own shares of nominal value Euro 0.03 million, representing the 0.002% of OTE's share capital were transferred to the Managing Director.
- The consideration of the 34,000 own shares acquired amounted in total to Euro 0.3 million.
- As a result of the above transfer of 11,000 own shares, at December 31, 2017, the outstanding number of own shares held by OTE was 1,343,110 shares representing the 0.274% of its share capital, of a total nominal value Euro 3.8 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, 2017 the Company's ownership was as follows

Shareholders as of Dec 31, 2017	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	213,699,378	43.60%
Private investors	30,032,703	6.13%
Treasury shares	1,343,110	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. Each share carries one vote in any General Assembly.

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 article 19 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 February 21st, 2018, 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 4,901,507 common 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. 259 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.

The foreign entity named Schroders Plc, according to its latest disclosure on October 10th ,2017 to OTE S.A. pursuant to Articles 3 (1) (p), 14 (3) and 21 of Law 3556/2007, notified that on 6 October 2017, held indirectly (i.e. through companies controlled by it) a percentage of 5,032% of the share capital of OTE S.A., which corresponded to 24,664,557 shares and same number of voting rights.

As of February 21st, 2018, 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, as in force following its amendment on October 10, 2016, ratified by law 4429/2016, 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. 259 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, (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 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 ten (10) members and are elected by the General Assembly. 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.
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, in case the number of the remaining Directors exceeds half of the members that existed before these events happened, 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.

As per the Company's Articles of Incorporation, the amendement of article 20 therof, dealing with items requiring increased quorum and majority percentages under applicable law, requires the same increased quorum/majority percentages (article 20, par. 1 point h of the Articles of Incorporation)

(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.

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"

The Board of Directors of the Company, aiming to execute part of the approved by the same Shareholder Remuneration Policy related to the share buy back in order to cancel them, approved the submission to the General Shareholders' Meeting held on February 15, 2018 of a proposal for the approval of an Own Share Buy Back Programme, in accordance with article 16 of the Codified Law (C.L.) 2190/1920, as in force.

In this frame the Extraordinary General Meeting of the Shareholders held on February 15, 2018 approved the own share buyback for up to 10% of the Company's total paid up share capital, i.e. total up to 49,015,039 (490,150,389 X 10%) shares (including own shares already owned by OTE at any time), at a price range between Euro 1 (minimum purchase price) and Euro 30 (maximum purchase price) per share, for a period of 24 months, beginning from February 15,2018, the date of making this Shareholders' General Meeting resolution. The shares will be acquired in order to be cancelled following a Shareholders' General Meeting resolution.

The Own Share Buy Back Programme will be executed under the terms of the legal and regulatory framework in force.

(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 or of the bond in line with what is contractually stipulated.

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

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.

- 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

Change of Control Clauses
The Notes under the Global - Medium Term Note Programme 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.

Bank Loans

- Euro 339.0 million Syndicated Loan arranged by the European Bank for Reconstruction and Development ("EBRD") and Euro 50.0 million 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, 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 are being repaid in equal semi-annual installments. Both loan facilities bear an interest rate of Euribor plus margin of 3.5% p.a.
On September 26, 2016, OTE drew the full amounts of Euro 339.0 million and of Euro 50.0 million under these loan facilities.

- Euro 150.0 million bilateral term loan with the European Investment Bank (EIB) and Euro 150.0 million syndicated facility arranged by the European Bank for Reconstruction and Development (EBRD)

On July 10, 2017, COSMOTE signed, with the guarantee of OTE, a Euro 150.0 million bilateral term loan with EIB and a Euro 150.0 million syndicated facility arranged by EBRD.

The EBRD syndicated facility (structured as an A/B loan) has a maximum tenor of 3.5 years with semi-annual repayment schedule. The A Loan and B Loan bear floating interest rate which includes a margin over Euribor of 2.95% p.a. and 2.90% p.a. respectively. On October 3, 2017, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 million EBRD Loan.

The EIB loan has a tenor of up to 7 years from disbursement, with semi-annual repayment schedule and its interest includes a margin of 2.65% p.a.. The loan was undrawn as of December 31, 2017

Change of Control Clauses

All the above Bank Loans 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 or COSMOTE, require the prepayment of the whole or any portion of the loans.
In addition, both COSMOTE's Bank Loans include a change of control applicable to COSMOTE which is triggered if OTE (the Guarantor) ceases to control COSMOTE (the Borrower).

Financial Covenants

All the above Bank Loans include two financial covenants tested on a semi-annual basis at Group level, namely:

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

The above covenants apply also at COSMOTE level for its Bank Loans

OTE – PROCUREMENT

1) α. Framework Cooperation and Service Agreement (FCSA or Framework Cooperation and Service Agreement) and a relevant Service Arrangement, as Annex of the Framework Cooperation and Service Agreement and its respective Appendices between Deutsche Telekom AG (DTAG), as a service provider, and Hellenic Telecommunications Organisation S.A. (OTE), as a service receiver, for the provision by DTAG to OTE of services related to Human Resources Development for the year 2017, and

b. Service Agreement (SA or Service Agreement) and its respective Annexes, between OTE, as a service provider, and DTAG, as a service receiver, for the provision by OTE to DTAG of advisory and support services related to Human Resources Development for the year 2017.
In case of termination for cause prior to 31-12-2017, due to change in the equity ownership of the Service Receiver, the Service Receiver shall be obliged to pay the Service Provider Exit Fees.

2) a. Service Agreement (Project Term Sheet) for the IT Services provided by T-Systems International GmbH for the new accounting standard (IFRS15 Central Engine Solution) for the year 2017 as a part of the already concluded Framework Agreement (Project Service Agreement- PSA) with T-Systems International GmbH (T-Systems) for the provision of IT services (IT /licensing and related interconnection services) by T-Systems International GmbH.

b. Service Agreement (Project Term Sheet) for the provision of IT Services (INA) between OTE SA and Deutsche Telekom IT GmbH as a part of the already concluded Framework Agreement (Project Service Agreement- PSA) with T-Systems International GmbH (T-Systems) for the provision of IT services (IT /licensing and related interconnection services) by T-Systems International GmbH. [On 31 March 2017, Deutsche Telekom AG (DTAG) has moved its Telekom IT branch from T-Systems International GmbH and transferred this branch to a new subsidiary, Deutsche Telekom IT GmbH. DTAG is the sole shareholder of Deutsche Telekom IT GmbH (as well as of T-Systems International GmbH). As a consequence of this spin-off, all agreements between OTE and T-Systems International GmbH for the provision of Telekom IT Services (Group –internal Telekom IT) were transferred to the new company Deutsche Telekom IT GmbH and the latter is now subject to all rights and obligations arising from these contracts by partial universal succession and therefore Deutsche Telekom IT GmbH will now act as a new partner of OTE SA regarding Telekom IT services].

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.

3) Amendment to the Service Agreement (Project Term Sheet) between T-Systems Hungary Ltd and OTE S.A for the provision of Seamless Communication services through Cisco HCS Cloud Platform (SCPH). This Project Term Sheet was a part of the already concluded Framework Agreement (Project Service Agreement- PSA) with T-Systems Hungary Ltd for the provision of communication and IT services.

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.

4) 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.

5) 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.

6) 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.

7) 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.

8) LOCAL ADOPTION AGREEMENT between -Juniper Networks and -OTE SA, to the Supply and Service Agreement between "T Systems International GmbH" and "Juniper Networks" for the sale of products and services by "Juniper Networks" to OTE S.A.

According to the Supply and Service Agreement, if operating units or associated companies of the parties are restructured, become separate legal entities or are sold, the applicability of this framework agreement and the respective individual contract continues to apply to these operating units or associated companies at the request of the respective party (which experiences the change).

9) SMART-TRACK USAGE AGREEMENT between -T-Systems International GmbH and -Hellenic Telecommunications Organization S.A. (OTE), for the sublicense of the necessary use-rights for Aspera SmartTrack from TSI to OTE, from 1-1-2015 to 31-12-2019.

According to this agreement: "This Agreement shall terminate automatically on the date where Affiliate ceases to be an Affiliate as defined above....".

10) Agreement on Intercompany Provision of Products and Services for the operation and maintenance service of SAP FC consolidation tool between OTE S.A. and DT Accounting GmbH ("DTA")

Either Party shall have the right to terminate the Agreement for good cause at any point during its term. In particular, good cause shall be deemed to exist, if shares of one of the Parties are transferred to third parties and this results in a change of control of this Party and/or DTAG is no longer the sole controlling company of the Contractor (DTA) or/and a shareholder of the Customer (OTE) of at least 40% (change of control). In this case a 1-month- prior notice shall be necessary with effect from the end of a given calendar month.

INSURANCE AGREEMENTS

1) Directors and Officers Insurance Liability Policy (D&O Contract)
OTE SA has concluded with AIG Europe Limited a Directors and Officers Insurance Liability Policy (D&O Contract), which contains, inter alia, a "change of control" clause. In case that such an incident occurs, this shall constitute "risk increase", and hence the insurance cover provided under the said Policy will apply only to claims raised against Directors and Officers prior to the effective date of the "change of control".

2) All Risks Property Damage and Business Interruption Insurance Policy

OTE SA (policyholder) has concluded with ALLIANZ Hellas Insurance Company S.A. an All Risks Property Damage and Business Interruption Insurance Policy (hereinafter the "Policy"), providing coverage for OTE SA and all majority owned subsidiaries in Greece and Cyprus included in the consolidated balance sheet of OTE SA.
It is noted that the "Policy" is part of an international program, which consists of a Master Policy and Local Policies in the countries forming part of the program. A cancellation of the Master Policy also applies to this Policy.
Finally, the "Policy" contains inter alia, a Divestment Clause, which stipulates that should the policyholder be acquired by a company not belonging to the Deutsche Telekom Group during the term of this "Policy", then coverage will cease and the "Policy" will be cancelled with effect from the closing date of the transaction between the Deutsche Telekom Group and the new owner.

3) OTE SA has concluded with AXA Insurance Company SA an Insurance Liability Policy (hereinafter the "Policy"), providing coverage for liability due to arise as a result of potential bodily injury or material damage caused to third parties. It is noted that in accordance with the Policy's definitions, as "co-insured" companies are defined all OTE SA's subsidiaries in Greece and Cyprus which are owned by OTE SA with share 50% at a minimum. The possession by OTE SA of the said percentage constitutes criterion for the continuation of the provision of the insurance coverage to OTE SA's subsidiaries under the Policy. In particular this shall be interpreted to mean that should OTE SA's possession of the said percentage is diminished below 50% then this will result in the cease of the insurance coverage provided to the subsidiary company under the Policy.

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 2018 – 2021 championships

In 2017 OTE has concluded agreements with UEFA for the rights of Champions League and Europa League 2018 – 2021 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 ASSET OGILVY PUBLIC RELATIONS S.A. for the Formula 1 2015 - 2018 rights

In 2014 OTE has concluded agreement with ASSET OGILVY PUBLIC RELATIONS S.A. for the Formula 1 2015 - 2017 rights, with a right to extend the term for one (1) more year until 31-12-2018. 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

In 2017 OTE has concluded agreement with Universal Studios International B.V. for the acquisition of film rights until 30-06-2021. 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

In 2017 OTE has concluded agreement with Universal Studios International B.V. for the acquisition of film rights transmitted via the Video on Demand Service until 30-06-2021. 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 distribution 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

In 2017 OTE has concluded 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 until 31-01-2021. 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

In 2017 OTE has concluded 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 (Channels License Agreement) with Twentieth Century Fox Telecommunications International, Inc. for the acquisition of media rights for the Fox Channels

In 2017 OTE has concluded an agreement with Twentieth Century Fox Telecommunications International, Inc. for the acquisition of media rights of the Fox Channels until 30-09-2021. 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

In 2017 OTE has concluded 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 automatically extend for two (2) more years until 14-12-2019. 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

In 2017 OTE concluded an agreement with Warner Bros. Entertainment Nederland B.V. 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, 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.

- Agreement with CCBMS Gmbh (on behalf of Coca –Cola group in Europe)

In 2017 OTE has concluded an agreement with CCBMS Gmbh concerning the provision by OTE of “First Level IT Support Services” to the Coca-Cola group for 5 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. The total estimated fee amounts to Euro 11.000.000

- Agreement with T- Mobile Austria

In 2017 OTE has concluded an agreement with T- Mobile Austria concerning the pProvision of ICT “Central onEmail Collaboration Services” by OTE for 5 years. The client has the right to terminate the agreement in the event of a change of control of OTE.

- Agreement with T-Mobile Netherlands (1)

In 2017 OTE succeeded Cosmote in the contract, with T- Mobile Netherlands concerning the provision of ICT “BSCS Managed Services (Layer 1 – 4)” by OTE until 31st of August 2020. The total estimated fee amounts to Euro 2.900.000,00. The client has the right to terminate the agreement in the event of a change of control of OTE unless such change of control takes place within the DT Group.

- Agreement with T-Mobile Netherlands (2)

In 2017 OTE has concluded an agreement with T-Mobile Netherlands for the provision of “ERP Operations Services” until 30/06/2022. The client has the right to terminate the agreement in the event of a change of control of OTE unless such change of control takes place within DT Group.

COSMOTE- PROCUREMENT

1) a. Service Agreement (Project Term Sheet) for the IT Services provided by T-Systems International GmbH for the new accounting standard (IFRS15 Central Engine Solution) for the year 2017 as a part of the already concluded Framework Agreement (Project Service Agreement- PSA) with T-Systems International GmbH (T-Systems) for the provision of IT services (IT /licensing and related interconnection services) by T-Systems International GmbH.

b. Service Agreement (Project Term Sheet) for the provision of IT Services (INA) between OTE SA and Deutsche Telekom IT GmbH as a part of the already concluded Framework Agreement (Project Service Agreement- PSA) with T-Systems International GmbH (T-Systems) for the provision of IT services (IT /licensing and related interconnection services) by T-Systems International GmbH. [On 31 March 2017, Deutsche Telekom AG (DTAG) has moved its Telekom IT branch from T-Systems International GmbH and transferred this branch to a new subsidiary, Deutsche Telekom IT GmbH. DTAG is the sole shareholder of Deutsche Telekom IT GmbH (as well as of T-Systems International GmbH). As a consequence of this spin-off, all agreements between COSMOTE and T-Systems International GmbH for the provision of Telekom IT Services (Group – internal Telekom IT) were transferred to the new company Deutsche Telekom IT GmbH and the latter is now subject to all rights and obligations arising from these contracts by partial universal succession and therefore Deutsche Telekom IT GmbH will now act as a new partner of COSMOTE regarding Telekom IT services].

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.

2. Framework Agreement between COSMOTE MOBILE TELECOMMUNICATIONS S.A. (COSMOTE) and Deutsche Telekom Europe Holding GmbH (DTEH) for the provision by DTEH of MiFID II Services (Markets in Financial Instruments Directive)

(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.

3. Co-location & Smart Hand Services 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 production of MiFID 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.

4) 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.

5) 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.

6) Framework Agreement between Deutsche Telekom Europe Holding GmbH (DTEH) and COSMOTE Mobile Telecommunications S.A. (COSMOTE) for the provision by DTEH of Multi Value Added Services (mVAS):

(a) Within the frame of this agreement, change of control means "DTAG holds, directly or indirectly: (i) less than fifty per cent (<50%) of the capital and/or voting rights of DTEH, or (ii) less than forty per cent (<40%) of the capital and/or voting rights of COSMOTE".

(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 (as described in the Service Arrangements).

7) Framework Agreement between COSMOTE and Deutsche Telekom Europe Holding GmbH (DTEH) for the provision by COSMOTE of services regarding Multi Value Added Services ("mVAS"):

(a) Within the frame of this agreement, change of control means "a change in the majority equity ownership or the voting majority of COSMOTE and/or DTEH, 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 (as described in the Service Arrangements).

8) Framework Agreement between COSMOTE and Deutsche Telekom Pan-Net Greece EPE for the provision by COSMOTE of services regarding Multi Value Added Services ("mVAS") as well as of financial services:

(a) Within the frame of this agreement, change of control means "a change in the majority equity ownership or the voting majority of COSMOTE and/or Deutsche Telekom Pan-Net Greece EPE, 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 (as described in the Service Arrangements).

9) a. PROJECT SERVICE AGREEMENT (PSA) between -T-Systems International GmbH and- COSMOTE S.A, for the Provision of Services in connection with Shared Platforms and other IT Services.

According to the PSA, the Parties have 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. Service Agreement (Project Term Sheet) for the IT Services provided by Deutsche Telekom IT GmbH for the new accounting standard (IFRS15 Central Engine Solution) for the year 2017 as a part of the already concluded Framework Agreement (Project Service Agreement- PSA) with T-Systems International GmbH (T-Systems) for the provision of IT services (IT /licensing and related interconnection services).
[On 31 March 2017, Deutsche Telekom AG (DTAG) has moved its Telekom IT branch from T-Systems International GmbH and transferred this branch to a new subsidiary, Deutsche Telekom IT GmbH. DTAG is the sole shareholder of Deutsche Telekom IT GmbH (as well as of T-Systems International GmbH). As a consequence of this spin-off, all agreements between COSMOTE and T-Systems International GmbH for the provision of Telekom IT Services (Group –internal Telekom IT) were transferred to the new company Deutsche Telekom IT GmbH and the latter is now subject to all rights and obligations arising from these contracts by partial universal succession and therefore Deutsche Telekom IT GmbH will now act as a new partner of COSMOTE SA regarding Telekom IT services].

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.

OTE SUBSIDIARIES

OTESAT-Maritel

There is a "change of control" clause included in the main Agreements which have been signed between OTESAT-Maritel and Inmarsat for INMARSAT Satellite Products and services. According to this term, Inmarsat have the right to terminate the agreement in case of change of shares control of OTESAT-Maritel . These are Agreements where OTESAT-Maritel is enable to resell Inmarsat "Fleet Xpress" and "Fleet Broadband" products and services . These Agreements have been signed on 7/11/2016 and 1/7/2017 and in their terms and conditions it is not included a total fee amount for services/ products, but only a price list according to its prices OTESAT-Maritel can resell such Inmarsat services and products to OTESAT-Maritel's customers.

TELEKOM ROMANIA- TELEKOM ALBANIA

(i) Brand License Agreement dated 30th September 2014 between DT - Telekom Romania
(ii) Brand License Agreement dated 30th September 2014between DT – Telekom Romania Mobile
(iii) Brand License Agreement dated 3rd July 2015 between DT – Telekom Albania

Scope of the Agreement: DT granted to TKR/TKRM/TA the limited, non-exclusive, personal, non-transferable and royalty-bearing license to use the Licensed Trademarks for the Licensed Services and the Licensed Products in the Territory (Romania/Albania respective)

All above agreements include the below change of control clause:

"*Each Party may terminate this Agreement for cause with immediate effect at any time by giving written notice if:*
(A) the Licensor ceases to have a dominating shareholder's position, with regard to the Licensee in accordance with Section 17 AktG or in accordance with the applicable national laws granting no less protection to the Licensor;"

- <u>Telekom Romania ("TKR") contract with BBC WORLDWIDE LIMITED and BBC WORLD DISTRIBUTION LIMITED for the retransmission of channels</u>

Contract concluded with BBC WORLDWIDE LIMITED and BBC WORLD DISTRIBUTION LIMITED for the retransmission of BBC Earth Channel and BBC World News Channels for the period 14.04.2015- 31.12.2018. In case of change of control, TKR has the obligation to notify BBC. In the event that TKR is sold, transferred or is subject to a change of control, and if the transferee, purchaser or entity acquiring control (as applicable) has an agreement for transmission of the BBC channels, BBC shall have the right either to terminate the TKR contract or the other agreement in order to ensure the retransmission of BBC channels. If there is no such agreement, TKR shall, at BBC's request, procure that the transferee, purchaser or person acquiring control will enter into an agreement with BBCW mutatis mutandis on the terms and conditions set out in the TKR contract.

- <u>Telekom Romania contract with DISCOVERY COMMUNICATIONS EUROPE LIMITED and EUROSPORT SAS for the retransmission of channels</u>

Contract concluded with DISCOVERY COMMUNICATIONS EUROPE LIMITED and EUROSPORT SAS for the retransmission of Discovery Channel, Animal Planet, TLC, Discovery Science, ID Xtra, DTX, Discovery HD Showcase, Animal Planet HD, Discovery Science HD, ID Xtra HD, DTX HD channels for the period 01.06.2016-31.12.2019. Telekom Romania undertook that it will notify the licensors within thirty (30) days should it cease to be controlled by the Owner/Controller, or if the Owner/Controller loses significant management influence over Telekom Romania or its 100% subsidiary NextGen Communications. Non-compliance may trigger termination for breach of contract

- <u>Telekom Romania contract with NGC EUROPE LIMITED for the retransmission of channels</u>

Contract concluded with NGC EUROPE LIMITED for the retransmission of National Geographic Channel, National Geographic Channel HD, Nat Geo Wild, Nat Geo Wild HD, Nat Geo People, Nat Geo People HD channels for the period 01.02.2015-31.03.2018. In case of change of control, Telekom Romania has the obligation to immediately notify NGC and also NGC may require a statement regarding the further cooperation in the same terms and conditions. Non-compliance may trigger termination for breach of contract.

- Telekom Romania contract with VIASAT WORLD LIMITED for the retransmission of channels

Contract concluded with VIASAT WORLD LIMITED for the retransmission of Viasat History, Viasat Explore, Viasat Nature, TV1000 (Balkans), TV1000 Russian Kino, Trace Sport Stars, Trace Sport Stars HD, Viasat Nature HD/Viasat History HD channels for the period 01.01.2017- 31.12.2018. In case of a change of control, Viasat has the right to suspend/ terminate the contract

- Telekom Romania contract with NBA Properties for the distribution on Telekom Sport Channels of the NBA

Contract concluded with NBA Properties in respect of the distribution on Telekom Sport Channels of the NBA sport competition, seasons 2017&2018 (expires on 30.09.2018). In case of the transfer of a controlling interest, NBA approval is needed under the sanction of termination.

- Telekom Romania contract with WSG MEDIACAST LTD for the distribution of NFL sport competition

Contract concluded with WSG MEDIACAST LTD in respect of the distribution of NFL sport competition, seasons 2015-2018 (expires on 28.02.2018). In case of a change of control, WSG approval is needed under the sanction of termination.

- Telekom Romania Mobile contract with DTAG for the provision of aero complementary ground components services

In 2017 Telekom Romania Mobile concluded a contract with DTAG for the provision of aero complementary ground components services in Romania. In case of change of control of Telekom Romania Mobile, DTAG shall be entitled to terminate the Agreement with immediate effect

General Clause

OTE and other companies of OTE Group have signed a number of agreements with entities of DEUTSCHE TELEKOM Group for the provision of services in certain areas, which include a change of control clause.

OTE'S CREDIT EVALUATION

OTE's credit rating as of 31/12/2017 was B+ by Standard & Poor's Ratings Services and B3 by Moody's Investors Service.

On 19/12/2017 OTE PLC announced that any future rating issued by Moody's on the GMTN Programme or on any Notes issued under the GMTN programme will be on an unsolicited basis.

(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 lines "costs related to voluntary leave schemes" and "payments for 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 for the calculation of the Adjusted Free Cash Flow 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)	31/12/2017	31/12/2016	Change
Long-term borrowings	1,276.2	1,941.0	-34.3%
Short-term portion of long-term borrowings	764.5	184.1	-
Short-term borrowings	-	-	-
Cash and cash equivalents	(1,297.7)	(1,585.6)	-18.2%
Net Debt	**743.0**	**539.5**	**+37.7%**
Other financial assets	(5.9)	(5.6)	+5.4%
Adjusted Net Debt	**737.1**	**533.9**	**+38.1%**

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 (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)

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)	12M '17	12M '16	Change
Total Revenues	3,857.1	3,908.1	-1.3%
Other Operating Income	51.4	55.2	-6.9%
Total operating expenses before depreciation, amortization and impairment	(2,666.0)	(2,696.3)	-1.1%
EBITDA	**1,242.5**	**1,267.0**	**-1.9%**
EBITDA margin %	**32.2%**	**32.4%**	**-0.2pp**
Costs related to voluntary leave schemes	51.8	49.6	+4.4%
Other restructuring and non-recurring litigations	9.6	4.3	+123.3%
Adjusted EBITDA	**1,303.9**	**1,320.9**	**-1.3%**
Adjusted EBITDA margin %	**33.8%**	**33.8%**	**0pp**

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, net impact from impairments, reassessment of deferred tax, financial expenses for bond issue and bond buyback premium, reversal of provision related to Assets sales (Globul and Hellas Sat), other restructuring costs and non-recurring litigation expenses, as illustrated in the table below. A revision has been made in 2016 data for the calculation of adjusted Profit to owners of the parent in order to reflect minorities.

(Euro million) – After Tax impact	12M '17	12M '16	Change
Profit to owners of the parent (reported)	**67.2**	**140.0**	**-52.0%**
Costs related to voluntary leave schemes	34.4	34.3	+0.3%
Reversal of provision related to Assets Sales	(13.4)	(13.1)	+2.3%
Net Impact from Impairments	115.4	31.6	-
Other restructuring & non-recurring litigations	12.4	8.7	+42.5%
Reassessment of Deferred tax	(23.3)	-	-
Adjusted Profit to owners of the parent	**192.7**	**201.5**	**-4.4%**

Capital expenditure (CAPEX) and 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 from Capital expenditure, spectrum payments and capital expenditure payments related to non-recurring litigation as illustrated in the table below:

(Euro million)	12M '17	12M '16	Change
Purchase of property plant and equipment and intangible assets (reported) - CAPEX	(919.9)	(653.0)	+40.9%
Spectrum Payments	111.4	26.0	-
Capital expenditure payments related to non-recurring litigation	11.0	-	-
Adjusted CAPEX	**(797.5)**	**(627.0)**	**+27.2%**

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)	12M '17	12M '16	Change
Net cash flows from operating activities (reported)	**800.6**	**1,025.1**	**-21.9%**
Payment for voluntary leave schemes	65.3	53.9	+21.2%
Payment for restructuring and non-recurring litigations	35.1	4.4	-
Interest received	1.6	2.2	-27.3%
Adjusted Net Operating Cash Flow	**902.6**	**1,085.6**	**-16.9%**

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)	12M '17	12M '16	Change
Net cash flows from operating activities	800.6	1,025.1	-21.9%
Purchase of property, plant, equipment & intangible assets	(919.9)	(653.0)	+40.9%
Free Cash Flow	**(119.3)**	**372.1**	**-132.1%**

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)	12M '17	12M '16	Change
Free Cash Flow	**(119.3)**	**372.1**	**-132.1%**
Payment for voluntary leave schemes	65.3	53.9	+21.2%
Payment for restructuring and non-recurring litigations	46.1	4.4	-
Interest received	1.6	2.2	-27.3%
Spectrum payments	111.4	26.0	-
Adjusted FCF	**105.1**	**458.6**	**-77.1%**

Maroussi, February 21, 2018

Michael Tsamaz
Chairman and Managing Director

III. AUDITOR’S REPORT ON 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

Our opinion

We have audited the accompanying separate and consolidated financial statements of "HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A." (Company or/and Group), which comprise the separate and consolidated statement of financial position as of 31 December 2017, the separate and consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2017, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Codified Law 2190/1920.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report.

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

Independence

During our audit we remained independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, in the period from 1st January 2017 to 31 December 2017 during the year ended as at 31 December 2017, are disclosed in Note 31 to the separate and consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition **(separate and consolidated financial statements)** We focused on this area due to the volume of transactions, the complexity of the IT systems and the variety of services, products and tariffs offered. The Group has various IT Systems and internal controls in place to ensure a robust revenue recognition framework. However, certain judgements and estimates are required in specific calculations regarding areas, such as unbilled revenue at the end of each reporting period. Further information on revenue recognition is included in Note 3.26 “Significant Accounting Policies – Recognition of Revenues and Expenses”.	We assessed the consistency of the application of the Group’s accounting policies to amounts billed for the different sources of revenues. Our audit approach included the following key procedures: • We tested the IT environment of systems supporting material revenue streams, covering the processes of ordering, provision of services, billing and rating. Our procedures also included an assessment of the controls environment and the internal controls relating to change management and restricted access over these IT systems. • We tested internal controls in relation to transactions recorded and transferred across systems, from their initial capturing through their recording in the general ledger. • We tested internal controls related to calculation and recognition of accrued revenue. • We tested internal controls over the algorithmic calculations supporting estimates regarding revenue recognition. • We recalculated the unbilled revenue of the year ended 31 December 2017. Based on our work, no exceptions were noted in respect of revenue recognition, as described in Note 3.26.
Impairment assessment of goodwill, tangible and intangible assets **(consolidated financial statements)** At 31 December 2017, the Group had goodwill of €447.1 mn (Note 5 “Goodwill” to the financial statements), tangible assets of €2,740.9 mn (Note 4 “Property, Plant and Equipment” to the financial statements), telecommunications licenses of €523.6 mn (Note 6 “Telecommunication Licenses” to the financial statements) and other intangible assets of € 504.2 mn. (Note 7 “Other Intangible Assets” to the financial statements). Goodwill is tested for impairment at least annually, while tangible and finite intangible assets are tested for impairment	We evaluated management’s overall impairment testing process, including assessing the process by which the impairment testing models are reviewed and approved. The key assumptions assessed included, revenue and margin trends, estimated capital expenditure on network assets and discount rates. With the support of our valuation specialists, we discussed extensively with management the suitability of the impairment models and reasonableness of the

whenever there are indications of potential impairment.

The above assets are allocated within the following five cash generating units ('CGUs'), namely: Cosmote Group – Greece, Cosmote Group – Romania and Cosmote Group Albania (mobile operations in Greece, Romania and Albania respectively) and Fixed Greece and Fixed Romania (Telekom Romania). More specifically, goodwill was allocated to the three CGUs: Cosmote Group – Greece, Cosmote Group – Romania and Cosmote Group Albania.

We focused on this area given that management has determined the recoverable amount of each CGU as the higher of fair value less costs to sell and value-in-use. This requires judgement on the part of management about the future results of the above CGUs and the discount rates applied to future cash flow forecast.

Management's judgements relate to such variables as average rate of revenue increase and future operating profit before financial and investing activities, depreciation, amortization and impairment. Details on the assumptions used are included in Notes 4 "Property, plant and equipment", 5 "Goodwill" and 8 "Investments – Business combinations" to the financial statements.

Furthermore, challenging trading and operating conditions exist in the countries in which the Group operates resulting in an increased risk of impairment.

In the year ended 31 December 2017 an impairment charge of € 78.4 mn was recognized with respect to the Group's operations in Albania, which was allocated to goodwill (€ 57.4mn) , telecommunication equipment (€18.1 mn) and buildings (€2.9 mn) . Furthermore, an impairment charge of € 55.5 mn was recognized against consolidated telecommunication equipment with respect to the Group's fixed line operations in Romania. No impairment charged against other intangible assets. (Notes: 2 "Basis of Preparation", 3"Significant Accounting Policies", 4 "Property, Plant and Equipment" and 5 "Goodwill" to the financial statements).

assumptions and by:

- Benchmarking key assumptions in management's valuations models with industry trends and with assumptions made in the prior years.
- Testing the mathematical accuracy of the cash flow models and agreeing relevant data to approved business plans.
- Assessing the reliability of management's forecast through a review of actual performance against previous forecasts.
- Reviewing discount rate calculations.

We validated the appropriateness of the related disclosures included in Notes 4, 5 and 8 to the financial statements.

Based on our procedures, we noted no exceptions and consider management's key assumptions to be within a reasonable range.

Impairment assessment of investments in Subsidiaries

(separate financial statements)

At 31 December 2017, the Company had investments in subsidiaries of €3,426.7 mn, which are accounted for at cost adjusted for any impairment where necessary. (Note 8 "Investments – Business Combinations" to the financial statements).

The significant investments in subsidiaries comprise Cosmote (€2,763.3 mn) that owns the Group's mobile operations in Greece, Romania and Albania and OTE International Investments (€284.9 mn), the intermediate parent of Telekom Romania.

The remaining investments in subsidiaries amounting to € 378.4mn in total, concern various entities that relate to the Group's Greek based operations, and its Greek real estate entity, OTE Estate.

We focused on this area because the same facts that are described in the key audit matter relating to "Impairment assessment of goodwill, tangible and intangible assets" have an impact on the above investments in subsidiaries.

In the year ended 31 December 2017 an impairment charge of €60mn was recognized with respect to the Company's investment in OTE International Investments. (Notes: 3.1 "Significant Accounting Policies – Basis of Consolidation and Investments" and 8 "Investments – Business Combinations" to the financial statements).

The impairment evaluation with respect to the Company's significant investments, was based on the procedures described in the key audit matter relating to "Impairment assessment of goodwill, tangible and intangible assets".

Following the completion of the procedures applicable to the consolidated financial statements, we assessed the analysis prepared by management whereby the CGU recoverable amounts were matched to the relevant investments in subsidiaries to which they relate.

From our assessment of the impairment testing procedures on investments performed by management we noted no exceptions. Furthermore we also validated the appropriateness of the related disclosures included in Note 8 "Investments – Business Combinations" to the financial statements.

Provisions and contingent liabilities

(separate and the consolidated financial statements)

As described in Note 28 " Litigation and Claims – Commitments" to the financial statements, there are a number of threatened and actual employee related, regulatory and other legal cases against the Group's entities. Periodically, Group management reviews the status of each significant case and assesses potential financial exposure, mainly based on the advice of legal counsels. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reliably estimated, Group management recognizes a provision for the estimated

Our procedures with respect to provisions and contingent liabilities included:

- Reading the legal opinions and discussing with management in respect of pending legal cases, when deemed necessary.
- Discussing open matters with the Group legal counsels.
- Assessing and holding detailed discussions with management as regards management's conclusions

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, Group management reassesses the potential liability related to pending claims and litigations 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 financial position and results of operations.

We focused on this area due to the high level of judgement required in estimating the level of provisioning required. (Notes: 2 "Basis of Preparation", 3.21 "Significant Accounting Policies – Provisions", 23 "Other Current Liabilities" and 28 "Litigation and Claims – Commitments" to the financial statements).

through understanding precedents set in similar cases.

Based on the evidence obtained, while noting the inherent uncertainty with such employee related, regulatory and otherlegal cases, we determined the level of provisioning at 31 December 2017 to be appropriate (Note 23 "Other Current Liabilities" to the financial statements).

We validated the related disclosures in Note 28 "Litigation and Claims – Commitments" to the financial statements and deemed these to be sufficient.

Information Other than the Financial Statements and Auditor's Report Thereon

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Members of the Board of Directors and the Report of the Board of Directors (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the "2017 OTE Group Sustainability Report" , which is expected to be made available to us after 21/2/2018.

Our opinion on the separate and consolidated financial statements does not cover the Other Information and except to the extent otherwise, explicitly stated in this paragraph of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We considered whether the Report of the Board of Directors includes the disclosures required by Codified Law 2190/1920 as required by Article 19 of EU Regulation (EU) No 2013/34 and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Report of the Board of Directors for the year ended at 31 December 2017 is consistent with the separate and consolidated financial statements
- The Report of the Board of Directors has been prepared in accordance with the legal requirements of articles 43a and 107A of the Codified Law 2190/1920; and
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 43bb of the Codified Law 2190/1920.

In addition, in light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the

Board of Directors and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

When we read the "2017 OTE Group Sustainability Report", if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, depending on the case, to proceed in further action in compliance with relevant legislation.

Responsibilities of management and those charged with governance for the separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920, 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.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 23 June 2011. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 7 years.

21 February 2018
Despina Marinou
SOEL Reg. No 17681

PricewaterhouseCoopers S.A.
Certified Auditors - Accountants
268, Kifissias Avenue
152 32 Halandri

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF DECEMBER 31, 2017

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 79-141, were approved by the Board of Directors on February 21, 2018 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	2017	2016	2017	2016
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,740.9	2,852.5	1,239.2	1,225.0
Goodwill	5	447.1	507.0	-	-
Telecommunication licenses	6	523.6	491.3	4.4	3.7
Other intangible assets	7	504.2	490.4	255.5	197.1
Investments	8	0.1	0.1	3,426.7	3,486.5
Loans to pension funds	19	82.5	85.6	82.5	85.6
Deferred tax assets	22	313.5	316.5	117.0	133.3
Other non-current assets	9	112.1	99.4	73.0	76.2
Total non-current assets		**4,724.0**	**4,842.8**	**5,198.3**	**5,207.4**
Current assets					
Inventories	10	91.3	95.9	12.4	23.5
Trade receivables	11	719.7	730.5	357.1	348.7
Other financial assets	12	5.9	5.6	16.8	9.4
Other current assets	13	259.3	307.6	154.5	100.3
Restricted cash		4.3	3.6	-	-
Cash and cash equivalents	14	1,297.7	1,585.6	185.6	511.6
Total current assets		**2,378.2**	**2,728.8**	**726.4**	**993.5**
TOTAL ASSETS		**7,102.2**	**7,571.6**	**5,924.7**	**6,200.9**
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	496.4	496.2	496.4	496.2
Treasury shares	15	(14.5)	(14.3)	(14.5)	(14.3)
Statutory reserve	16	373.5	362.2	373.5	362.2
Foreign exchange and other reserves	16	(157.1)	(156.5)	(11.4)	(18.5)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings	16	3,573.1	3,595.4	727.1	590.0
Total equity attributable to owners of the Parent		**2,344.4**	**2,356.0**	**2,958.2**	**2,802.7**
Non-controlling interests	8	245.0	295.7	-	-
Total equity		**2,589.4**	**2,651.7**	**2,958.2**	**2,802.7**
Non-current liabilities					
Long-term borrowings	18	1,276.2	1,941.0	1,004.4	1,348.5
Provision for staff retirement indemnities	19	224.3	227.6	189.9	192.2
Provision for youth account	19	129.9	142.5	129.9	142.5
Deferred tax liabilities	22	30.6	50.3	-	-
Other non-current liabilities	20	130.8	118.3	207.1	155.2
Total non-current liabilities		**1,791.8**	**2,479.7**	**1,531.3**	**1,838.4**
Current liabilities					
Trade accounts payable		1,162.4	1,364.1	400.4	491.9
Short-term borrowings	21	-	-	163.0	350.0
Short-term portion of long-term borrowings	18	764.5	184.1	378.4	128.5
Income tax payable	22	41.6	79.2	12.7	63.6
Deferred revenue		133.5	152.1	76.8	91.1
Provision for voluntary leave schemes	19	139.3	141.9	139.3	141.9
Dividends payable	17	0.4	0.3	0.4	0.3
Other current liabilities	23	479.3	518.5	264.2	292.5
Total current liabilities		**2,721.0**	**2,440.2**	**1,435.2**	**1,559.8**
TOTAL EQUITY AND LIABILITIES		**7,102.2**	**7,571.6**	**5,924.7**	**6,200.9**

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro except per share data)	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Revenue					
Fixed business:					
Retail services revenues		1,191.2	1,205.2	904.6	898.0
Wholesale services revenues		662.6	647.7	347.7	344.4
Other revenues		295.6	297.7	216.2	217.0
Total revenues from fixed business		**2,149.4**	**2,150.6**	**1,468.5**	**1,459.4**
Mobile business:					
Service revenues		1,334.9	1,311.3	-	-
Handset revenues		224.3	221.5	33.3	24.6
Other revenues		20.6	23.3	-	-
Total revenues from mobile business		**1,579.8**	**1,556.1**	**33.3**	**24.6**
Miscellaneous other revenues		**127.9**	**201.4**	**82.0**	**84.5**
Total revenues		**3,857.1**	**3,908.1**	**1,583.8**	**1,568.5**
Other operating income	24	**51.4**	**55.2**	**8.1**	**8.2**
Operating expenses					
Interconnection and roaming costs		(569.8)	(542.9)	(106.5)	(112.2)
Provision for doubtful accounts	11	(106.3)	(89.9)	(20.5)	(20.5)
Personnel costs		(622.5)	(642.4)	(286.4)	(308.4)
Costs related to voluntary leave schemes	19	(51.8)	(49.6)	(27.7)	(35.8)
Commission costs		(141.3)	(134.7)	(19.0)	(13.5)
Merchandise costs		(296.7)	(268.7)	(67.2)	(54.2)
Maintenance and repairs		(96.6)	(100.1)	(34.7)	(38.0)
Marketing		(96.5)	(104.5)	(26.6)	(29.7)
Other operating expenses, out of which:		(684.5)	(763.5)	(357.6)	(336.6)
Rental, leasing and facility costs		*(211.6)*	*(215.7)*	*(107.0)*	*(104.5)*
Third party fees and services		*(170.7)*	*(172.7)*	*(142.7)*	*(143.1)*
Other taxes and regulatory charges		*(67.1)*	*(75.3)*	*(22.5)*	*(21.8)*
Construction cost network		*(11.4)*	*(68.0)*	-	-
Other sundry operating expenses		*(223.7)*	*(231.8)*	*(85.4)*	*(67.2)*
Total operating expenses before depreciation, amortization and impairment		**(2,666.0)**	**(2,696.3)**	**(946.2)**	**(948.9)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**1,242.5**	**1,267.0**	**645.7**	**627.8**
Depreciation, amortization and impairment	4,5,6,7	(937.0)	(881.4)	(324.9)	(306.4)
Operating profit before financial and investing activities		**305.5**	**385.6**	**320.8**	**321.4**
Income and expense from financial and investing activities					
Interest and related expenses		(139.4)	(149.4)	(89.2)	(104.5)
Interest income		1.6	2.2	2.5	2.3
Foreign exchange differences, net		(12.2)	(4.3)	(0.8)	2.5
Dividend income	8	-	-	126.6	15.1
Gains / (losses) from investments and other financial assets - Impairment	8,12	19.0	18.3	(41.1)	(57.1)
Total loss from financial and investing activities		**(131.0)**	**(133.2)**	**(2.0)**	**(141.7)**
Profit before tax		**174.5**	**252.4**	**318.8**	**179.7**
Income tax	22	(151.7)	(168.4)	(92.2)	(81.7)
Profit for the year		**22.8**	**84.0**	**226.6**	**98.0**
Attributable to:					
Owners of the parent		67.2	140.0	226.6	98.0
Non-controlling interests		(44.4)	(56.0)	-	-
Profit for the year		**22.8**	**84.0**	**226.6**	**98.0**
Earnings per share attributable to owners of the parent					
Basic earnings per share	25	0.1375	0.2864		
Diluted earnings per share	25	0.1375	0.2864		

The accompanying notes on pages 85-141 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2017	2016	2017	2016
Profit for the year		22.8	84.0	226.6	98.0
Other comprehensive income: **Items that will not be reclassified subsequently to profit or loss**					
Actuarial gains / (losses)	19	10.9	(1.1)	9.6	(1.7)
Deferred taxes on actuarial gains / (losses)		(3.0)	0.5	(2.8)	0.5
Total items that will not be reclassified subsequently to profit or loss		7.9	(0.6)	6.8	(1.2)
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(15.2)	6.9	-	-
Net movement in available for sale financial assets	12	0.5	1.1	0.4	-
Deferred taxes on net movement in available for sale financial assets		(0.1)	(0.3)	(0.1)	-
Total items that may be reclassified subsequently to profit or loss		(14.8)	7.7	0.3	-
Other comprehensive income / (loss) for the year		(6.9)	7.1	7.1	(1.2)
Total comprehensive income for the year		15.9	91.1	233.7	96.8
Attributable to:					
Owners of the parent		66.6	147.6	233.7	96.8
Non-controlling interests		(50.7)	(56.5)	-	-
		15.9	91.1	233.7	96.8

The accompanying notes on pages 85-141 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

	Attributed to equity holders of the parent									
(Amounts in millions of Euro)	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
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 distribution	-	-	-	-	-	-	(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**
Balance as at January 1, 2017	**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**
Profit / (loss) for the year	-	-	-	-	-	-	67.2	**67.2**	(44.4)	**22.8**
Other comprehensive income / (loss)	-	-	-	-	(0.6)	-	-	**(0.6)**	(6.3)	**(6.9)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(0.6)**	**-**	**67.2**	**66.6**	**(50.7)**	**15.9**
Dividend distribution	-	-	-	-	-	-	(78.2)	**(78.2)**	-	**(78.2)**
Transfer to statutory reserve	-	-	-	11.3	-	-	(11.3)	**-**	-	**-**
Share option plans	-	0.2	(0.2)	-	-	-	-	**-**	-	**-**
Balance as at December 31, 2017	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(157.1)**	**(3,314.1)**	**3,573.1**	**2,344.4**	**245.0**	**2,589.4**

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, 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 / (loss)	**-**	**-**	**-**	**-**	**(1.2)**	**98.0**	**96.8**
Dividend distribution	-	-	-	-	-	(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**
Balance as at January 1, 2017	**1,387.1**	**496.2**	**(14.3)**	**362.2**	**(18.5)**	**590.0**	**2,802.7**
Profit for the year	-	-	-	-	-	226.6	**226.6**
Other comprehensive income	-	-	-	-	7.1	-	**7.1**
Total comprehensive income	**-**	**-**	**-**	**-**	**7.1**	**226.6**	**233.7**
Dividend distribution	-	-	-	-	-	(78.2)	**(78.2)**
Transfer to statutory reserve	-	-	-	11.3	-	(11.3)	**-**
Share option plans	-	0.2	(0.2)	-	-	-	**-**
Balance as at December 31, 2017	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(11.4)**	**727.1**	**2,958.2**

The accompanying notes on pages 85-141 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2017	2016	2017	2016
Cash flows from operating activities					
Profit before tax		174.5	252.4	318.8	179.7
Adjustments for:					
Depreciation, amortization and impairment	4,5,6,7	937.0	881.4	324.9	306.4
Costs related to voluntary leave schemes	19	51.8	49.6	27.7	35.8
Provision for staff retirement indemnities	19	9.8	12.1	9.0	10.0
Provision for youth account	19	2.1	1.8	2.1	1.8
Provision for doubtful accounts	11	106.3	89.9	20.5	20.5
Foreign exchange differences, net		12.2	4.3	0.8	(2.5)
Interest income		(1.6)	(2.2)	(2.5)	(2.3)
Dividend income	8	-	-	(126.6)	(15.1)
(Gains) / losses from investments and other financial assets – Impairment	8,12	(19.0)	(18.3)	41.1	57.1
Interest and related expenses		139.4	149.4	89.2	104.5
Working capital adjustments:					
Decrease / (increase) in inventories		1.8	1.2	11.1	(5.4)
Decrease / (increase) in receivables		(63.6)	(164.3)	(16.0)	(17.0)
(Decrease) / increase in liabilities (except borrowings)		(128.2)	76.0	(44.1)	56.9
Plus /(Minus):					
Payment for voluntary leave schemes	19	(65.3)	(53.9)	(38.6)	(41.2)
Payment of staff retirement indemnities and youth account, net of employees' contributions	19	(12.6)	(15.2)	(12.2)	(14.9)
Interest and related expenses paid		(132.1)	(134.9)	(92.5)	(93.6)
Income tax paid		(211.9)	(104.2)	(129.7)	(1.5)
Net cash flows from operating activities		**800.6**	**1,025.1**	**383.0**	**579.2**
Cash flows from investing activities					
Acquisition of subsidiaries		-	-	-	(3.8)
Sale or maturity of financial assets	12	0.2	2.2	-	-
Loans granted		-	-	-	(14.7)
Repayment of loans receivable		6.2	7.3	7.3	7.3
Purchase of property, plant and equipment and intangible assets		(919.9)	(653.0)	(409.9)	(311.4)
Movement in restricted cash		(0.8)	(0.8)	-	-
Payments related to disposal of subsidiaries / investments		-	(4.9)	-	-
Interest received		1.6	2.2	2.5	2.3
Dividends received		-	-	55.6	14.5
Net cash flows used in investing activities		**(912.7)**	**(647.0)**	**(344.5)**	**(305.8)**
Cash flows from financing activities					
Share option plans		(0.3)	-	(0.3)	-
Proceeds from loans granted and issued	18,21	150.0	389.0	193.6	739.0
Repayment of loans	18,21	(242.7)	(454.5)	(479.7)	(742.2)
Dividends paid to Company's owners		(78.1)	(48.9)	(78.1)	(48.9)
Net cash flows used in financing activities		**(171.1)**	**(114.4)**	**(364.5)**	**(52.1)**
Net increase / (decrease) in cash and cash equivalents		**(283.2)**	**263.7**	**(326.0)**	**221.3**
Cash and cash equivalents, at the beginning of the year		**1,585.6**	**1,322.5**	**511.6**	**290.3**
Net foreign exchange differences		(4.7)	(0.6)	-	-
Cash and cash equivalents, at the end of the year	14	**1,297.7**	**1,585.6**	**185.6**	**511.6**

The accompanying notes on pages 85-141 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, 2017 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 financial statements of the consolidated non-listed entities, which cumulatively represent more than 5.0% of the consolidated total revenues, or consolidated total assets, or consolidated total net profit excluding non-controlling interest, are available in the parent Company's website, https://www.cosmote.gr/fixed/en/corporate/ir/financial-statements-of-ote-group-companies.

The Annual Consolidated and Separate Financial Statements ("financial statements") as of December 31, 2017 and for the year then ended, were approved for issuance by the Board of Directors on February 21, 2018, and are subject to the final approval of OTE's General Assembly.

The total numbers of Group and Company employees as of December 31, 2017 and 2016 is as follows:

	GROUP	COMPANY
December 31, 2017	20,305	8,389
December 31, 2016	21,086	8,405

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	GROUP's OWNERSHIP INTEREST	
			2017	2016
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%
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%

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP's OWNERSHIP INTEREST	
			2017	2016
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%
SUNLIGHT ROMANIA S.R.L. FILIALA	Retail services	Romania	-	100.00%
MOBILBEEEP LTD	Retail services	Greece	100.00%	100.00%
COSMOTE TV PRODUCTIONS	TV Productions and 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%
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%

TRANSFER AND MERGER OF SUBSIDIARIES

On May 10, 2017, GERMANOS transferred its shares in GERMANOS TELECOM ROMANIA S.A. (including its participation to SUNLIGHT ROMANIA S.R.L FILIALA) to TELEKOM ROMANIA MOBILE.

On June 7, 2017, COSMOHOLDING ROMANIA LTD transferred its shares in ZAPP to TELEKOM ROMANIA MOBILE.

On December 1, 2017, GERMANOS TELECOM ROMANIA S.A, SUNLIGHT ROMANIA S.R.L FILIALA and ZAPP have been absorbed by TELEKOM ROMANIA MOBILE.

On December 7, 2017, GERMANOS TELECOM ROMANIA S.A, SUNLIGHT ROMANIA S.R.L FILIALA and ZAPP have been deregistered from the Trade Registry.

On December 6, 2017, HATWAVE has been deregistered from the Trade Registry.

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 and available-for-sale financial assets.

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 tax 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 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 on or after January 1, 2017.

Standards and Interpretations effective for the current financial year

- **IAS 7 (Amendments) "Disclosure initiative"**: These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

- **IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealized Losses"**: These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

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

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 "Financial Instruments: Disclosures"** (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 new more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

On the basis of management's current estimate, the Group and the Company do not expect the first-time and ongoing application of the standard to have any material impact on the financial statements.

The majority of the financial assets held by the Group include debt instruments. Based on the provision of the new standard, debt instruments are classified and measured on the basis of the business model within which they are held and their contractual cash flow characteristics.

The business model and cash flow characteristics test introduced by IFRS 9 will not affect the classification and measurement of the majority of debt instruments of the Group, which will continue to be measured at amortized cost.

The new provisions on the accounting of impairment losses will lead to expected losses having to be expensed earlier in some cases. Application of the simplified approach also for financial assets with a significant financing component, and impairment losses on the contract assets to be recognized for the first time as of January 1, 2018 in accordance with IFRS 15, will lead to a minor increase in impairment losses. Ongoing effects can therefore only be attributed to changed business developments, changes in business models and products offered.

- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after January 1, 2018):

IFRS 15 has been issued in May 2014. 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 sets out the requirements for recognizing revenue and costs from contracts with customers and includes further disclosure requirements. It 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 will use the following practical expedients on transition:

- Contracts completed before the date of initial application (i.e. January 1, 2018) will not be revised.
- The Group will apply the new Standard to a portfolio of contracts with similar characteristics, as it expects that the effect on the financial statements would not differ materially from applying this standard to the individual contracts.
- Prior-year comparatives will not be restated; instead, OTE Group will provide an explanation of the reasons for the changes in the statement of financial position and the income statement, as a result of applying IFRS 15 for the first time.

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 these handsets and other devices are 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 these components' relative stand-alone value within the contract, which will result in higher revenue from the sale of handsets and in lower revenue from the provision of services. It will also impact the timing of recognition, resulting in 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 obtaining 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 period in which the corresponding benefit is received.

Based on the above, the Group has performed an analysis of the IFRS 15 expected impact as of January 1, 2018 as well as the estimated impact on the 2018 income statement.

Based on management's current assessment, OTE Group anticipates a cumulative increase in the consolidated retained earnings before taxes, of a range of Euro 70.0 to Euro 100.0. The effect is essentially the result of the recognition of:

- contract assets which, pursuant to IFRS 15, resulting from the earlier recognition of handset revenues; and
- deferred customer acquisition costs, resulting from the subsequent recognition of commission costs under IFRS 15.

The data presented below, regarding the future effects on the consolidated income statement in the financial year 2018, represent management's best estimates based on current knowledge and assumptions. In this respect, the Group expects a decline in the share of revenues from the provision of services and an increase in the share of revenues from sales of handsets amounting to approximately 1.0 percentage points of total revenues.

The impact on the income statement in the financial year 2018, assuming a consistent business cycle, in a mass market with a large number of customer contracts which are completed at different times, will result:

- in the case of contracts which are still active on January 1, 2018, in lower service revenues and higher commission costs resulting from the amortization of capitalized contract assets and deferred customer acquisition costs,
- in higher handset revenues and lower commission costs resulting from the capitalization of contract assets and deferred customer acquisition costs, when new contracts are concluded.

Furthermore, based on the current accounting treatment, the subsidized part of the merchandise costs related to customers' acquisition and retention is being recognised in commission costs. On the basis of IFRS 15 adoption, these expenses will be recognised in merchandise costs.

Since these effects from the new accounting treatment result in timing differences as regards the realization of revenues and expenses, the impact to equity over time is neutral.

Significant profit and loss effects compared to current accounting treatment can therefore only be attributed to changed business developments, changes in business models and products offered.

Regarding the financial statements of the Company, on the basis of management's current estimate, the first-time and ongoing application of the standard is expected to have minor impact.

- **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. 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.

- **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.

- **IAS 28 (Amendments) "Long term interests in associates and joint ventures"** (effective for annual periods beginning on or after January 1, 2019): These amendments clarify that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. 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.

- **IFRIC 23 "Uncertainty over income tax treatments"** (effective for annual periods beginning on or after 1 January 2019): The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

- **IAS 19 (Amendments) "Plan amendment, curtailment or settlement"** (effective for annual periods beginning on or after 1 January 2019): The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)

The amendment set out below describe the key changes to a certain IAS.

- **IAS 28 "Investments in associates and Joint ventures"** (effective for annual periods beginning on or after January 1, 2018): 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.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle)

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

- **IFRS 3 "Business combinations"** (effective for annual periods beginning on or after January 1, 2019): The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

- **IFRS 11 "Joint arrangements"** (effective for annual periods beginning on or after January 1, 2019): The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- **IAS 12 "Income taxes"** (effective for annual periods beginning on or after January 1, 2019): The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

- **IAS 23 "Borrowing costs"** (effective for annual periods beginning on or after January 1, 2019): The amendments clarify a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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 - 50 years	2.0% – 100.0%
Telecommunication equipment and installations:		
Telecommunications line network	3 – 27 years	3.7% – 33.3%
Switching equipment	3 – 10 years	10.0% – 33.3%
Transmission equipment	4 – 12 years	8.3% – 25.0%
Broadband distribution network	5 – 9 years	11.1% – 20.0%
Radio equipment	5 – 12 years	8.3% – 20.0%
Other telecommunications equipment	2 – 15 years	6.7% – 50.0%
Miscellaneous other technical equipment and machinery	1 – 16 years	6.3% – 100.0%
Network buildings	5 – 18 years	5.6% – 20.0%
Transportation means	3 – 11 years	9.1% – 33.3%
Fixtures and furniture	1 – 15 years	6.7% – 100.0%

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, 2017.

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	FIXTURES, FURNITURE & TRANSPORTATION	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2015							
Cost	45.0	998.3	12,541.7	525.8	280.7	52.5	14,444.0
Accumulated depreciation	-	(619.9)	(10,452.7)	(420.8)	-	-	(11,493.4)
Net book value 31/12/2015	**45.0**	**378.4**	**2,089.0**	**105.0**	**280.7**	**52.5**	**2,950.6**
Additions and transfers	-	8.4	408.4	26.1	354.5	105.2	902.6
Disposals and transfers - cost	(0.5)	(13.3)	(169.8)	(14.5)	(298.3)	(89.5)	(585.9)
Disposals and transfers - accumulated depreciation	-	10.4	169.3	14.2	-	-	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)	(25.7)	-	(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	537.2	336.3	67.8	14,745.0
Accumulated depreciation	-	(643.8)	(10,816.6)	(432.1)	-	-	(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**
Additions and transfers	-	16.7	495.8	24.8	385.8	94.7	1,017.8
Disposals and transfers - cost	(0.1)	(11.8)	(186.3)	(20.6)	(405.5)	(93.5)	(717.8)
Disposals and transfers - accumulated depreciation	-	10.9	185.2	20.6	-	-	216.7
Exchange differences - cost	(0.1)	(12.2)	(110.9)	(3.1)	(2.3)	(0.4)	(129.0)
Exchange differences - accumulated depreciation	-	10.7	99.1	2.6	-	-	112.4
Depreciation charge for the year - impairment	-	(37.5)	(551.8)	(22.4)	-	-	(611.7)
Net book value 31/12/2017	**44.3**	**324.6**	**1,882.1**	**107.0**	**314.3**	**68.6**	**2,740.9**
31/12/2017							
Cost	44.3	984.3	12,966.2	538.3	314.3	68.6	14,916.0
Accumulated depreciation	-	(659.7)	(11,084.1)	(431.3)	-	-	(12,175.1)
Net book value 31/12/2017	**44.3**	**324.6**	**1,882.1**	**107.0**	**314.3**	**68.6**	**2,740.9**

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

As at December 31, 2017, a value in use impairment test was performed by TELEKOM ROMANIA as there were indications based on its financial and operating performance that its carrying value exceeds the recoverable amount. The impairment test was performed based on the following assumptions:

Assumptions 2017 – TELEKOM ROMANIA	
Discount rate	7.7%
Average rate of revenue increase	2.2%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2018 - 2027)	11.6%-21.6%

As a result of the impairment test mentioned above, an impairment loss of Euro 55.5 in relation to its property, plant and equipment ("Telecom equipment") was charged in the 2017 consolidated income statement and is included in the line "Depreciation, amortization and impairment".

As at December 31, 2017, a value in use impairment test was performed by TELEKOM ALBANIA as there were indications based on its financial and operating performance that its carrying value exceeds the recoverable amount.

The impairment test was performed based on the following assumptions:

Assumptions 2017 – TELEKOM ALBANIA	
Discount rate	10.3%
Average rate of revenue increase	2.3%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2018-2027)	18.3%-26.5%

As a result of the impairment test mentioned above, an impairment loss of Euro 21.0 in relation to its property, plant and equipment (an amount of Euro 2.9 relating to "Buildings" and an amount of Euro 18.1 relating to "Telecom equipment") was charged in the 2017 consolidated income statement and is included in the line "Depreciation, amortization and impairment".

Property, plant and equipment includes investment property of Euro 60.3 as of December 31, 2017 (December 31, 2016: Euro 63.4), the fair value of which amounts to Euro 236.0 (December 31, 2016: Euro 247.6). 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, 2017 and 2016 by the Group as part of the cost of qualifying assets amount to Euro 6.0 and Euro 3.7, respectively. The amounts were calculated based on an average rate of capitalization which was 4.5% and 4.6% for the year ended December 31, 2017 and 2016, 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, 2017 is Euro 0.1 (December 31, 2016: Euro 0.2). There are no unfulfilled conditions or contingencies attached to these grants.

COMPANY	BUILDINGS	TELECOM EQUIPMENT	FIXTURES, FURNITURE & TRANSPORTATION	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
31/12/2015						
Cost	105.5	7,745.2	142.5	136.1	41.9	8,171.2
Accumulated depreciation	(50.6)	(6,771.0)	(132.9)	-	-	(6,954.5)
Net book value 31/12/2015	**54.9**	**974.2**	**9.6**	**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)	(4.1)	(63.8)	(70.9)	(212.0)
Disposals and transfers - accumulated depreciation	-	73.2	4.0	-	-	77.2
Depreciation charge for the year – impairment	(9.1)	(180.3)	(3.2)	-	(0.3)	(192.9)
Net book value 31/12/2016	**47.1**	**935.6**	**14.4**	**173.5**	**54.4**	**1,225.0**
31/12/2016						
Cost	106.8	7,813.7	146.5	173.5	54.4	8,294.9
Accumulated depreciation	(59.7)	(6,878.1)	(132.1)	-	-	(7,069.9)
Net book value 31/12/2016	**47.1**	**935.6**	**14.4**	**173.5**	**54.4**	**1,225.0**
Additions and transfers	1.8	230.2	7.6	127.9	75.0	442.5
Disposals and transfers – cost	-	(137.0)	(3.5)	(160.4)	(74.8)	(375.7)
Disposals and transfers - accumulated depreciation	-	137.0	3.5	-	-	140.5
Depreciation charge for the year – impairment	(9.3)	(179.8)	(4.0)	-	-	(193.1)
Net book value 31/12/2017	**39.6**	**986.0**	**18.0**	**141.0**	**54.6**	**1,239.2**
31/12/2017						
Cost	108.6	7,906.9	150.6	141.0	54.6	8,361.7
Accumulated depreciation	(69.0)	(6,920.9)	(132.6)	-	-	(7,122.5)
Net book value 31/12/2017	**39.6**	**986.0**	**18.0**	**141.0**	**54.6**	**1,239.2**

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

Borrowing costs capitalized during the year ended December 31, 2017 and 2016 by OTE as part of the cost of qualifying assets amount to Euro 5.8 and Euro 3.7, respectively. The amounts were calculated based on an average rate of capitalization which was 4.5% and 4.6% for the year ended December 31, 2017 and 2016 respectively.

For the acquisition of the assets above, OTE has received government grants in the past, the unamortized amount of which at December 31, 2017 is Euro 0.1 (December 31, 2016: Euro 0.2). There are no unfulfilled conditions or contingencies attached to these grants.

5. GOODWILL

Goodwill is analyzed as follows:

GROUP	2017	2016
Carrying value January 1	**507.0**	**506.4**
Foreign exchange differences	(1.1)	0.6
Impairment	(58.8)	-
Carrying value December 31	**447.1**	**507.0**

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	2016	Foreign exchange differences	Impairment	2017
COSMOTE Group - Greece	376.6	-	-	376.6
COSMOTE Group - Romania	73.8	(1.9)	(1.4)	70.5
COSMOTE Group - Albania	56.6	0.8	(57.4)	-
TOTAL	**507.0**	**(1.1)**	**(58.8)**	**447.1**

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 2017	COSMOTE Group-Greece	COSMOTE Group-Romania	COSMOTE Group-Albania
Discount rate	7.9%	7.7%	10.3%
Average rate of revenue increase	1.4%	2.8%	2.3%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2018 - 2027)	32.8%-37.7%	12.2%-19.3%	18.3%-26.5%

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%

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.

COSMOTE Group - Greece

Based on the result of the impairment test as of December 31, 2017, no impairment losses were identified in the recorded amount of goodwill for COSMOTE Group - Greece.

As of December 31, 2017, the recoverable amount for this 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 this 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 this cash generating unit when compared to the respective carrying value, would indicate that adequate headroom exists.

COSMOTE Group - Romania

Based on the result of the impairment test as of December 31, 2017, no impairment losses were identified in the recorded amount of goodwill for COSMOTE Group - Romania. The impairment loss of Euro 1.4 recorded in COSMOTE Group – Romania results from the absorption of GERMANOS TELECOM ROMANIA S.A. by TELEKOM ROMANIA MOBILE.

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 this country. As of December 31, 2017, the recoverable amount for this cash generating unit when compared to the respective carrying value indicates that limited headroom exists and any material change in the assumptions used would result in the reduction of the carrying value of goodwill.

COSMOTE Group - Albania

Based on the result of the impairment test as of December 31, 2017, an impairment loss was identified and therefore the recorded amount of goodwill for COSMOTE Group - Albania was fully impaired. In this respect, an amount of Euro 57.4 was charged in the 2017 consolidated income statement and is included in the line “Depreciation, amortization and impairment”.

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	2017	2016
December 31		
Cost	919.5	917.4
Accumulated amortization	(428.2)	(374.4)
Net book value December 31	**491.3**	**543.0**
Additions	86.9	0.6
Transfers, cost	3.7	3.3
Transfers, accumulated amortization	(0.8)	-
Exchange differences, cost	(8.6)	(0.7)
Exchange differences, accumulated amortization	4.6	0.6
Amortization charge for the year	(53.5)	(55.5)
Write-offs, cost	(0.2)	(1.1)
Write-offs, accumulated amortization	0.2	1.1
Net book value December 31	**523.6**	**491.3**
December 31		
Cost	1,001.3	919.5
Accumulated amortization	(477.7)	(428.2)
Net book value December 31	**523.6**	**491.3**

COMPANY	2017	2016
December 31		
Cost	11.3	11.3
Accumulated amortization	(7.6)	(7.2)
Net book value December 31	**3.7**	**4.1**
Additions	1.3	-
Amortization charge for the year	(0.6)	(0.4)
Net book value December 31	**4.4**	**3.7**
December 31		
Cost	12.6	11.3
Accumulated amortization	(8.2)	(7.6)
Net book value December 31	**4.4**	**3.7**

SPECTRUM RENUAL

On December 11, 2017, following the auction process conducted by the Hellenic Telecommunications and Post Committee (HTPC), COSMOTE has renewed rights to use spectrum bands for a total price of Euro 83.2.

The aforementioned rights have been granted to COSMOTE from December 2020 until December 2035.

7. OTHER INTANGIBLE ASSETS

Other intangible assets are analyzed as follows:

GROUP	SOFTWARE	TV RIGHTS	BRAND NAME	OTHER	TOTAL
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**
Additions	71.3	140.1	-	-	211.4
Disposals and write-offs, cost	(0.5)	(57.1)	-	-	(57.6)
Disposals and write-offs, accumulated amortization	0.4	57.1	-	-	57.5
Transfers, cost	18.3	-	-	(2.2)	16.1
Transfers, accumulated amortization	(0.6)	-	-	1.4	0.8
Exchange differences, cost	(3.0)	(2.4)	(0.9)	(0.6)	(6.9)
Exchange differences, accumulated amortization	2.6	1.8	0.5	0.6	5.5
Amortization charge for the year- impairment	(69.5)	(116.5)	(23.3)	(3.7)	(213.0)
Net book value 31/12/2017	**149.2**	**186.7**	**136.0**	**32.3**	**504.2**
31/12/2017					
Cost	971.1	478.3	349.6	155.6	1,954.6
Accumulated amortization	(821.9)	(291.6)	(213.6)	(123.3)	(1,450.4)
Net book value 31/12/2017	**149.2**	**186.7**	**136.0**	**32.3**	**504.2**

COMPANY	SOFTWARE	TV RIGHTS	TOTAL
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 and transfers	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**
Additions and transfers	51.9	137.7	189.6
Disposals and write-offs, cost	-	(57.1)	(57.1)
Disposals and write-offs, accumulated amortization	-	57.1	57.1
Amortization charge for the year	(33.6)	(97.6)	(131.2)
Net book value 31/12/2017	**84.9**	**170.6**	**255.5**
31/12/2017			
Cost	412.3	385.6	797.9
Accumulated amortization	(327.4)	(215.0)	(542.4)
Net book value 31/12/2017	**84.9**	**170.6**	**255.5**

There are no intangible assets with indefinite useful life as of December 31, 2017 and 2016.

8. INVESTMENTS

Investments are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
(a) Investments in subsidiaries	-	-	3,426.6	3,486.4
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,426.7**	**3,486.5**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2017	2016
COSMOTE	100.00%	Greece	2,763.3	2,763.1
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	284.9	344.9
COSMOTE TV PRODUCTIONS	100.00%	Greece	3.8	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			**3,426.6**	**3,486.4**

IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

On December 31, 2017, an 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 its carrying value exceeds the recoverable amount.

The impairment test was performed based on the following assumptions:

Assumptions 2017 – TELEKOM ROMANIA	
Discount rate	7.7%
Average rate of revenue increase	2.2%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2018 - 2027)	11.6%-21.6%

As a result of the impairment test, an impairment loss of Euro 60.0 was recognized in the 2017 separate income statement and is included in the line "Gains / (losses) from investments and other financial assets - Impairment".

DIVIDEND INCOME

The dividend income is analyzed as follows:

	2017	2016
OTESAT-MARITEL	0.6	0.5
OTE INSURANCE	-	0.6
OTE INTERNATIONAL INVESTMENTS LTD	-	13.9
OTE GLOBE	21.0	-
OTE ESTATE	105.0	0.1
TOTAL	**126.6**	**15.1**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 245.0 as of December 31, 2017 (December 31, 2016: Euro 295.7), out of which Euro 241.9 relate to TELEKOM ROMANIA (December 31, 2016: Euro 292.6), 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	2017	2016
Non-current assets	462.0	531.5
Current assets	423.1	470.9
Total assets	**885.1**	**1,002.4**
Total equity	526.0	636.2
Non-current liabilities	21.5	43.3
Current liabilities	337.6	322.9
Total equity and liabilities	**885.1**	**1,002.4**

Income statement	2017	2016
Total revenues	**607.7**	**602.5**
Other operating income	38.0	29.5
Total operating expenses before depreciation, amortization and impairment	(560.4)	(544.5)
Operating profit before financial and investing activities, depreciation, amortization and impairment	**85.3**	**87.5**
Depreciation, amortization and impairment	(174.8)	(204.9)
Operating loss before financial and investing activities	**(89.5)**	**(117.4)**
Total loss from financial and investing activities	(6.7)	(4.9)
Loss before tax	**(96.2)**	**(122.3)**
Income tax	0.2	0.2
Loss for the year	**(96.0)**	**(122.1)**

Cash flow statement	2017	2016
Net cash flows used in operating activities	(1.4)	(7.2)
Net cash flows used in investing activities	(139.4)	(101.8)
Net cash flows used in financing activities	-	(0.3)
Net decrease in cash and cash equivalents	**(140.8)**	**(109.3)**

SALE OF HELLAS-SAT

In 2013, the Group sold its 100% stake in HELLAS-SAT. Included in the separate and consolidated income statement of 2017 in the line "Gains / (losses) from investments and other financial assets – Impairment", is a gain of Euro 18.9, 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	
	2017	2016	2017	2016
Loans and advances to employees	51.3	48.4	51.2	48.3
Guarantees	5.9	6.0	0.4	0.4
Other advanced payments / prepayments	40.0	34.7	-	-
Loans to group companies (see Note 27)	-	-	14.7	22.8
Other receivables from related parties (see Note 27)	-	-	6.7	4.7
Other	14.9	10.3	-	-
TOTAL	**112.1**	**99.4**	**73.0**	**76.2**

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 interest rate on these loans is 1.37% and 1.43% for 2017 and 2016, respectively.

The outstanding amount of the loans that the Company granted to its subsidiaries OTE RURAL NORTH and OTE RURAL SOUTH as of December 31, 2017 is Euro 29.0 (December 31, 2016: Euro 30.1), out of which Euro 14.3 (December 31, 2016: Euro 7.3) has been classified under other financial assets (see Note 12).

10. INVENTORIES

Inventories are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Merchandise	77.9	82.4	10.7	21.6
Other materials	13.4	13.5	1.7	1.9
TOTAL	**91.3**	**95.9**	**12.4**	**23.5**

11. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Subscribers / Customers	1,591.3	1,476.3	755.2	731.9
Due from related parties (see Note 27)	28.9	64.8	116.2	111.4
Unbilled revenue	94.5	100.0	33.2	32.4
	1,714.7	**1,641.1**	**904.6**	**875.7**
Less:				
Allowance for doubtful accounts	(995.0)	(910.6)	(547.5)	(527.0)
TOTAL	**719.7**	**730.5**	**357.1**	**348.7**

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance at January 1	(910.6)	(857.7)	(527.0)	(511.1)
Charge for the year	(106.3)	(89.9)	(20.5)	(20.5)
Write-offs	20.0	37.0	-	4.6
Foreign exchange differences	1.9	-	-	-
Balance at December 31	**(995.0)**	**(910.6)**	**(547.5)**	**(527.0)**

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Not impaired and not past due	508.5	531.9	262.8	257.5
Not impaired and past due:				
Up to 30 days	84.8	75.8	34.9	39.8
Between 31 and 180 days	89.1	87.7	52.9	42.2
Between 181 and 360 days	15.5	23.3	2.3	9.2
More than 360 days	21.8	11.8	4.2	-
TOTAL	**719.7**	**730.5**	**357.1**	**348.7**

12. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Available for sale – Mutual funds	5.9	5.6	2.5	2.1
Loans to group companies (see Notes 9, 27)	-	-	14.3	7.3
	5.9	**5.6**	**16.8**	**9.4**

The movement of other financial assets is analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance at January 1	5.6	6.8	9.4	2.1
Transfer from other non-current assets	-	-	8.1	7.3
Sales – maturities of available for sale financial assets	(0.2)	(2.2)	-	-
Repayment of loans receivable	-	-	(1.1)	-
Gain / (losses) - Impairment of financial assets	0.1	(0.1)	-	-
Foreign exchange differences	(0.1)	-	-	-
Fair value adjustments through other comprehensive income	0.5	1.1	0.4	-
Balance at December 31	**5.9**	**5.6**	**16.8**	**9.4**

13. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Loans to Auxiliary fund, short-term portion (see Note 19)	7.0	6.1	7.0	6.1
Due from OTE Leasing customers (see Note 28)	25.5	25.5	25.5	25.5
Loans and advances to employees	2.1	6.3	1.7	6.2
Income tax receivable	22.8	19.9	7.7	7.7
Other prepayments	58.9	73.2	17.6	27.9
Dividends receivable (see Note 27)	-	-	71.6	0.6
Guaranteed receipt from Grantor (Financial assets model)	38.0	73.6	-	-
Other receivables from taxes not relating to income tax	43.8	49.9	3.2	2.8
Other receivables from related parties (see Note 27)	0.9	1.0	0.8	0.2
Other	60.3	52.1	19.4	23.3
TOTAL	**259.3**	**307.6**	**154.5**	**100.3**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Cash in hand	21.8	22.6	12.4	13.2
Short-term bank deposits	1,275.9	1,563.0	173.2	498.4
TOTAL	**1,297.7**	**1,585.6**	**185.6**	**511.6**

15. SHARE CAPITAL – SHARE PREMIUM – TREASURY SHARES

OTE's share capital as of December 31, 2017, amounted to Euro 1,387.1 (December 31, 2016: 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, 2017 and 2016 amounted to Euro 496.4 and Euro 496.2, respectively.

The following is an analysis of the ownership of OTE's shares as of December 31, 2017:

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	213,699,378	43.60%
Private investors	30,032,703	6.13%
Treasury shares	1,343,110	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, 2017	1,320,110	14.3
Own shares acquired during the year	34,000	0.3
Own shares transferred during the year	(11,000)	(0.1)
Own shares as at December 31, 2017	**1,343,110**	**14.5**

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, 2017 and 2016, this reserve amounted to Euro 373.5 and Euro 362.2 respectively. This statutory reserve cannot be distributed to shareholders.

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Reserve for available for sale financial assets	1.6	1.1	0.5	0.1
Deferred taxes on available for sale financial assets	(0.4)	(0.3)	(0.1)	-
Foreign currency translation	(147.3)	(139.1)	-	-
Cumulative amount of actuarial losses recognized in equity	(21.4)	(31.6)	(22.2)	(31.8)
Deferred taxes on cumulative amount of actuarial losses recognized in equity	10.4	13.4	10.4	13.2
TOTAL	**(157.1)**	**(156.5)**	**(11.4)**	**(18.5)**

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, 2017 are Euro 3,573.1 and Euro 727.1 respectively (December 31, 2016: Euro 3,595.4 and Euro 590.0 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 20, 2017, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 78.2 or Euro 0.16 (in absolute amount) per share. The amount of dividends payable as of December 31, 2017 was Euro 0.4 (December 31, 2016: Euro 0.3).

On January 18, 2018 the Board of Directors approved a new Shareholder Remuneration Policy. The Policy is defined as follows: Provided the external and the macroeconomic environment remain stable, in the mid-term the Company intends to distribute to its shareholders, through a combination of dividend payout and Share Buyback Programs for their cancelation, the free cash flow generated every year, after incorporating the considerations for spectrum acquisitions and one-off items. The split between ordinary dividends and share buybacks is targeted approximately at 65%/35% respectively in 2018 and in the medium term.

The implementation of the Remuneration Policy will start in 2018 and will take into account the free cash flow projections for the respective year, i.e. 2018, as the basis for calculating the aggregate shareholder payout. In the same way, the Remuneration Policy will be applied in the forthcoming years, i.e. the basis for calculating total shareholders' remuneration in 2019 will take into account the projections of free cash flow for 2019 and so on.

Based on the current projection for free cash flow for 2018, the estimated aggregate shareholder remuneration will reach an amount of Euro 260.0 after having incorporated the payments for spectrum acquisition and one-off items. In this respect, for the part of the Shareholder Remuneration that relates to dividend distribution, 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 0.35 (in absolute amount) per share outstanding compared to Euro 0.16 (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.

The extraordinary General Meeting of the Shareholders held on February 15, 2018, approved the own share buyback for up to 10% of the Company's total paid up share capital for a period of 24 months, beginning from February 15, 2018, the date of adopting this Shareholders' resolution. The shares will be acquired in order to be cancelled following a Shareholders' General Meeting resolution.

18. LONG-TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	2017	2016
(a) Bank loans	407.8	457.7
(b) Global Medium-Term Note Programme of OTE PLC	1,632.9	1,667.4
Total long-term debt	**2,040.7**	**2,125.1**
Short-term portion of long-term debt	(764.5)	(184.1)
Long-term borrowings	**1,276.2**	**1,941.0**

(a) Bank Loans

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 are being repaid in equal semi-annual installments. Both loan facilities bear an interest rate of Euribor plus margin of 3.5% p.a.
On September 26, 2016, OTE drew the full amounts of Euro 339.0 and of Euro 50.0 under these loan facilities.

Euro 150.0 bilateral term loan with the European Investment Bank (EIB) and Euro 150.0 syndicated facility arranged by the European Bank for Reconstruction and Development (EBRD)

On July 10, 2017, COSMOTE signed, with the guarantee of OTE, a Euro 150.0 bilateral term loan with EIB and a Euro 150.0 syndicated facility arranged by EBRD.

The EBRD syndicated facility (structured as an A/B loan) has a maximum tenor of 3.5 years with semi-annual repayment schedule. The A Loan and B Loan bear floating interest rate which includes a margin over Euribor of 2.95% p.a. and 2.90% p.a. respectively. On October 3, 2017, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 EBRD Loan.

The EIB loan has a tenor of up to 7 years from disbursement, with semi-annual repayment schedule and its interest includes a margin of 2.65% p.a.. The loan was undrawn as of December 31, 2017.

Change of Control Clauses

All the above Bank Loans 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 or COSMOTE, require the prepayment of the whole or any portion of the loans.

In addition, both COSMOTE's Bank Loans include a change of control applicable to COSMOTE which is triggered if OTE (the Guarantor) ceases to control COSMOTE (the Borrower).

Financial Covenants

All the above Bank Loans include two financial covenants tested on a semi-annual basis at Group level, namely:

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

The above covenants apply also at COSMOTE level for its Bank Loans.

(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.

Change of control clauses

The Notes under the Global - Medium Term Note Programme 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.

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

Description	Coupon	Maturity	2016		2017				
			Outstanding nominal value	Book value	New loans	Repayments / Prepayments	Amortization of expenses	Outstanding nominal value	Book value
a) Bank loans									
EBRD loan Euro 225.0	Euribor+5.25%	25/04/2018	73.3	72.2	-	(73.3)	1.1	-	-
EBRD loan Euro 339.0	Euribor+3.50%	16/09/2019	339.0	335.8	-	(113.0)	1.8	226.0	224.6
BSTDB loan Euro 50.0	Euribor+3.50%	16/09/2019	50.0	49.7	-	(16.7)	0.2	33.3	33.2
EBRD loan Euro 65.0	Euribor+2.90%	09/07/2020	-	-	65.0	-	-	65.0	65.0
EBRD loan Euro 85.0	Euribor+2.95%	10/01/2021	-	-	85.0	-	-	85.0	85.0
(b) Global Medium-Term Note Programme of OTE PLC									
Euro 700.0 notes	7.875%	07/02/2018	630.0	627.7	-	(39.7)	2.1	590.3	590.1
Euro 350.0 notes	4.375%	02/12/2019	350.0	345.2	-	-	1.6	350.0	346.8
Euro 700.0 notes	3.500%	09/07/2020	700.0	694.5	-	-	1.5	700.0	696.0
			2,142.3	**2,125.1**	**150.0**	**(242.7)**	**8.3**	**2,049.6**	**2,040.7**

The short-term portion of long term debt for EBRD loans, for BSTDB loan and for the Global Medium-Term Note Programme of OTE PLC amounts to Euro 157.9, Euro 16.5 and Euro 590.1 respectively.

Cost of debt

The weighted average cost of debt of the Group's long-term borrowings for the years ended December 31, 2017 and 2016 was approximately 5.4% and 5.5%, respectively.

COMPANY	2017	2016
(a) Bank loans	257.8	385.5
(b) Intercompany loans	1,125.0	1,091.5
Total long-term debt	**1,382.8**	**1,477.0**
Short-term portion of long-term borrowings	(378.4)	(128.5)
Long-term borrowings	**1,004.4**	**1,348.5**

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

Description	Maturity	2016		2017				
		Outstanding nominal value	Book value	New Loans	Repayments/ Prepayments	Amortization of expenses	Outstanding nominal value	Book value
a) Bank loans								
EBRD loan Euro 339.0	16/09/2019	339.0	335.8	-	(113.0)	1.8	226.0	224.6
BSTDB loan Euro 50.0	16/09/2019	50.0	49.7	-	(16.7)	0.2	33.3	33.2
b) Intercompany loans								
Euro 250.0 loan	07/02/2018	250.0	249.0	-	-	0.9	250.0	249.9
Euro 150.0 loan	02/12/2019	150.0	148.0	-	-	0.6	150.0	148.6
Euro 30.6 loan	23/06/2020	-	-	30.6	-	-	30.6	30.6
Euro 700.0 loan	09/07/2020	700.0	694.5	-	-	1.4	700.0	695.9
		1,489.0	**1,477.0**	**30.6**	**(129.7)**	**4.9**	**1,389.9**	**1,382.8**

For the Company, the short-term portion of long term debt for EBRD loan, for BSTDB loan and for the intercompany loans amounts to Euro 112.0, Euro 16.5 and Euro 249.9 respectively.

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, 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 2017 amounted to Euro 128.7 for the Group and Euro 72.4 for the Company (2016: Euro 129.6 and Euro 73.7, 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	2017	2016
Interest bearing loan to Auxiliary Pension Fund (law 3371/2005)	79.7	82.1
Interest-free loan to Auxiliary Pension Fund (law 3762/2009)	9.8	9.6
TOTAL	**89.5**	**91.7**
Interest bearing loan to Auxiliary Pension Fund (law 3371/2005)	6.3	5.5
Interest-free loan to Auxiliary Pension Fund (law 3762/2009)	0.7	0.6
Short-term portion (See Note 13)	**7.0**	**6.1**
Long-term portion	**82.5**	**85.6**

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 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 2017, Euro 3.2 was unwinded (2016: Euro 3.3).

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 2017, Euro 0.8 was unwinded (2016: Euro 1.0).

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

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	
	2017	2016	2017	2016
Current service cost	10.9	11.2	9.1	9.2
Recognition of past service cost, settlement, curtailment	(1.1)	0.9	(0.1)	0.8
P&L effect recorded in "Personnel costs"	**9.8**	**12.1**	**9.0**	**10.0**
P&L effect recorded in "Interest and related expenses"	3.9	4.8	2.9	3.9
Total P&L effect	**13.7**	**16.9**	**11.9**	**13.9**

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Defined benefit obligation - beginning of the year	227.6	219.1	192.2	185.4
Current service cost	10.9	11.2	9.1	9.2
Recognition of past service cost, settlement, curtailment	(1.1)	0.9	(0.1)	0.8
Interest cost	3.9	4.8	2.9	3.9
Actuarial losses / (gains)	(9.0)	3.8	(7.7)	4.4
Foreign exchange differences	(0.4)	-	-	-
Usage of provision for voluntary leave schemes participants	(6.4)	(10.5)	(5.7)	(10.1)
Benefits paid	(1.2)	(1.7)	(0.8)	(1.4)
Defined benefit obligation - end of the year	**224.3**	**227.6**	**189.9**	**192.2**

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Discount rate	1.6% - 4.4%	1.4% - 3.6%	1.7%	1.6%
Assumed rate of future salary changes	0.0% – 2.5%	0.0% - 2.5%	0.0% - 1.0%	0.0% - 1.0%
Inflation rate	1.5% - 2.5%	1.5% - 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 12.3%. 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 15.0%. 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 4.1%. 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 4.2%. The average duration of the liabilities in respect of the staff retirement indemnities for the Company as at the valuation date is equal to 14.2 years. The maximum benefit payments expected to take place in 2018 for the Company amount to Euro 20.9.

(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 consolidated and separate income statement is as follows:

	2017			2016		
GROUP and COMPANY	Post employment benefit	Other long-term benefit	TOTAL	Post employment benefit	Other long-term benefit	TOTAL
Current service cost	1.6	1.2	2.8	1.8	1.3	3.1
Actuarial (gains)/ losses	-	(0.7)	(0.7)	-	(1.3)	(1.3)
P&L effect recorded in "Personnel costs "	**1.6**	**0.5**	**2.1**	**1.8**	**-**	**1.8**
P&L effect recorded in "Interest and related expenses"	0.6	0.1	0.7	0.9	0.4	1.3
Total P&L effect	**2.2**	**0.6**	**2.8**	**2.7**	**0.4**	**3.1**

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

GROUP and COMPANY	2017			2016		
	Post employment benefit	Other long-term benefit	TOTAL	Post employment benefit	Other long-term benefit	TOTAL
Defined benefit obligation - beginning of the year	56.0	26.5	**82.5**	65.0	30.6	**95.6**
Current service cost	1.6	1.2	**2.8**	1.8	1.3	**3.1**
Interest cost	0.6	0.1	**0.7**	0.9	0.4	**1.3**
Actuarial losses / (gains)	(1.9)	(0.7)	**(2.6)**	(2.7)	(1.3)	**(4.0)**
Benefits paid	(7.8)	(3.6)	**(11.4)**	(9.0)	(4.5)	**(13.5)**
Defined benefit obligation - end of the year	**48.5**	**23.5**	**72.0**	**56.0**	**26.5**	**82.5**
Employee's accumulated contributions			**57.9**			**60.0**
Liability in the statement of financial position			**129.9**			**142.5**

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

GROUP and COMPANY	2017	2016
Discount rate	0.9%	0.9%
Assumed rate of future salary changes	0.0% - 1.0%	0.0% - 1.0%
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 5.0%. If the discount rate used in the valuation was 1% lower, then the defined benefit obligation for Youth Account would increase by about 5.5%. If the allowance for pay increases was 0.5% higher, then the defined benefit obligation for Youth Account would increase by about 2.8%. If the allowance for pay increases was 0.5% lower, then the defined benefit obligation for Youth Account would decrease by about 2.7%. The average duration of the liabilities in respect of the Youth Account as at the valuation date is equal to 6.2 years. The maximum benefits payments expected to take place in 2018 for the Company amount to Euro 7.8.

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 2017, OTE implemented voluntary leave schemes mainly addressed to employees close to their retirement age. The respective cost amounted to Euro 24.2 (2016: Euro 31.9). Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 3.5 (2016: Euro 3.9).

Group voluntary leave schemes

In 2017 Group companies applied voluntary leave schemes, the total cost of which is as follows:

	2017	2016
OTE (as described above)	27.7	35.8
COSMOTE Group - Greece	5.5	5.3
COSMOTE Group - Romania	1.7	0.9
COSMOTE Group - Albania	0.1	-
TELEKOM ROMANIA	15.3	6.0
OTHER	1.5	1.6
Costs related to voluntary leave schemes	**51.8**	**49.6**

Amounts paid during 2017, in relation to voluntary leave schemes were Euro 65.3 for the Group and Euro 38.6 for the Company (2016: Euro 53.9 and Euro 41.2, 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 took place on October 6, 2017 and the court declared itself incompetent and referred the case to the Council of State.

On November 13, 2017 the Council of State decided to return the case to the Administrative Court of First Instance of Athens. The hearing has not been set yet.

20. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Asset retirement obligation	10.2	10.0	-	-
Deferred revenue	34.8	30.3	19.4	18.0
Unpaid portion for spectrum licenses	-	13.5	-	-
Long-term liabilities to related parties	-	-	109.7	96.9
Liability for TV broadcasting rights	76.4	58.8	75.3	38.8
Other	9.4	5.7	2.7	1.5
TOTAL	**130.8**	**118.3**	**207.1**	**155.2**

21. SHORT-TERM BORROWINGS

COMPANY

The outstanding balance of short-term borrowings as of December 31, 2017 for the Company amounted to Euro 163.0 (December 31, 2016: Euro 350.0), out of which Euro 102.0 have been granted by OTE PLC and Euro 61.0 have been granted by TELEKOM ALBANIA.

The analysis of short-term borrowings is as follows:

Description	Maturity date	31/12/2016				31/12/2017
		Book value	New loans	Repayments/ Prepayments	Amortization of expenses	Book value
Euro 50.0 loan	14/03/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	21/03/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	28/03/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	04/04/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	27/04/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	04/05/2017	50.0	-	(50.0)	-	-
Euro 50.0 loan	10/05/2017	50.0	-	(50.0)	-	-
Euro 163.0 loan	17/01/2018	-	163.0	-	-	163.0
		350.0	**163.0**	**(350.0)**	**-**	**163.0**

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 2016, 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 2017 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:

ENTITY	Open Tax Years
OTE	2017
COSMOTE	2010, 2017
OTE INTERNATIONAL INVESTMENTS LTD	2010 – 2017
COSMO-ONE	2010, 2017
OTE PLC	2014 – 2017
OTESAT-MARITEL	2017
OTE PLUS	2010, 2017
OTE ESTATE	2017
OTE GLOBE	2010, 2017
OTE INSURANCE	2010, 2017
OTE ACADEMY	2010, 2017
HATWAVE	1996 – 2017
COSMOTE TV PRODUCTIONS	2010, 2017
TELEKOM ROMANIA	2007 – 2017
NEXTGEN	2008 – 2017
TELEKOM ALBANIA	2017
TELEKOM ROMANIA MOBILE	2013 - 2017
GERMANOS	2017
COSMOTE E-VALUE	2010, 2017
GERMANOS TELECOM ROMANIA S.A.	2011 – 2017
SUNLIGHT ROMANIA S.R.L. FILIALA	2011 – 2017

ENTITY	Open Tax Years
MOBILBEEEP LTD	2010 – 2017
COSMOHOLDING ROMANIA LTD	2009, 2012 – 2017
ZAPP	2016, 2017
E-VALUE LTD	2010, 2017
COSMOHOLDING INTERNATIONAL B.V.	2014 – 2017
E-VALUE INTERNATIONAL S.A.	2014 – 2017
OTE RURAL NORTH	2014 – 2017
OTE RURAL SOUTH	2014 – 2017

- OTE, COSMOTE, GERMANOS, OTESAT-MARITEL and OTE GLOBE have received from the tax authorities, audit notifications for year 2012. It is noted that for the said year, the companies have been audited within the framework of the Annual Tax Certificate process as provided by paragraph 5 of article 82 of law 2238/1994 and the relevant Tax Compliance Reports have been issued without reservations by PricewaterhouseCoopers S.A. The tax audit for COSMOTE, GERMANOS and OTE GLOBE for year 2012 is in progress.
- COSMOTE E-VALUE and OTE PLUS have received tax audit notifications for year 2010. The relevant audits have not started yet.
- The tax audits for COSMOTE and OTE GLOBE for the fiscal year 2010 have not been completed.
- The tax audit for GERMANOS for year 2010 was completed without any impact for the Group.
- The tax audit of TELEKOM ALBANIA for years 2013 – 2016 has been completed and the tax authorities have imposed additional taxes and penalties of Euro 3.4. TELEKOM ALBANIA has appealed against the tax audit findings.
- The tax audit for TELEKOM ROMANIA for the years 2011 - 2016 is in progress.
- The tax audit for TELEKOM ROMANIA MOBILE for the years 2013 - 2016 is in progress.
- The tax audit for ZAPP for the years 2010 – 2015 was completed without any impact for the Group.

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, 2017 and 2016 are as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Current income tax	171.5	149.9	78.8	65.5
Deferred income tax	(19.8)	18.5	13.4	16.2
Total income tax	**151.7**	**168.4**	**92.2**	**81.7**

Income tax payable for the Group and the Company as of December 31, 2017 amounted to Euro 41.6 and Euro 12.7, respectively (December 31, 2016: Euro 79.2 and Euro 63.6, respectively).

Income tax receivable for the Group and the Company as of December 31, 2017 amounted to Euro 22.8 and Euro 7.7, respectively (December 31, 2016: Euro 19.9 and Euro 7.7 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 (2017: 29%, 2016: 29%) is as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Profit before tax	**174.5**	**252.4**	**318.8**	**179.7**
Statutory tax rate	29%	29%	29%	29%
Tax at statutory rate	**50.6**	**73.2**	**92.5**	**52.1**
Non-taxable and specially taxed income	-	(3.0)	(36.7)	(4.4)
Effect of different tax rates in foreign countries	37.2	25.0	-	-
Expenses non-deductible for tax purposes	58.5	54.4	19.0	20.7
Impairment loss in investments / goodwill, non-deductible	8.6	-	17.4	16.5
Utilisation of previously unrecognized tax losses	(23.3)	-	-	-
Non-taxable reserve law 3299/2004	-	(2.7)	-	(2.7)
Non-taxable reserve law 3905/2010	-	(0.5)	-	(0.5)
Items for which no deferred tax asset is recognized	19.9	19.8	-	-
Other	0.2	2.2	-	-
Income tax	**151.7**	**168.4**	**92.2**	**81.7**

In 2017, the Company in accordance with the law 3905/2010, formed a non-taxable reserve of Euro 0.1 which relates to the Company's obligation to invest in cinema film production.

Deferred taxes are analyzed as follows:

GROUP	Statement of financial position 2017	Statement of financial position 2016	Income statement 2017	Income statement 2016
Voluntary leave schemes	40.5	40.7	(0.2)	(0.7)
Staff retirement indemnities	61.2	61.8	1.9	1.0
Youth account	20.9	23.9	(2.5)	(3.0)
Employee benefits	16.7	17.5	(0.8)	(1.6)
Property, plant and equipment	125.4	123.3	2.1	2.7
Provisions	92.0	96.1	(4.1)	(11.2)
Tax losses	45.0	25.2	19.8	(0.5)
Deferred income	15.7	15.8	(0.1)	(2.0)
Other	10.6	9.2	1.4	(1.9)
Deferred tax asset (before offset)	**428.0**	**413.5**		
Offset of deferred tax liabilities	(114.5)	(97.0)		
Deferred tax asset (after offset)	**313.5**	**316.5**		
Property, plant and equipment	(67.1)	(62.1)	(5.0)	(9.4)
Capitalized interest	(15.4)	(16.6)	1.2	2.0
Loan fees	-	(0.3)	0.3	0.4
Fair value adjustment on acquisition of subsidiaries	(49.1)	(57.1)	8.0	8.3
Other	(13.5)	(11.2)	(2.2)	(2.6)
Deferred tax liabilities (before offset)	**(145.1)**	**(147.3)**		
To be offset against deferred tax asset	114.5	97.0		
Deferred tax liabilities (after offset)	**(30.6)**	**(50.3)**		
Deferred tax income / (expense)			**19.8**	**(18.5)**
Deferred tax assets, net	**282.9**	**266.2**		

Following the impairment test performed for TELEKOM ALBANIA (see notes 4 and 5), a deferred tax asset of an amount of Euro 5.6 was written off.

A deferred tax asset has been recognized to the Group, for tax losses that are related to the Group's entities in Romania and Greece. 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.

COMPANY	Statement of financial position 2017	Statement of financial position 2016	Income statement 2017	Income statement 2016
Voluntary leave schemes	40.5	40.7	(0.2)	(0.7)
Staff retirement indemnities	54.8	55.6	1.5	0.6
Youth account	20.9	23.9	(2.5)	(3.0)
Employee benefits	16.6	17.4	(0.8)	(1.7)
Provisions	65.6	72.5	(6.9)	(3.1)
Tax losses	-	-	-	-
Deferred income	1.0	1.3	(0.3)	(1.0)
Deferred tax assets (before offset)	**199.4**	**211.4**		
Offset of deferred tax liabilities	(82.4)	(78.1)		
Deferred tax assets (after offset)	**117.0**	**133.3**		
Property, plant and equipment	(60.5)	(56.6)	(3.9)	(7.7)
Capitalized interest	(15.4)	(16.6)	1.2	2.0
Loan fees	-	(0.3)	0.3	0.3
Other	(6.5)	(4.6)	(1.8)	(1.9)
Deferred tax liabilities (before offset)	**(82.4)**	**(78.1)**		
To be offset against deferred tax assets	82.4	78.1		
Deferred tax liabilities (after offset)	**-**	**-**		
Deferred tax income / (expense)			**(13.4)**	**(16.2)**
Deferred tax assets, net	**117.0**	**133.3**		

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Deferred tax asset (net) – beginning of the year	266.2	284.5	133.3	149.0
Deferred tax charged to the income statement	19.8	(18.5)	(13.4)	(16.2)
Deferred tax through other comprehensive income	(3.1)	0.2	(2.9)	0.5
Foreign exchange differences	-	-	-	-
Deferred tax asset (net) - end of the year	**282.9**	**266.2**	**117.0**	**133.3**

The recoverability of deferred tax is analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Deferred tax assets (before offset) to be recovered:				
After more than 12 months	353.2	338.0	154.0	159.8
Within 12 months	74.8	75.5	45.4	51.6
Deferred tax liabilities (before offset) to be recovered:				
After more than 12 months	(132.8)	(136.4)	(78.8)	(75.9)
Within 12 months	(12.3)	(10.9)	(3.6)	(2.2)
Deferred tax asset (net)	**282.9**	**266.2**	**117.0**	**133.3**

The Group does not recognize deferred tax asset on the following accumulated tax losses of its foreign entities, 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
2018	5.1
2019	1.2
2020	16.3
2021	1.0
2022	29.3
2023 and onwards	57.6
TOTAL	**110.5**

23. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Employer contributions	31.5	30.2	18.7	19.4
Payroll	75.4	80.2	38.4	42.4
Other taxes - duties	144.6	121.6	60.6	47.1
Interest payable	36.7	48.4	26.3	39.5
Provisions for litigation and other liabilities	124.1	125.7	109.3	111.6
Customer advances	8.0	7.8	-	-
Unpaid portion for spectrum licenses	13.5	25.4	-	-
Provisions related to the disposal of assets / subsidiaries	28.7	47.6	6.6	25.5
Advances related to construction contracts	-	17.5	-	-
Other	16.8	14.1	4.3	7.0
TOTAL	**479.3**	**518.5**	**264.2**	**292.5**

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Balance at January 1	125.7	131.3	111.6	114.1
Addition during the year	3.0	2.7	1.4	2.2
Utilized	(4.0)	(7.7)	(3.7)	(4.7)
Unused amounts reversed	(0.6)	(0.6)	-	-
Balance at December 31	**124.1**	**125.7**	**109.3**	**111.6**

24. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Gain from disposal of property, plant and equipment	19.2	25.7	1.9	6.3
Income from contract penalties	9.9	10.7	0.3	0.2
Income from investment property	7.6	7.5	-	-
Income from related parties (see Note 27)	0.4	1.3	3.0	0.2
Other	14.3	10.0	2.9	1.5
TOTAL	**51.4**	**55.2**	**8.1**	**8.2**

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	2017	2016
Profit attributable to owners of the parent	**67.2**	**140.0**
Weighted average number of shares for basic earnings per share	488,815,769	488,794,766
Weighted average number of shares adjusted for the effect of dilutions	488,815,769	488,794,766
Basic earnings per share	0.1375	0.2864
Diluted earnings per share	0.1375	0.2864

(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. 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:

2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Revenue from external customers	1,453.1	1,063.1	393.5	60.2	577.2	310.0	3,857.1	-	3,857.1
Intersegment revenue	130.7	139.2	71.4	7.9	30.5	141.6	521.3	(521.3)	-
Interest income	2.5	43.7	0.1	4.5	0.1	101.7	152.6	(151.0)	1.6
Interest and related expenses	(89.2)	(50.1)	(45.6)	(0.3)	(6.0)	(99.2)	(290.4)	151.0	(139.4)
Depreciation, amortization and impairment	(324.9)	(223.5)	(91.8)	(97.1)	(174.8)	(25.2)	(937.3)	0.3	(937.0)
Dividend income	126.6	-	-	-	-	-	126.6	(126.6)	-
Income tax	(92.2)	(52.7)	11.3	(4.1)	0.2	(14.2)	(151.7)	-	(151.7)
Operating profit / (loss) before financial and investing activities	320.8	175.0	(36.6)	(91.2)	(89.5)	31.7	310.2	(4.7)	305.5
Profit / (loss) for the year	226.6	115.7	(72.9)	(97.8)	(96.0)	18.5	94.1	(71.3)	22.8
Operating profit before financial and investing activities, depreciation, amortization and impairment	645.7	398.5	55.2	5.9	85.3	56.9	1,247.5	(5.0)	1,242.5
Costs related to voluntary leave schemes	(27.7)	(5.5)	(1.7)	(0.1)	(15.3)	(1.5)	(51.8)	-	(51.8)
Other restructuring costs and non-recurring litigations	(4.2)	-	(1.3)	(2.8)	(1.3)	-	(9.6)	-	(9.6)
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	677.6	404.0	58.2	8.8	101.9	58.4	1,308.9	(5.0)	1,303.9
Segment assets	2,498.0	2,556.2	813.6	570.1	885.1	2,592.0	9,915.0	(2,812.8)	7,102.2
Segment liabilities	2,966.5	1,455.8	524.7	53.0	359.1	1,966.5	7,325.6	(2,812.8)	4,512.8
Purchase of property plant and equipment and intangible assets	409.9	278.6	53.3	15.7	139.4	23.0	919.9	-	919.9

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	697.4	1,002.4	2,875.3	10,540.6	(2,969.0)	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

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 1,831.5 (2016: Euro 2,071.3) 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	
	2017	2016	2017	2016
Greece	2,826.2	2,862.7	3,215.8	3,131.8
Romania	970.7	982.8	927.4	1,050.5
Albania	60.2	62.6	72.6	158.9
TOTAL	**3,857.1**	**3,908.1**	**4,215.8**	**4,341.2**

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:

	2017		2016	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	101.0	127.5	88.0	115.4
COSMOTE Group - Albania	0.1	-	0.2	-
OTE INTERNATIONAL INVESTMENTS LTD	-	-	0.1	-
COSMOTE TV PRODUCTIONS	0.2	0.4	0.5	1.0
COSMO-ONE	-	0.6	-	0.6
OTESAT-MARITEL	0.1	0.2	0.2	0.3
OTE PLUS	-	2.0	-	3.6
OTE ESTATE	0.3	46.2	0.1	42.6
OTE GLOBE	13.6	55.9	14.3	58.5
OTE ACADEMY	0.2	4.2	0.3	5.9
TELEKOM ROMANIA	0.2	0.2	0.1	0.3
OTE RURAL NORTH	4.3	1.1	10.4	-
OTE RURAL SOUTH	10.7	1.6	8.2	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	11.2	4.1	9.9	5.8
TOTAL	**141.9**	**244.0**	**132.3**	**234.0**

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

	2017		2016	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	45.7	36.8	39.7	34.5
TOTAL	**45.7**	**36.8**	**39.7**	**34.5**

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

	Other operating income OTE	
	2017	2016
COSMOTE Group - Greece	2.6	-
OTE PLUS	-	0.1
OTE ESTATE	0.3	0.1
OTE ACADEMY	0.1	-
TOTAL	**3.0**	**0.2**

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	
	2017	2016
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.4	1.3
TOTAL	**0.4**	**1.3**

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

	2017		2016	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	58.2	-	75.4
COSMOTE Group - Greece	0.1	-	-	-
COSMOTE Group - Albania	-	2.7	-	3.0
OTE RURAL NORTH	0.4	-	0.3	-
OTE RURAL SOUTH	0.6	-	0.4	-
TOTAL	**1.1**	**60.9**	**0.7**	**78.4**

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

	Dividend income OTE	
	2017	2016
OTESAT-MARITEL	0.6	0.5
OTE INSURANCE	-	0.6
OTE INTERNATIONAL INVESTMENTS LTD	-	13.9
OTE GLOBE	21.0	-
OTE ESTATE	105.0	0.1
TOTAL	**126.6**	**15.1**

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

	31/12/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	77.8	181.6	69.9	161.2
COSMOTE Group - Romania	0.2	-	0.3	-
COSMOTE Group - Albania	0.1	-	0.2	-
COSMOTE TV PRODUCTIONS	0.2	0.2	0.2	0.3
COSMO-ONE	-	0.2	-	0.2
OTESAT-MARITEL	4.0	0.1	3.8	0.2
OTE PLUS	-	2.1	-	2.1
OTE ESTATE	51.7	1.2	1.8	5.5
OTE GLOBE	23.4	8.8	3.9	23.1
OTE ACADEMY	0.7	1.9	0.6	2.0
TELEKOM ROMANIA	0.9	0.1	0.8	0.2
OTE RURAL NORTH	11.1	0.1	15.6	0.3
OTE RURAL SOUTH	16.5	-	14.4	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	8.7	6.3	5.4	4.9
TOTAL	**195.3**	**202.6**	**116.9**	**200.0**

Amounts owed to OTE by OTE ESTATE, OTE GLOBE and OTESAT-MARITEL include dividends receivable amounting to Euro 50.0, Euro 21.0 and Euro 0.6 respectively as of December 31, 2017.

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:

	31/12/2017		31/12/2016	
	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)	29.8	83.7	65.8	122.0
TOTAL	**29.8**	**83.7**	**65.8**	**122.0**

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

	31/12/2017		31/12/2016	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,239.5	-	1,357.9
COSMOTE Group - Albania	-	72.1	-	111.4
OTE RURAL NORTH	10.6	-	11.7	-
OTE RURAL SOUTH	18.5	-	18.5	-
TOTAL	**29.1**	**1,311.6**	**30.2**	**1,469.3**

Amounts owed by OTE to OTE PLC and COSMOTE Group - Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 22.5 and Euro 1.1 respectively as of December 31, 2017 (December 31, 2016: OTE PLC Euro 25.4 and TELEKOM ALBANIA Euro 2.4).

Amounts owed to OTE by OTE RURAL NORTH and OTE RURAL SOUTH relating to loans include interest receivable amounting to Euro 0.1 as of December 31, 2017 (December 31, 2016: Euro 0.1).

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

Fees to the members of the Board of Directors and OTE’s key management personnel amounted to Euro 7.0 and Euro 8.0 for the years 2017 and 2016, 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 for management services.

COSMOTE TV PRODUCTIONS
COSMOTE TV PRODUCTIONS invoices OTE for 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 and COSMOTE Group have also revenues and expenses for other shared services, depending which of the two entities provides the services.

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

OTE PLC
OTE PLC OTE grants / receives loans to / from 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 NORTH provides wholesale broadband network services to OTE.

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

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, 2017, are as follows:

OTE

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. 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.

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. The case was heard on September 28, 2016 and the decision awarded to Teledome S.A. an amount of Euro 1.1. OTE appealed against this decision and the hearing 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 appealed against this decision and the hearing is pending.

3. The third lawsuit claiming Euro 4.4 for alleged breach of contractual obligations arising out of disconnection of telecommunication services was heard on March 6, 2008 and was rejected by the court. Teledome appealed against this decision and the hearing is pending.

Franchisees lawsuits:
1. DEP INFO Limited has filed a lawsuit against OTE for the amount of Euro 5.0 due to OTE’s alleged tort. The case was heard on November 2, 2016 and a decision of Athens multi-member Court of First Instance was issued rejecting DEP INFO’s lawsuit.
2. Evros Telecommunications S.A. filed a lawsuit against OTE claiming Euro 2.0 for alleged damages and customer base compensation. The case was heard on May 10, 2017 and the decision is pending.

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 based on municipal legislation, has charged OTE with duties and penalties of a total amount of approximately Euro 11.5 for the installation and operation of payphones within the common areas of its responsibility. OTE disputed the above assessments and filed appeals before the competent administrative Courts, while prepaying the 40% of the previously mentioned duties and penalties, which constitutes a refundable amount in the event of a favorable judicial outcome for OTE. These duties and penalties concern the period from 2001 until 2007 and from 2010 until 2013, while no duties and penalties have been charged for the years 2008 and 2009. Currently the hearing of these appeals is still pending with some judicial decisions rejecting OTE claims, mainly in respect of years prior to year 2006, due to the fact that specific telecommunication legislation for rights of way had not been issued at the time. However, some judicial decisions in favor of OTE have also been issued, including amongst them an irrevocable Court decision. Finally, the hearing of a number of the abovementioned disputes in front of the Supreme Administrative Court 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 had been scheduled for May 21, 2015, nevertheless 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 Court rejected the claim. FLT HELLAS METAFORIKH S.A. appealed against that decision. The case was heard on September 28, 2017 and the decision is pending.

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. 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. The case was heard on April 26, 2017 and the the Athens Multimember Court of First Instance issued a decision to which the claim was accepted.

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 4.5 plus interest from outstanding invoices. The hearing was scheduled, after a postponement, for October 11, 2017, when was annulled.

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 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. 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 had been scheduled for November 23, 2017. At that hearing, the discussion of appeals was postponed to March 21, 2018.

Regarding the three cases (1. Siemens Enterprise Communications S.A., 2. Siemens S.A. Electrotechnical Projects and Products, and 3. NOKIA Siemens Networks S.A. and Siemens S.A. Electrotechnical Projects and Products), OTE's Board of Directors approved the basic terms for their out-of-court settlement. On December 18, 2017 the out-of-court settlement agreements were signed and on December 19, 2017 OTE proceeded with the payment of the respective amounts. Following payment, the companies withdrew from their lawsuits and appeals and OTE also withdrew from its appeal. It is noted that in the three abovementioned cases, the invoices in dispute do not concern the provision of services in respect of the Frame Agreement 8002/1997.

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: HTPC has imposed various fines against OTE (an initial amount Euro 54.0 reduced through appeals to Euro 32.0) with a wide variety of thematic claims, as part of the Company's routine activity. OTE has appealed for the annulment of these fines.

COSMOTE

The most significant lawsuits and administrative disputes regarding COSMOTE and its subsidiaries, as of December 31, 2017 are the following:

Fines of HTPC against COSMOTE: HTPC has imposed various fines against COSMOTE (an initial amount Euro 8.6 reduced through appeals to Euro 5.2) with a wide variety of thematic claims, as part of the Company's routine activity. COSMOTE has appealed for the annulment of these fines.

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. HTPC invited COSMOTE, VODAFONE and WIND to a hearing, which took place on September 28, 2017. After the hearing, the parties were requested to submit a written memorandum and additional information.

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 first instance judgment was delivered on July 25, 2016 where 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 Athens Court of Appeals by virtue of its decision issued on June 29, 2017 upheld COSMOTE's appeal and dismissed Babis Vovos International Construction S.A. lawsuit. Following the issuing of the abovementioned first instance Court's (July 25, 2016) ruling, on September 20, 2016 Babis Vovos International Construction S.A. requested the payment of outstanding rents of a total amount of Euro 9.1 and on October 24, 2016 an order of payment, issued by the First Instance Court of Athens was served to COSMOTE, upon 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 court accepted the application and ordered suspension of execution of the payment until a final decision is issued. COSMOTE's appeal was heard on January 26, 2018 in absentia of Babis Vovos International Construction S.A. and the issuing of the court's decision is currently pending.

TELEKOM ALBANIA

On December 12, 2005, the Albanian Competition Authority ("ACA") imposed a fine on TELEKOM ALBANIA of Euro 1.4 on the grounds of allegedly delaying a response to a request for information and provision of documents. 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. 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 ACA imposed to TELEKOM ALBANIA a fine, amounting 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. On December 5, 2017 the Albanian Administrative Court of Appeals ordered factual investigation, in order to define all the statistical arguments. The hearing is scheduled for February 27, 2018.

Plus Communications: The Plus Communication filed a lawsuit against the regulatory authority of Albania on termination rates and the postponement of the non-discriminatory price-net / off-line for prepaid and contract in the three consolidated providers of the market Vodafone Albania, Sh.A, TELEKOM ALBANIA and Albtelecom Sh.A.. The Administrative Court of Appeals accepted Plus Communication and defined the termination fee in the Plus network at 6.52 lek/min. TELEKOM ALBANIA, in October 2017, paid Euro 3.3 (including VAT) as a result of the Supreme Court's decision, which defined Plus Communications's claim for a retroactive effect from April 2015 to August 2016.

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, to certain lawsuits filed by former franchisees (franchisees of the GERMANOS chain of stores and its agents) regarding the issues of these partnerships as well as in other cases with a total amount of Euro 15.4. The hearings of these cases are scheduled until 2019.

In 2017 a former franchisee of the chain GERMANOS stores and a close related to him person, filed lawsuits against GERMANOS and COSMOTE of a total amount of Euro 32.5, out of which an amount of Euro 5.0 relates to material and consequential damage for alleged breach of competition law, unconventional behavior under the commercial cooperation and tort and an amount of Euro 27.5 relates to non-material damage. The hearing took place on February 8, 2018 and the decision is pending.

HELLENIC COMPETITION COMMISSION ("HCC"): On 30 December 2014, GERMANOS imposed a fine of Euro 10.3 from the HCC for breaching Article 1 of Law 3959/2011 and Article 101 of Treaty on the Functioning of the EU, during period 1990 to 2012, in relation to the franchise system GERMANOS and the related contracts with franchisees. GERMANOS appealed to the Administrative Court of Appeal of Athens for the annulment of the decision. The Administrative Court of Appeal partially upheld the appeal and annulled the decision of the HCC regarding the fine, because the fine was imposed cumulatively and not calcutated individual for each infringement, and reverted the case to the HCC in order to calculate the fine separately for each infringement. GERMANOS raised an appeal before the Council of State and hearing is scheduled, after postponements for March 7, 2018. In October 2016, GERMANOS was informed of the new decision of the HCC which imposed a fine separately for each violation, namely Euro 6.2 for designastion of resale prices, Euro 3.1 for prohibition of cross-supplies between distributors - franchisees and Euro 1.0 for imposing non-competition clause after the expiration of the contracts (in total an amount of Euro 10.3). Against the above decision of the HCC, GERMANOS appealed to the Athens Administrative Court of Appeals and the hearing is determined after postponement, to March 13, 2018.

COSMOTE E-VALUE

RealWay Ltd: On May, 9, 2014, RealWay Ltd filed a lawsuit against COSMOTE E-VALUE 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 by virtue of its decision rejected RealWay's Ltd lawsuit.

CRIMINAL PROCEEDINGS

OTE

SIEMENS case. Within the framework of the ongoing criminal proceedings for the SIEMENS case in Greece [allegations for criminal offenses in respect of the conclusion of the Framework Agreement 8002/1997 with Siemens S.A and Siemens Teleindustries S.A. (now UNIFY S.A.) for the digitalization of the network of OTE] the Three Member Athens Court of Criminal Appeals, at its meeting on July 28, 2017, issued its decision No. 3620/2017, according to which: 1) the former Minister of Transportation and Communication, was convicted to 8 years imprisonment for the crime of money laundering from criminal activity committed repeatedly and as a profession, i.e. the laundering of money obtained from passive bribery committed. The penalty was suspended due to the fact that he filed an appeal, 2) two co-defendants of the former Minister of Transportation and Communication were acquitted for complicity to the crimes of passive bribery and money laundering, 3) a co-defendant of the former Minister of Transportation and Communication was acquitted for complicity to the crimes of passive bribery and was convicted for the crime of laundering of money and 4) a former SIEMENS employee (who is also a defendant in the case below) was convicted for the crime of bribery and money laundering. OTE has attended the trial above as a civil party, requesting compensation for moral damages suffered as a result of the abovementioned offenses.

The trial of the appeal has started on December 1, 2017 before the Five Member Athens Court of Criminal Appeals. On December 19, 2017, OTE has declared its will to attend the trial as a civil party requesting compensation for moral damages suffered as a result of the abovementioned offenses. On January 22, 2018 the Court has decided to dismiss OTE' s declaration, without setting out the legal grounds upon its decision.

Furthermore, the trial of 64 in total, defendants (including 14 former executives of OTE for the crime of passive bribery and the crime of money laundering) that has already started on November 27, 2015 before the Three Member Athens Court of Criminal Appeals is still ongoing. OTE participates at the trial as a civil party requesting compensation for moral damages suffered as a result of the abovementioned offenses. OTE has also filed a lawsuit for damages before German Courts and the case is still pending.

B. COMMITMENTS

Capital commitments

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Capital commitments	141.6	176.7	98.2	126.0
TOTAL	**141.6**	**176.7**	**98.2**	**126.0**

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	
	2017	2016	2017	2016
Up to 1 year	117.9	109.4	17.6	13.3
1 to 5 years	255.2	256.0	45.3	38.9
Over 5 years	277.4	330.3	6.0	7.2
TOTAL	**650.5**	**695.7**	**68.9**	**59.4**

The lease payment recognized as an expense during 2017 for the Group and the Company amounted to Euro 108.7 and Euro 54.5 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 2018, an annual rental rate of approximately Euro 37.7 is estimated.

Other operating commitments

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Up to 1 year	291.7	255.1	123.3	219.6
1 to 5 years	152.4	204.7	64.3	140.4
Over 5 years	3.1	3.0	8.5	32.0
TOTAL	**447.2**	**462.8**	**196.1**	**392.0**

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	2017	2016	2017	2016
Financial Assets				
Trade receivables	719.7	730.5	719.7	730.5
Loans to pension funds	89.5	91.7	121.7	129.0
Loans and advances to employees	53.4	54.7	53.4	54.7
Guarantees	5.9	6.0	5.9	6.0
Guaranteed receipt from Grantor (Financial asset model)	38.0	73.6	38.0	73.6
Restricted cash	4.3	3.6	4.3	3.6
Cash and cash equivalents	1,297.7	1,585.6	1,297.7	1,585.6
Financial Liabilities				
Long-term borrowings	1,276.2	1,941.0	1,345.1	2,029.2
Short-term portion of long-term borrowings	764.5	184.1	771.6	186.9
Trade accounts payable	1,162.4	1,364.1	1,162.4	1,364.1
Interest payable	36.7	48.4	36.7	48.4
Unpaid portion for spectrum licenses	13.5	38.9	13.5	38.9
Liability for TV broadcasting rights (long-term)	76.4	58.8	76.4	58.8

COMPANY	Carrying Amount		Fair value	
	2017	2016	2017	2016
Financial Assets				
Trade receivables	357.1	348.7	357.1	348.7
Loans to pension funds	89.5	91.7	121.7	129.0
Loans and advances to employees	52.9	54.5	52.9	54.5
Guarantees	0.4	0.4	0.4	0.4
Other receivables from related parties	7.5	4.9	7.5	4.9
Loans to group companies	29.0	30.1	31.7	31.7
Cash and cash equivalents	185.6	511.6	185.6	511.6
Financial Liabilities				
Long-term borrowings	1,004.4	1,348.5	1,060.8	1,400.1
Short-term borrowings and short-term portion of long-term borrowings	541.4	478.5	545.2	481.9
Trade accounts payable	400.4	491.9	400.4	491.9
Interest payable	26.3	39.5	26.3	39.5
Liability for TV broadcasting rights (long-term)	75.3	38.8	75.3	38.8

The fair values of loans to pension funds, loans to group companies, long-term borrowings, short-term borrowings and short-term portion of long-term borrowings are based on either quoted (unadjusted) prices or on cash flows discounted using either direct or indirect observable inputs. The fair value of the remaining financial assets and financial liabilities approximate their carrying amounts.

As at December 31, 2017, the Group and the Company held the following financial instruments measured at fair value:

GROUP	Fair value		Fair value hierarchy
	2017	2016	
Financial Assets			
Available-for-sale mutual funds	4.1	3.5	Level 1
Available-for-sale mutual funds	1.8	2.1	Level 3

COMPANY	Fair value		Fair value hierarchy
	2017	2016	
Financial Assets			
Available-for-sale mutual funds	2.5	2.1	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing continuous 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. To the extent that the agreed terms and conditions of the third bailout program are implemented and assuming that the capital controls will be further eased or eliminated in the short to medium term, 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, 2017.

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.

Group's cash and cash equivalents are mainly 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 pension funds mainly due to prior years voluntary leave schemes (see Note 19). The latter loans are exposed to credit risk related to the debt servicing capacity of the pension 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, 2017 amount to Euro 1,303.6 and Euro 202.4 respectively and their short-term borrowings and short-term portion of long-term borrowings amount to Euro 764.5 and Euro 541.4, 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, 2017	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Global Medium-Term Note Programme	653.3	389.8	724.5	-	1,767.6
Bank loans (EBRD and BSTDB) OTE	137.7	133.1	-	-	270.8
Bank loans (EBRD) COSMOTE	49.3	48.7	59.7	-	157.7
Unpaid portion for spectrum licenses	14.2	-	-	-	14.2
Trade accounts payable and long-term liability for TV broadcasting rights	1,162.4	35.2	49.0	-	1,246.6
TOTAL	**2,016.9**	**606.8**	**833.2**	**-**	**3,456.9**
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) OTE	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**

Guarantees

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

- As at December 31, 2017: Euro 1,804.6
- As at December 31, 2016: Euro 1,740.0

COMPANY					
December 31, 2017	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 Years	Total
Intercompany loans (OTE PLC)	457.8	181.9	755.9	-	1,395.6
Bank loans (EBRD and BSTDB)	137.7	133.1	-	-	270.8
Trade accounts payable and long-term liability for TV broadcasting rights	400.4	34.4	48.7	-	483.5
TOTAL	995.9	349.4	804.6	-	2,149.9
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

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, 2017, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 80.0%/20.0% (2016: 78.5%/21.5%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
Floating interest rate	407.8	457.7	257.8	385.5
Fixed interest rate	1,632.9	1,667.4	1,288.0	1,441.5
TOTAL	2,040.7	2,125.1	1,545.8	1,827.0

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:

	GROUP		COMPANY	
	2017	2016	2017	2016
Profit before tax	0.4	0.3	(1.3)	(1.8)

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Profit before tax	(3.2)	(4.0)	(0.5)	(1.3)

The impact presented in the above tables is based on the following considerations:

a) Euribor on OTE Group bank loans with floating rate is floored at zero per cent and therefore any reduction below the current negative rates does not result into a reduction of interest expenses. Similarly an assumed 1.0% rate increase will not fully affect interest expenses but only up to the part that the rate exceeds zero per cent.

b) Interest income on cash is assumed to increase / decrease by 25.0% of the respective nominal interest rate change.

Therefore a 1% increase in interest rates is assumed to increase interest income by only 0.25% and similarly a 1% decrease in rates is assumed to reduce interest income by only 0.25%.

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

The Group operates in Southeastern Europe and as a result is exposed to currency risk due to changes between the functional currencies and other currencies. The main currencies within the Group are the Euro, 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):

	Effect on profit before tax	
Change in functional currency exchange rate against Euro	**2017**	**2016**
-10%	25.9	45.1
+10%	(25.9)	(45.1)

As of December 31, 2017, TELEKOM ROMANIA MOBILE had a loan payable to COSMOTE with an outstanding nominal amount of Euro 530.6 (December 31, 2016: Euro 685.3), which is 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 5.3 (2016: 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.

GROUP	December 31	
	2017	**2016**
Long-term borrowings	1,276.2	1,941.0
Short-term portion of long-term borrowings	764.5	184.1
Cash and cash equivalents	(1,297.7)	(1,585.6)
Net debt	**743.0**	**539.5**
Total equity	2,589.4	2,651.7
Gearing ratio	**0.29x**	**0.20x**

COMPANY	December 31	
	2017	**2016**
Long-term borrowings	1,004.4	1,348.5
Short-term borrowings	163.0	350.0
Short-term portion of long-term borrowings	378.4	128.5
Cash and cash equivalents	(185.6)	(511.6)
Net debt	**1,360.2**	**1,315.4**
Total equity	2,958.2	2,802.7
Gearing ratio	**0.46x**	**0.47x**

30. RECLASSIFICATIONS

In the consolidated income statement of 2016, an amount of Euro 4.4 has been reclassified from "Third party fees and services" to "Rental, leasing and facility costs" and an amount of Euro 0.9 has been reclassified from "Other sundry operating expenses" to "Rental, leasing and facility costs". In addition, an amount of Euro 1.8 has been reclassified from "Third party fees and services" to "Other sundry operating expenses" for better presentation.

In the Company's income statement of 2016, an amount of Euro 4.4 has been reclassified from "Third party fees and services" to "Rental, leasing and facility costs" and an amount of Euro 0.9 has been reclassified from "Other sundry operating expenses" to "Rental, leasing and facility costs". In addition, an amount of Euro 3.1 has been reclassified from "Third party fees and services" to "Other sundry operating expenses" for better presentation.

31. AUDIT AND OTHER FEES

Audit and other fees concerning the PricewaterhouseCoopers network, are analyzed as follows:

(Absolute amounts)	GROUP		COMPANY	
	2017	2016	2017	2016
Fees for auditing services	1,433,200	1,453,100	482,000	473,000
Audit fees for the Annual Tax Certificate	630,000	630,000	265,000	265,000
Other assurance services	141,500	167,000	32,000	92,000
Other fees	163,000	105,000	163,000	73,000
Total audit and all other fees	**2,367,700**	**2,355,100**	**942,000**	**903,000**

Specifically, audit and other fees to PricewaterhouseCoopers S.A. (PricewaterhouseCoopers Greece and not to the other PricewaterhouseCoopers network offices) are analyzed as follows:

(Absolute amounts)	PricewaterhouseCoopers S.A - Greece	
	2017	2016
Fees for auditing services	938,000	914,600
Audit fees for the Annual Tax Certificate	630,000	630,000
Other assurance services	51,500	167,000
Other fees	163,000	80,000
Total audit and all other fees	**1,782,500**	**1,791,600**

32. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after December 31, 2017 are as follows:

Principal repayment under the Euro 150.0 syndicated facility arranged by the European Bank for Reconstruction and Development (EBRD)

On January 12, 2018, COSMOTE repaid principal of Euro 23.0 under the syndicated facility with EBRD, along with the accrued interest.

Repayment of intercompany Loan granted from OTE PLC and TELEKOM ALBANIA

On January 17, 2018, OTE fully repaid the Euro 163.0 intercompany loan maturing on that date along with the accrued interest.

Euro 150.0 bilateral term loan with the European Investment Bank (EIB)

On January 23, 2018, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 bilateral term loan with EIB, which was signed on July 10, 2017. The loan has a tenor of 7 years, will be repaid via equal semi-annual installments and the interest rate was set at 2.805% p.a. .

Repayment of Notes under the Global Medium-Term Programme

On February 7, 2018, OTE PLC fully repaid the remaining outstanding amount of Euro 590.3 under the Notes maturing on that date along with the accrued interest.

Repayment of intercompany Loan granted from OTE PLC

On February 7, 2018, OTE fully repaid the Euro 250.0 intercompany loan maturing on that date along with the accrued interest.

OTE's credit evaluation

On January 24, 2018, Standard & Poor's Ratings Services raised its long-term corporate credit rating on OTE to 'BB-' from 'B+'.

Shareholder Remuneration Policy - Share Buyback Programs

In the respect of the new shareholder remuneration policy, as approved by the Board of Directors on January 18, 2018 (see Note 17), the extraordinary General Meeting of the Shareholders held on February 15, 2018, approved the own share buyback for up to 10% of the Company's total paid up share capital for a period of 24 months, beginning from February 15, 2018, the date of adopting this Shareholders' resolution. The shares will be acquired in order to be cancelled following a Shareholders' General Meeting resolution.

V. FINANCIAL DATA AND INFORMATION

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

Greek General Commercial Registry ("Γ.Ε.ΜΗ.") 1037501000

REGISTERED OFFICE: 99 KIFISSIAS AVE - 15124 MAROUSSI

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2017 TO DECEMBER 31, 2017

(Published in accordance with law 2190/1920, art.135 for Companies preparing annual consolidated and separate financial statements, in accordance with I.F.R.S.)

The purpose of the following information and financial data is to provide users with general financial information about the financial position and the results of operations of HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A ("Company") and the OTE Group ("Group"). Therefore, we recommend the users of the financial data and information, before making any investment decision or proceeding to any transaction with the Group or the Company, to obtain the necessary information from the website, where the consolidated and separate financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the E.U., are available, together with the auditors' report, when required.

Supervising Authority : Ministry of Economy, Infrastructure and Tourism, Corporate and Greek General Commercial Registry Division
Company's Web Site : www.cosmote.gr
Date of approval of financial statements from the Board of Directors: February 21, 2018
The Certified Auditor: Despina Marinou (SOEL REG: No 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. Srinivasan Gopalan, Non - Executive Member
5. Panagiotis Tabourlos, Independent, Non - Executive Member
6. Raphael Kübler, Non - Executive Member
7. Robert Hauber, Non - Executive Member
8. Andreas Psathas, Non - Executive Member
9. Panagiotis Skevofylax, Non - Executive Member

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

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
ASSETS				
Property, plant and equipment	2,740.9	2,852.5	1,239.2	1,225.0
Intangible assets	1,474.9	1,488.7	259.9	200.8
Other non current assets	508.2	501.6	3,699.2	3,781.6
Inventories	91.3	95.9	12.4	23.5
Trade receivables	719.7	730.5	357.1	348.7
Other current assets	269.5	316.8	171.3	109.7
Cash and cash equivalents	1,297.7	1,585.6	185.6	511.6
TOTAL ASSETS	**7,102.2**	**7,571.6**	**5,924.7**	**6,200.9**
EQUITY AND LIABILITIES				
Share capital	1,387.1	1,387.1	1,387.1	1,387.1
Other equity items	957.3	968.9	1,571.1	1,415.6
Equity attributable to shareholders of the parent (a)	2,344.4	2,356.0	2,958.2	2,802.7
Non-controlling interests (b)	245.0	295.7	-	-
Total equity (c) = (a) + (b)	**2,589.4**	**2,651.7**	**2,958.2**	**2,802.7**
Long-term borrowings	1,276.2	1,941.0	1,004.4	1,348.5
Provisions / Other non-current liabilities	515.6	538.7	526.9	489.9
Short-term borrowings	764.5	184.1	541.4	478.5
Other current liabilities	1,956.5	2,256.1	893.8	1,081.3
Total liabilities (d)	**4,512.8**	**4,919.9**	**2,966.5**	**3,398.2**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**7,102.2**	**7,571.6**	**5,924.7**	**6,200.9**

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

	GROUP		COMPANY	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Total revenues	3,857.1	3,908.1	1,583.8	1,568.5
Profit before taxes, investment and financial activities	**305.5**	**385.6**	**320.8**	**321.4**
Profit before tax	174.5	252.4	318.8	179.7
Profit after tax (A)	**22.8**	**84.0**	**226.6**	**98.0**
Attributable to:				
- Owners of the parent	67.2	140.0	226.6	98.0
- Non-controlling interests	(44.4)	(56.0)	-	-
Other comprehensive income / (loss) after tax (B)	**(6.9)**	**7.1**	**7.1**	**(1.2)**
Total comprehensive income after tax (A) + (B)	**15.9**	**91.1**	**233.7**	**96.8**
Attributable to:				
- Owners of the parent	66.6	147.6	233.7	96.8
- Non-controlling interests	(50.7)	(56.5)	-	-
Basic earnings per share (in €)	**0.1375**	**0.2864**		
Proposed dividend per share (in €)			0.35	0.16
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**1,242.5**	**1,267.0**	**645.7**	**627.8**

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Total equity at the beginning of the year (01.01.2017 and 01.01.2016)	**2,651.7**	**2,609.2**	**2,802.7**	**2,754.5**
Total comprehensive income after tax	15.9	91.1	233.7	96.8
Dividend distribution	(78.2)	(48.9)	(78.2)	(48.9)
Share option plans	-	0.3	-	0.3
Total equity at the end of the year (31.12.2017 and 31.12.2016)	**2,589.4**	**2,651.7**	**2,958.2**	**2,802.7**

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

	GROUP		COMPANY	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Cash flows from operating activities				
Profit before tax	174.5	252.4	318.8	179.7
Adjustments for:				
Depreciation, amortization and impairment	937.0	881.4	324.9	306.4
Costs related to voluntary leave schemes	51.8	49.6	27.7	35.8
Provision for staff retirement indemnities	9.8	12.1	9.0	10.0
Provision for youth account	2.1	1.8	2.1	1.8
Provision for doubtful accounts	106.3	89.9	20.5	20.5
Foreign exchange differences, net	12.2	4.3	0.8	(2.5)
Interest income	(1.6)	(2.2)	(2.5)	(2.3)
Dividend income	-	-	(126.6)	(15.1)
(Gains) / losses from investments and other financial assets - Impairment	(19.0)	(18.3)	41.1	57.1
Interest and related expenses	139.4	149.4	89.2	104.5
Working capital adjustments:				
Decrease / (increase) in inventories	1.8	1.2	11.1	(5.4)
Decrease / (increase) in receivables	(63.6)	(164.3)	(16.0)	(17.0)
(Decrease) / increase in liabilities (except borrowings)	(128.2)	76.0	(44.1)	56.9
Plus / (Minus):				
Payment for voluntary leave schemes	(65.3)	(53.9)	(38.6)	(41.2)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(12.6)	(15.2)	(12.2)	(14.9)
Interest and related expenses paid	(132.1)	(134.9)	(92.5)	(93.6)
Income tax paid	(211.9)	(104.2)	(129.7)	(1.5)
Net cash flows from operating activities (a)	**800.6**	**1,025.1**	**383.0**	**579.2**
Cash flows from investing activities				
Acquisition of subsidiaries	-	-	-	(3.8)
Loans granted	-	-	-	(14.7)
Sale or maturity of financial assets	0.2	2.2	-	-
Repayment of loans receivable	6.2	7.3	7.3	7.3
Purchase of property, plant and equipment and intangible assets	(919.9)	(653.0)	(409.9)	(311.4)
Movement in restricted cash	(0.8)	(0.8)	-	-
Payments related to disposal of subsidiaries / investments	-	(4.9)	-	-
Interest received	1.6	2.2	2.5	2.3
Dividends received	-	-	55.6	14.5
Net cash flows used in investing activities (b)	**(912.7)**	**(647.0)**	**(344.5)**	**(305.8)**
Cash flows from financing activities				
Share option plans	(0.3)	-	(0.3)	-
Proceeds from loans granted and issued	150.0	389.0	193.6	739.0
Repayment of loans	(242.7)	(454.5)	(479.7)	(742.2)
Dividends paid to Company's owners	(78.1)	(48.9)	(78.1)	(48.9)
Net cash flows used in financing activities (c)	**(171.1)**	**(114.4)**	**(364.5)**	**(52.1)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**(283.2)**	**263.7**	**(326.0)**	**221.3**
Cash and cash equivalents, at the beginning of the year	**1,585.6**	**1,322.5**	**511.6**	**290.3**
Net foreign exchange differences	(4.7)	(0.6)	-	-
Cash and cash equivalents, at the end of the year	**1,297.7**	**1,585.6**	**185.6**	**511.6**

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, 2017 for litigations and other risks, as well as for unaudited tax years or pending tax cases are as follows: a) for the Group € 124.1 million and € 27.9 million respectively and b) for the Company € 109.3 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 20,305 (31.12.2016: 21,086), Company 8,389 (31.12.2016: 8,405).
5) Other comprehensive income / (loss) after tax for the year 2017 which was recognized directly in equity for the Group, relates to actuarial gains € 7.9 million (net of deferred taxes), foreign currency translation € (15.2) million and the net movement in available for sale financial assets € 0.4 million (net of deferred taxes). As for the Company, it relates to actuarial gains € 6.8 million (net of deferred taxes) and the net movement in available for sale financial assets € 0.3 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, 2017.
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 2017, amounted to € 141.9 million and € 244.0 million, respectively. Other operating income for the year 2017 amounted to € 3.0 million. Finance income and expense for the year 2017 amounted to € 1.1 million and € 60.9 million respectively. Dividend income from related parties amounted to € 126.6 million. The outstanding balance of receivables and payables from / to related parties as of December 31, 2017 deriving from current transactions amounted to € 195.3 million and € 202.6 million, respectively. The outstanding balance of loans receivable from and payable to related parties amounted to € 29.1 million and € 1,311.6 million respectively. Fees to the members of the Board of Directors and the Company's key management personnel compensation charged in the Income Statement for the year 2017, amounted to € 7.0 million. At Group level, sales and purchases of goods and services between related parties which are not eliminated, for the year 2017 amounted to € 45.7 million and € 36.8 million, respectively. Other operating income, between related parties which is not eliminated, for the year 2017 amounted to € 0.4 million. The outstanding balance of receivables and payables, between related parties which are not eliminated, as of December 31, 2017 resulting from operating transactions amounted to € 29.8 million and € 83.7 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) Significant events after December 31, 2017 are disclosed in Note 32 of these financial statements.

Maroussi, February 21, 2018

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