HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL REPORT

For the period
from January 1, 2018 to December 31, 2018

(TRANSLATED FROM THE GREEK ORIGINAL)

In accordance with Article 4 of Law 3556/2007

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I. STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

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

1. Michael Tsamaz, Chairman and Managing Director

2. Charalampos Mazarakis, Board Member

3. Panagiotis Tabourlos, Vice Chairman of the Board of Directors

We confirm that to the best of our knowledge:

a. The enclosed Annual Financial Statements of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. for the period January 1, 2018 to December 31, 2018, which have been prepared in accordance with the applicable accounting standards, present in a true manner the assets liabilities, equity and the results of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. as well as of the companies included in the consolidated financial statements taken as a whole; and

b. The enclosed Annual Report of the Board of Directors presents in a true manner the development, performance and the financial position of the HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.as well as of the companies included in the consolidated financial statements taken as a whole; including the description of the risks and uncertainties they are facing.

Maroussi, February 20, 2019

Chairman & Managing Director	Board Member	Vice Chairman of the BoD
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 20, 2019.

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 the provisions of C.L. 2190/1920 as such have been replaced, as of 1-1-2019, by articles 150-154 of Law 4548/2018, article 4 of Law 3556/2007 and article 2 of Decision 8/754/14.04.2016 of the Board of Directors of the Hellenic Capital Market Commission and refers to the Annual Financial Statements (Consolidated and Separate) as of December 31, 2018, 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, 2018 to December 31, 2018, its objectives and its strategy, the significant events which took place in 2018, 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 (consolidated and company statements), Auditor's Report on the Financial Statements and the Annual Management Report of the Board of Directors of OTE S.A can be found on the following link:
https://www.cosmote.gr/cs/otegroup/en/oikonomikes_katastaseis_omilou_ote_kai_ae.html
Furthermore, the Financial Statements and the Auditors' Reports 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/cs/otegroup/en/oikonomikes_katastaseis_etairiwn_omilou.html

A.FINANCIAL AND OPERATIONAL HIGHLIGHTS OF 2018

Group Revenues (Euro million)	2018	2017	Change
Greece	**2,887.6**	**2,845.9**	**+1.5%**
Romania	**933.2**	**972.0**	**-4.0%**
Eliminations	**(22.1)**	**(21.0)**	**+5.2%**
OTE GROUP	**3,798.7**	**3,796.9**	**+0.0%**

Group Adjusted EBITDA (Euro million)*	2018	2017	Change
Greece	**1,180.5**	**1,135.0**	**+4.0%**
Margin(%)	***40.9%***	***39.9%***	***+1.0pp***
Romania	**136.3**	**160.1**	**-14.9%**
Margin(%)	***14.6%***	***16.5%***	***-1.9pp***
OTE GROUP	**1,316.8**	**1,295.1**	**+1.7%**
Adjusted EBITDA margin (%)	***34.7%***	***34.1%***	***+0.6pp***

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

OTE Group's consolidated revenues totaled to Euro 3,798.7 million in 2018, remaining almost unchanged compared to 2017. On a country basis, Greece total revenues increased by 1.5% to Euro 2.887,6 million, result of solid performance in both fixed broadband which benefited from the impressive take up of fiber services as well as from mobile operations. Mobile Service revenues in Greece were down 1.6% in 2018 reflecting the adoption of IFRS 15; excluding this factor mobile service revenues posted an increase of 1.3%. Mobile service revenue growth, for a second consecutive year, was driven by the increase in data services, and visitor's roaming. Revenues from wholesale business were also up in Greece mainly reflecting higher international transit.

In Romania, total revenues reached Euro 933.2 million in 2018, decreased by 4.0% compared to 2017, reflecting the continuing pressure from retail fixed services. Revenues from mobile in Romania remained relatively flat compared to prior year.

Total Operating Expenses for the Group, excluding depreciation, amortization, impairment and charges related to voluntary leave schemes, other restructuring costs and non-recurring litigations amounted to Euro 2,564.9 million in 2018, posting a slight increase compared to 2017, of 0.5%. Disciplined cost management across the Group and the beneficial impact of recent voluntary leave schemes, was offset by an increase in bad debt provisions, chiefly arising from Romanian operations

In 2018, the Group's Adjusted EBITDA increased by 1.7% to Euro 1,316.8 million. In Greece, Adjusted EBITDA increased by 4.0% reaching Euro 1,180.5 million. The Adjusted EBITDA margin of 40.9% was up 100 basis points compared to 2017. In Romania, Adjusted EBITDA totaled to Euro 136.3 million decreased by 14.9%.

Group expenses for depreciation, amortization and impairment stood at Euro 755.7 million, a 10.0% drop or Euro 84.2 million decrease, reflecting significant impairments in 2017 in the Group's international operations.

The Group reported Operating profit before financial and investing activities stood at Euro 495.2mn, compared to Euro 396.7mn in 2017. The increase in Operating Profit mainly reflects the improved performance in Adjusted EBITDA as well as the sharp drop in Depreciation and Amortization.

Interest and related expenses stood at Euro 86.1 million, down 38.1%, mainly reflecting the lower outstanding debt and the improved borrowing rates.

The Group's Income Tax expense stood at Euro 165.8 million in 2018, increased compared to 2017 by 12.3%, mainly reflecting the impact of the decreasing income tax rate in Greece on the deferred tax assets of the Group.

Profit for the year from continuing operations (attributable to owners of the parent) stood at Euro 256.5 million in 2018, compared to Euro 169.3 million recorded in 2017.

In 2018, Adjusted Free Cash Flow stood at Euro 344.7 million increased by 273.9% compared to 2017, primarily reflecting increased profitability, lower interest and income taxes paid, as well as lower Capex.

The Group's Adjusted Net Debt (including other financial assets) was Euro 738.8 million at December 31, 2018, almost unchanged compared to December 31, 2017. 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.

In 2018, 8,890,960 own shares were acquired for the purpose of their cancellation within the framework of the approved by the General Assembly (meeting of 15-02-2018) Own Shares Repurchase Program. In addition, 1,320,110 own shares were already existed prior to the commencement of the aforementioned Own Shares Repurchase Program.

The extraordinary General Meeting of the Shareholders held on December 19, 2018, approved the cancellation of the total own shares i.e. 10,211,070 (2,083% of the share capital), with corresponding decrease of the Company's share capital and amendment of the Company's Articles of Incorporation in order to reflect such decrease. The cancellation was proposed in implementation of part of the Shareholders Remuneration Policy approved by the Board of Directors (meeting of 18-01-2018).

After completion of publicity formalities, as per applicable legislation, on February 05, 2019 and following notification to the Corporate Actions Committee of the Athens Exchange, the shares were canceled and delisted from the Athens Exchange on February 19, 2019, date on which trading of the aforementioned shares on the Athens Exchange has ceased.

The implementation of the Remuneration Policy which started in 2018, took 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 2019, the estimated aggregate shareholder remuneration will reach an amount of Euro 350.0mn 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 0.46 (in absolute amount) per share (corresponding to the number of shares in circulation of 479,939,319, as the aforementioned number of shares had been formed following the decision of the Extraordinary General Assembly of the Shareholders of December 19, 2018 for the cancellation of the total number of own shares held by the Company at that time and consequent decrease of the share capital) or a total amount of Euro 220.8mn. It is noted that the cancellation process of the aforementioned own shares before the competent authorities, following the above mentioned decision of the Extraordinary Assembly of the Shareholders, was not completed as of December 31, 2018. Finally, it is noted that if the Company acquires new own shares until the Company's Annual General Assembly of the Shareholders of the current year which will approve the distribution of the dividend, the dividends corresponding to these own shares will increase the dividend of the other shareholders according to the law.

This proposed distribution will be subject to the pronouncements of the law 4548/2018 and the prevailing tax legislation.

GREECE

In 2018, the Greek telecom market posted positive revenues growth in the range of +1% year-on-year. Despite the challenging and competitive environment, OTE Group achieved to maintain its leadership position in the local market and has recorded a solid adjusted EBITDA performance, up 4% compared to 2017.

In 2018, OTE Group:

- Revenues in Greece increased by 1.5%. The positive revenue performance was driven by ongoing growth of mobile data, fixed broadband and ICT offsetting the contraction of voice and mobile messaging.
- Leveraging on the 2bn NGA technologies investment plan by 2022, we develop "state of the art" infrastructure to address the needs of digital era. Our technological and innovation edge is instrumental in delivering against our promise to create a better world for all as well as to support solid commercial and financial performance.
- Consistent with our strategy of investing in enhanced customer experience, we have developed significant new capabilities in our mobile application which enable our customers to have a single digital interface in order to manage their accounts in a convenient and user friendly way. By year end, COSMOTE managed to reach more than 2.3 million active mobile App users, a critical accomplishment in improving overall customer experience and enabling cost savings.
- Strengthened its Business-to-Business (B2B) leading position, with 13% revenue growth in ICT projects thus becoming the No.1 Systems Integrator in the Greek market (based on IDC data).

Greece:	2018	2017	Change
Fixed-line business:			
Fixed lines access	2,650,995	2,639,132	+0.4%
Broadband subscribers	1,896,336	1,759,752	+7.8%
...of which Fiber Service	*531,334*	*354,257*	*+50.0%*
TV subscribers	541,907	524,770	+3.3%
Mobile business:			
Mobile subscribers	7,905,021	7,981,236	-1.0%

In the retail fixed services OTE accomplished a solid growth of +1.4% in revenues, maintaining its high revenue share in Greek market, as the company managed to:

- Protect its access base of 2.65 million customers, leveraging its customer-centric strategy and creating value by fulfilling the needs of households and businesses.
- Capitalize on extended NGA footprint as well as speed enhancement campaigns, resulting in the addition of 177k customers with new ultra-high broadband speeds. At the end of 2018 the total number of NGA customers rose to 531K.
- Expand its PAY-TV base to 542k subscribers leveraging on PAY-TV packs targeted at specific customer segments aiming to support demand and in parallel strengthen its position in the market.
- Win major complex ICT projects, that required solutions combining Telecommunications and Systems Integration.

In the mobile business, OTE Group maintained its leading market position with more than 51% service revenue market share:

- Service revenue (excluding IFRS 15 impact) grew for a second consecutive year supported by data, visitors roaming performance and targeted initiatives for ARPU development in contract and prepaid segments.
- Solid growth 18% in data revenues reflecting focus on 4G/4G+ investments, enabled by increased smartphones penetration. In parallel, the data active internet users uptake increased by 9 percentage points compared to last year, achieving 60% penetration in active base.

- Furthermore, focusing on new revenue streams, our mobile business continues to enhance Internet of Things services, has introduced an innovative portfolio, Cosmote IOT Data Sharing, and participated in the majority of Smart Cities tenders issued.

ROMANIA

Romania:	2018	2017	Change
Fixed-line business:			
Voice*	2,141,526	2,098,052	+2.1%
Broadband*	1,143,303	1,180,192	-3.1%
TV subscribers	1,443,032	1,470,341	-1.9%
FMC subscribers	*726,232*	*504,046*	*+44.1%*
Mobile business:			
Mobile subscribers	4,630,606	4,748,905	-2.5%

Includes FMC

Total revenues in Romania were down 4.0% to Euro 933.2mn in 2018, mainly reflecting drop in retail fixed services.
In 2018, revenues from Retail Fixed services were down 14.3%, or by 12.4% excluding IFRS 15 impact, reflecting the competitive pressures in Fixed voice Broadband and TV services.
Mobile Service revenues decreased by 3.9% compared to 2017, or by 1.5% excluding the IFRS 15 impact despite the strong performance of FMC.
Total Revenues from FMC services increased by 28.8% as the number of FMC subscribers rose 44% year-on-year, to 726k at the end of 2018. At December 31, 2018, Telekom Romania Mobile's customer base totaled 4.6 million subscribers, down 2.5% from the year-earlier level.
Finally, wholesale revenues in Romania decreased in 2018 mainly due to lower revenues from International transit while Other Operating Income increased by 67.5% chiefly reflecting disposal of real estate assets.

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, Mobile and Convergent markets
- Safeguard its leading position in Broadband (both Fixed and Mobile), ICT and Pay-TV services in the Greek market
- Create new revenue streams by entering emerging digital markets (COSMOTE Insurance, COSMOTE Payments)
- Deliver best services to customers, leveraging on the technological superiority of its Next Generation Networks (Vectoring/ FTTH, 4G/ 4G+)
- Offer superior customer experience, utilizing modern digital channels
- Advance with the Digital Transformation of its own operating model, capitalizing on the potential of emerging digital technologies
- 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 2018

1. Reinforced leadership position in the market

- Increased OTE Group revenues in Greece by +1.5% vs last year – Maintained leader position with more than >60% share in total market revenues
- Boosted by 4% Adjusted EBITDA in Group, Greece
- Reinforced #1 market position in Fixed and Mobile Telephony in Group Greece: +1.8% Revenue growth in Retail Fixed (excluding IFRS 15 impact) and +1.3% Service Revenue growth in Mobile (excluding IFRS 15 impact)
- Secured leading share in Fiber Broadband net additions (68% ended up to OTE)
- Maintained the #1 market position in Pay-TV subscribers, further increasing its market share

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

- More than 500,000 households and 40,000 small businesses have selected “COSMOTE One” and “COSMOTE Business One” rate plans

3. Revenue Transformation

- 72% (1.9 million) of own access lines with Broadband service, +5 p.p. vs previous year
- Strong penetration in Fiber customers (increased by 177 thousand, 28% of broadband subs’ base)
- Broadband Revenue (ADSL / Fiber) grew by approximately 10% vs last year
- Revenue from Mobile Data services increased by 18%, capitalizing on our extensive 4G /4G+ network
- The largest ICT solutions’ integrator in Greece, with a significant increase in the respective revenues (+13% vs. 2017)
- COSMOTE TV renewed Champions League and Europa League exclusive broadcast rights in Greece, for another 3 years

4. Customer Experience - Pursuing excellence through Digitization

- 360° unified view of our Customers and the Fixed and Mobile services that are subscribed to
- More than 2.3 million users of the COSMOTE and What’s Up Apps (64% of our subs with a Smartphone)
- Further penetration of digital media (e-bill, e-top up, e-payments). 45% of household customers receive e-bills
- Further progression with e-Care services (e-Signature, "@Your Service", "U-fix-it", etc.)
- Multi-awarded Customer Care

5. Network and Services Evolution

- OTE implements the largest Optical Fiber network in Greece, investing Euro 2 billion during 2018 -2022. Our plan is to offer FTTH Internet access with gigabit speeds to 1 million households by 2022
- More than 3 million households and businesses already have access to very high speeds, up to 200Mbps
- Mobile Network superiority was attested by P3 Test (“Best in Class”) for the fifth consecutive year
- Population coverage was expanded to 99%/4G and 95%/4G+
- First operator in Greece to demonstrate a pilot 5G network achieving speeds of up to 12.7 Gbps
- IP Transformation project advanced
- OTE has become a main Shared Service Center for DT Europe, undertaking numerous projects for all companies in the DT EU Group
- "Rural Networks" achieved positive EBITDA in its first year of full operations

6. Operational and Cost Optimization

- Successful conclusion of the Telekom Albania sale, in the context of redefining the priorities and the development plans of OTE Group
- Continued Digital Transformation in a host of corporate operations, improving efficiency & securing further savings
- Optimization of energy consumption on our Network infrastructure
- IT systems architecture redesign, to reduce time-to-market
- Further reduction of operating costs, leveraging experience from the Deutsche Telekom Group
- Improvements in physical security and information security areas.

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

- Digitization and simplification of HR processes and systems (smartHR, HRDigiflow, Digifile)
- Adopting a growth culture and enhancing corporate innovation through various initiatives: Hackathon, # Let's Grow MOOCs, etc
- Digital learning platform for acquiring new digital skills

Key objectives of 2019

For 2019, 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 2019:

Technology Superiority	Best Customer Experience	Revenue Transformation	Lead in Core Business
• Optical Fiber Networks: Massive rollouts of Vectoring; Super Vectoring; FTTH • 4G/4G+ coverage everywhere • IP Transformation • Improvements in IT systems (OSS)	• Digital Transformation @Customer: ○ Omni-channel ○ Extended functionalities in apps ○ Service enhancements in O2B and F2R, etc. • Push Online Sales • Digital predictive maintenance @Network	• Data services monetization • Innovative services launch (One Connectivity, etc) • IoT & Cloud Solutions • Verticals (Shipping, Hotels, etc) • Smart Cities • Expand in adjacent markets	• COSMOTE brand superiority • Enhancements on FMC and FMCC propositions • COSMOTE TV Growth • Defend Wholesale Revenues

Digitalization, Simplification and & Cost Optimization

- Digital Transformation @Company and @Network
- Operating model simplification initiatives
- Cost efficiency programs • Procurement synergies with Deutsche Telekom Group

Growth Mindset and Culture

- Digital tools to support HR systems and processes, improving employees' experience and productivity
- Design of digital skills development programs
- Adopt a culture of growth and innovation

Outlook for 2019

In Greece, where a gradual economic recovery should continue, OTE expects to further benefit from its investments in advanced data networks in both fixed and mobile, as well as from the customer-centric strategy that has supported its revenue growth in the past year. Revenues in Romania are expected to stabilize following the one-off provisions and restructuring measures adopted in 2018. The Group systematically explores cost-reduction initiatives to support profitability across its businesses.

OTE's adjusted Capex, which was down nearly 10% in 2018, should be further reduced in the current year as it gradually returns to normalized levels. In 2019, management expects adjusted Capex of approximately Euro 650mn. Primarily reflecting lower Capex and further profitability improvements, OTE expects 2019 full-year adjusted FCF of approximately Euro 450mn, while reported FCF should reach approximately Euro 350mn, increasing OTE's remuneration to shareholders pursuant to its stated policy.

C.SIGNIFICANT EVENTS OF THE YEAR 2018

VOLUNTARY LEAVE SCHEMES

OTE voluntary leave schemes

In 2018, OTE implemented voluntary leave schemes, the respective cost of which amounted to Euro 37.2mn (2017: Euro 24.2mn).

Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 1.9mn (2017: Euro 3.5mn).

Group voluntary leave schemes

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

Euro million	2018	2017
OTE (as described above)	39.1	27.7
COSMOTE Group - Greece	4.8	5.5
COSMOTE Group - Romania	1.0	1.7
TELEKOM ROMANIA	5.8	15.3
OTHER	0.3	1.5
Costs related to voluntary leave schemes	**51.0**	**51.7**

Amounts paid during 2018, in relation to voluntary leave schemes were Euro 60.9mn for the Group and Euro 50.5mn for the Company (2017: Euro 65.2mn and Euro 38.6mn, respectively).

DIVIDEND

On June 12, 2018, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 171.5mn or Euro 0.352880 (in absolute amount) per share. The amount of dividends payable for the Group and the Company as of December 31, 2018 amounted to Euro 0.9mn and Euro 0.8mn respectively (December 31, 2017: Euro 0.4mn and Euro 0.4mn).

AGREEMENT FOR THE SALE OF TELEKOM ALBANIA

On January 16, 2019, the Group announced the signing of an agreement to sell its entire stake in TELEKOM ALBANIA to the Bulgarian company, Albania Telecom Invest AD, for a total consideration of Euro 50.0mn.

Taking into account the provisions of IFRS 5, this disposal group meets the criteria for classification as held for sale and, therefore, in the consolidated statement of financial position as of December 31, 2018 its assets and liabilities are presented separately from other assets and liabilities of the Group in the line items "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", respectively. Furthermore, the operations of this disposal group represent a separate geographical area of operations for the Group (mobile telecommunication services in Albania) and a separate cash generating unit. As a result, its operations for the year 2018, have been treated as discontinued operations. The income statements, the statements of cash flows and the related notes for prior periods have been restated to conform to this presentation.

In the cash flow statement, the cash flows from the operating, investing and financing activities of this disposal group have been separated from the rest cash flows of the Group and reported as single line items under each activity.

D.RISKS AND UNCERTAINTIES FOR THE NEXT YEAR

OTE Group has developed and applies an Enterprise Risk Management System that supports Management in its strategic decision-making, 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 in risk management.

Furthermore, periodically, 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 unified Enterprise Risk Management methodology on significant strategic, economic, environmental and social aspects which may have influence on or may be influenced by the decisions of the Group, taking into account the 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, evidenced by the official exit from the international bailout programme on August 20, 2018. However uncertainties continue to exist, since the country is under a "post-programme surveillance" programme where it will have to show its progress in meeting budget and reform targets, while economy remains very sensitive to fluctuations in the external environment. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The most recent related amendment came into force on October 1, 2018. To the extent that the agreed primary surplus targets will be achieved in the future 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, 2018.

The Group is assessing potential implications from the exit of United Kingdom from the European Union (Brexit) and taking measures to mitigate any disruption. From the analysis performed up to date, Brexit is not expected to have a material adverse effect on the operations of the Group.

Financial Risks

The below stated risks are significantly affected by 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 fair value through profit or loss 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 recognizes 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 business group their credit risk characteristics, aging profile and existence of previous financial difficulties, also adjusted for forward-looking factors specific to the customers and the economic environment.

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 the pension fund related to prior years voluntary leave schemes. The latter loans are exposed to credit risk related to the debt servicing capacity of the pension fund.

Impairment of financial assets

The Group and the Company have the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Contract assets
- Loans to group companies measured at amortised cost
- Loans to pension funds
- Loans and advances to employees
- Other financial assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified loss was immaterial.

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

The following tables demonstrate the credit risk exposure on gross carrying amount of trade receivables and contract assets for the Group and the Company:

GROUP (simplified approach) (Euro million)				
December 31, 2018	**Performing**	**Underperforming**	**Non-Performing**	**Total**
Trade receivables	611.8	113.9	772.8	**1,498.5**
Contract assets	36.5	-	5.8	**42.3**
TOTAL	**648.3**	**113.9**	**778.6**	**1,540.8**

COMPANY (simplified approach) (Euro million)				
December 31, 2018	**Performing**	**Underperforming**	**Non-Performing**	**Total**
Trade receivables	312.5	37.6	440.0	**790.1**
Contract assets	1.9	-	0.1	**2.0**
TOTAL	**314.4**	**37.6**	**440.1**	**792.1**

The remaining financial assets are considered to have low credit risk, therefore the Group applies the IFRS 9 general approach and the loss allowance was limited to 12 months expected losses. The outstanding balances of these financial assets are considered as performing.

Financial assets which have a low risk of default and a strong capacity to meet contractual cash flows are considered as performing, while financial assets for which there is a significant increase in credit risk since initial recognition but there is no objective evidence of a credit loss event are treated as underperforming. Non-performing financial assets are those that have objective evidence of impairment at the reporting date and there is limited expectation of recovery.

The split of trade receivables and contract assets within the above categories and the assessment of whether there has been an increase in credit risk on a Group level is assessed based on each Group company's best estimates taking into account its specific facts and circumstances.

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, 2018 amount to Euro 1,089.8mn and Euro 295.2mn respectively and their short-term portion of long-term borrowings amount to Euro 548.0mn and Euro 278.6mn, 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, 2018, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 87.1%/12.9% (2017: 80.0%/20.0%).

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 and the Ron (Romania).

The Group monitors and possesses adequate Foreign Currency reserves to minimize exposures affecting cash flows. Foreign currency risks that do not affect the Group's cash flows (i.e. the risks resulting from the translation of foreign operations financial statements into the Group's reporting currency) are generally not hedged.

The following table demonstrates the sensitivity to a reasonably possible change in the functional currency exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

Change in functional currency exchange rate against Euro	Effect on profit before tax	
	2018	2017
-10%	(20.2)	(16.7)
+10%	20.2	16.7

The impact on the Group's profit before tax for the year 2017 has been adjusted to exclude the effect of the group of assets classified as held for sale.

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	
	2018	2017
Long-term borrowings	1,280.6	1,276.2
Short-term portion of long-term borrowings	548.0	764.5
Cash and cash equivalents	(1,084.7)	(1,297.7)
Net debt	**743.9**	**743.0**
Total equity	2,574.7	2,589.4
Gearing ratio	**0.29x**	**0.29x**

COMPANY (Euro million)	December 31	
	2018	2017
Long-term borrowings	1,270.4	1,004.4
Short-term borrowings	-	163.0
Short-term portion of long-term borrowings	278.6	378.4
Cash and cash equivalents	(292.9)	(185.6)
Net debt	**1,256.1**	**1,360.2**
Total equity	2,888.9	2,958.2
Gearing ratio	**0.43x**	**0.46x**

d) Other risks

In OTE Group, Risk Assessment is a structured process for the 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 adopted a range of fiscal measures which aimed at increasing public tax revenues which materially affected the Group's and the Company's income statement. In December 2018, a gradual reduction of the corporate income tax rate was announced by 1% annually starting from year 2019 when the tax rate will be set at 28% until 25% for 2022 onwards. Given the fiscal position of the Greek State, it cannot be excluded that 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") has designated OTE as having Significant Market Power (SMP)) in the relevant markets, as these have been defined by the European Commission, and controls the company's pricing policy. The pricing regulatory obligations require OTE to set often higher prices than 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 has implemented a robust BCM System 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 critical 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 2018, improvement works of Electro-Mechanical infrastructure ("Dual Feed" project) of network critical infrastructure sites took place and they will continue in 2019.

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 and data security

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 entered 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 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, data are collected and analyzed from multiple security systems in order to timely detect security incidents (e.g. cyber-attacks) and respond effectively. Finally, within 2018, a Data Privacy Department was established, that oversees compliance with the data privacy regulatory framework.

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 more than 40% by 2030, compared to 1990 levels.

In this context, OTE Group has adopted 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 its stakeholders' environmental awareness.

In particular, OTE Group, in order to address climate change, inventories annually all direct and indirect emissions (scope #1,#2 and #3) 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 related to the regulated charges of the national electricity grid, and may also be influenced by:

- Increases due to the fees / levies / burdens imposed on 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 the Group's reputation and market share, as surveys indicated that consumers and investors tend to engage with companies that have an effective 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), thus 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 telecom network equipment upgrading
- 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 and socially responsible.

However, there are risks that may potentially cause business operational failures, revenue losses, reputational 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 OTE Group Supplier Code of Conduct, which is uploaded on the corporate website and is accessible by suppliers. The acceptance of the Code is a prerequisite in order a prospective supplier to enroll at the Suppliers' Portal and also for signing a contract or other agreement. (the adherence to the Code is a contractual obligation). Moreover, the supplier must bind its contractors (and/or subcontractors) to the principles of the Supplier Code of Conduct insofar as they are involved in provisioning deliverables under the contract.
- The OTE Group Code of Human Rights & Social Principles, which is uploaded on the corporate website and is accessible by the suppliers, customers and rest stakeholders of the Group. OTE Group extends the guidelines to its suppliers to respect and apply the Code's principles throughout their operations and business relationships.
- 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.
- An 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 correlation between health and impact of electromagnetic emissions from telecommunication stations operating below the established EMF exposure safety limits. Furthermore 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 OTE Group 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 [establishing 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 default application of the Prevention Principle, which incorporates also the principles of Transparency, Information, Participation and Promotion of Science, for all its products and services.

Therefore, 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.)

At the BioEM2018 Conference the International Commission on Non-Ionizing Radiation Protection (ICNIRP) presented the public consultation version of the revised Radiofrequency (RF) exposure guidelines (100 kHz to 300 GHz). The formal consultation process closed on October 9th, 2018, with the aim of publishing final guidelines. The process of revision of the ICNIRP limits is ongoing. Final text of the new law is expected to be submitted and voted in Greek Parliament within the first four months of 2019.

ICNIRP has reviewed the scientific literature to identify the health effects threshold associated with EMF effects. They concluded that there is "*no evidence that RF-EMF causes such diseases as cancer*" and "*no evidence that RF-EMF impairs health beyond effects that are due to established mechanisms of interaction*".

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 (tellmecompliance@ote.gr or whistleblowing@ote.gr).

Moreover, in the context of the System's implementation, Codes and 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 Code of Human Rights and Social Principles OTE Group, 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 and its capabilities to create a better world for all. At the same time, it enhances its sustainable entrepreneurship, while, contributing to the economy, the society and the environment.

Sustainability is an integral component of OTE Group's business strategy and its Sustainability Principles are integrated into its operation.

Responsible Business

OTE Group operates responsibly throughout its value chain, aiming to stand as an example. In this framework, it applies and develops procedures, policies, tools, systems and mechanisms to manage issues regarding risks and compliance, human rights, business continuity, security and data privacy, as well as responsible procurement and supply chain.

Employees

OTE Group provides a sustainable, efficient and technological smarter workplace, which cultivates a growth mindset for its people, recognizes high performance and gives them equal opportunities to grow. At the same time, OTE Group invests in digital learning tools and focuses on digital skills development, while supporting cross functional collaboration and communication. OTE Group's goal is to be the employer of choice for this new digital era, both for its existing employees, as well as for young talents.

Customers

The Group connects people, within a world of unlimited digital possibilities, aiming to increase everyone's quality of life. It is the largest investor in telecommunications in Greece and one of the major telecom providers in SE Europe. At the same time, it develops innovative products and services, which contribute to the sustainable development, with environmental and social benefits for all.

Society

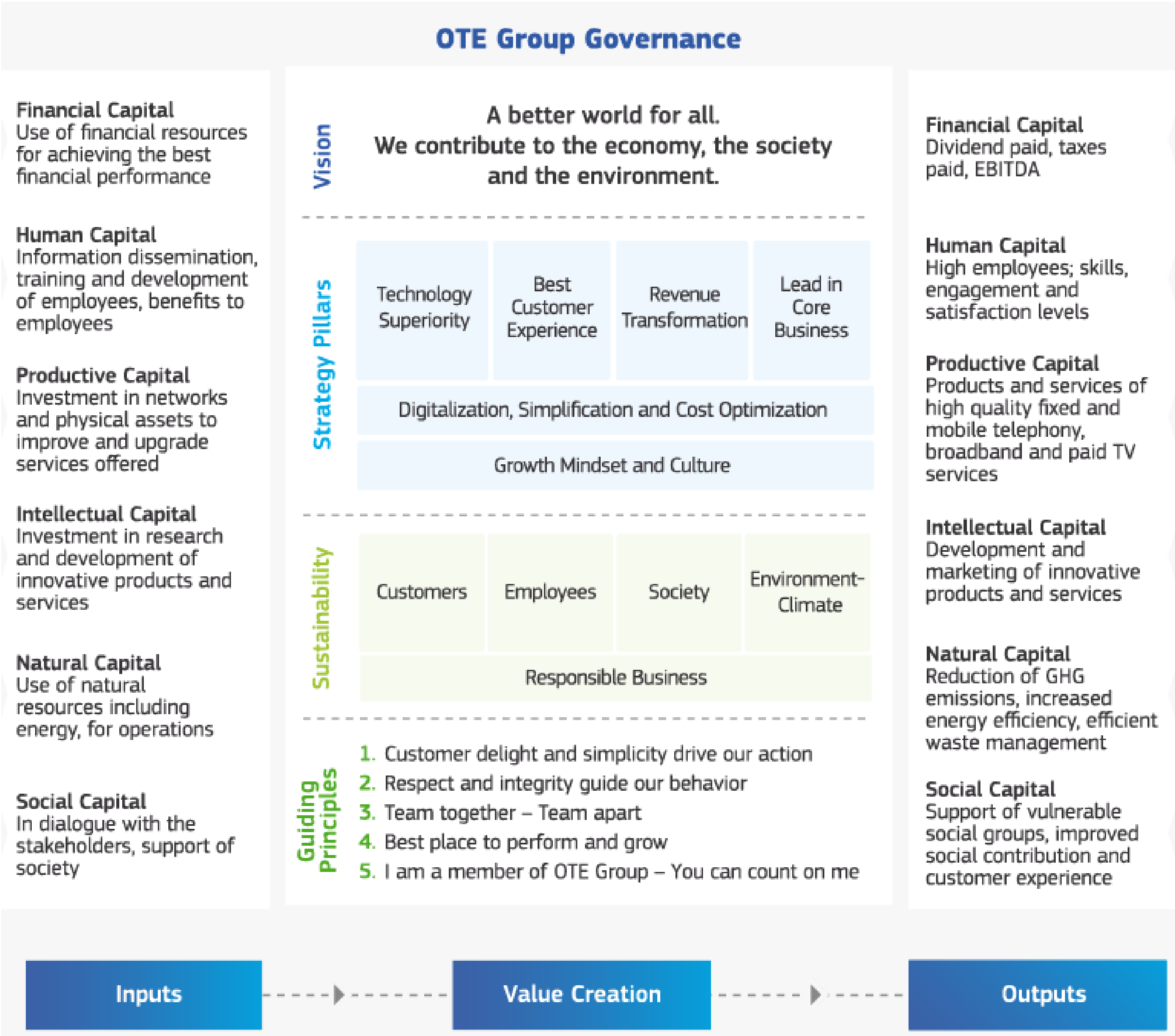
OTE Group contributes to the development of digital skills of people of all ages, providing equal access to new technologies for all. It conducts various social contribution and corporate volunteering initiatives, aiming to support vulnerable social groups, children, education, local communities, entrepreneurship, culture and sports.

Environment - Climate

The Group aims for financial growth in accordance with environmental responsibility in all aspects of its performance. Its environmental strategy focuses on climate change and the continuous integration of the circular economy principles into its activities. The targets seek to minimize 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, its customers, the society, its employees and the environment. 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 Sustainability 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 sustainability 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 sustainability policies, position papers and significant strategic projects, as needed

Chairman and CEO
Overseas OTE Group sustainability strategy and performance

OTE Subsidiaries' Boards of Directors

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

Executive Director Corporate Communications OTE Group

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

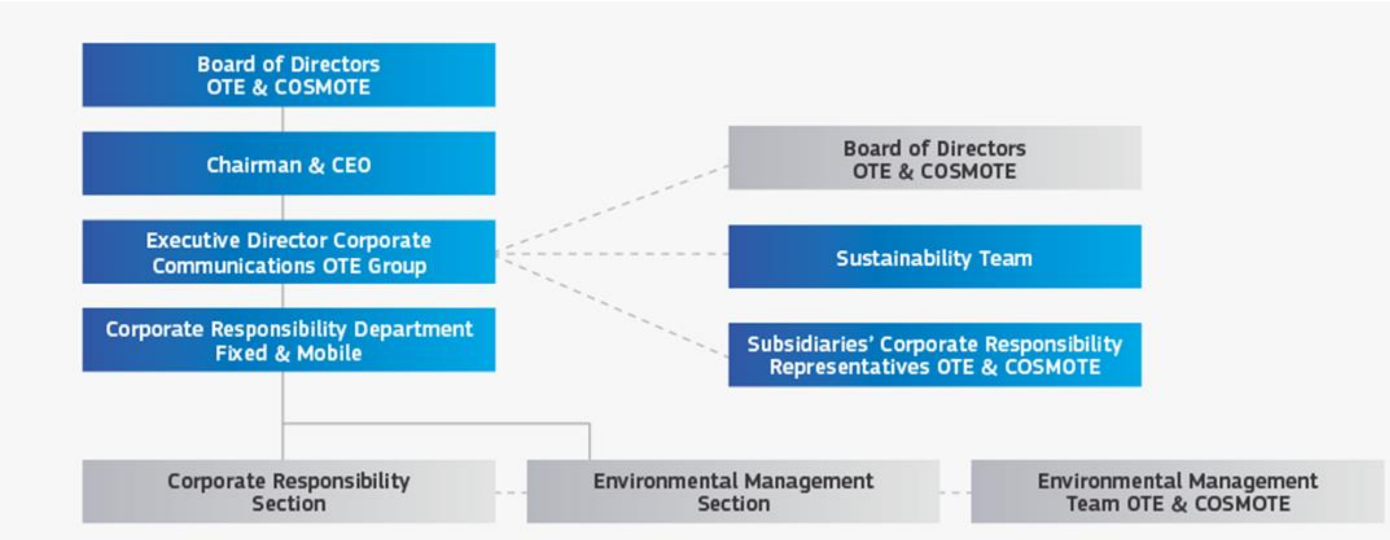
Corporate Responsibility Department Fixed and Mobile (CRD)
- Develops sustainability strategy, policy and programs (in the form of strategic policies)
- Prepares the decisions to be made by the Executive Director Corporate Communications OTE Group or Board of Directors
- Coordinates and monitors implementation of sustainability policies, develops indicators and monitors progress towards target achievement
- Runs the OTE Group Corporate Responsibility Managers Network and supports the DT Group Corporate Responsibility Managers Network

OTE Group Corporate Responsibility Managers' Network*

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

**OTE Group Corporate Responsibility Managers' Network participates in DT Group Corporate Responsibility Managers Network*

Organization Structure



Policies and Systems

The Group has adopted Codes, Policies, Systems and procedures defining its approach to issues relating to compliance, enterprise risk management and sustainable development, the manner of monitoring and the evaluation of its performance.

In 2018, the Group:

a) Adopted the **OTE Group Risk Appetite Statement**, defining the level of risk, which is considered by the Group as acceptable and justifiable in order to achieve its strategic goals. It takes into account that the activities, in which the Company engages, have different risk levels and aims to achieve the optimal balance of risk and return.

b) Revised the OTE Group Social Charter and renamed it as **OTE Group Code of Human Rights & Social Principles.** It highlights the Group's commitment to respect and promote human rights and social principles. The Executive Director Compliance, Enterprise Risk Management & Insurance OTE Group has been designated as the responsible Officer for managing human rights issues. Any human rights inquiries or complaints/tip-offs are addressed to the existing Compliance communication channels. For any other issues related to the Code the humanrights@ote.gr channel is also available.

c) Revised the OTE Group Corporate Responsibility Policy and renamed it as **OTE Group Sustainability Policy**. It sets out the strategy and the action plans for OTE and its affiliates, taking into consideration the social and financial circumstances, as well as the culture priorities and challenges.

d) Updated the following OTE Group Compliance Management System (CMS) Policies:
- OTE Group Policy on Insider Trading (as a result of updating the Internal Regulation of Operations of OTE S.A.)
- OTE Group Policy on Accepting & Granting of Benefits
- OTE Group Donation Policy
- OTE Group Sponsoring Policy

Information regarding the Compliance Management System, the CMS Policies and the Enterprise Risk Management System is included in the following Section F. Corporate Governance Statement ("C. "Corporate Governance practices above the requirements of the Law" and "G. Internal control and risk management systems of the Company in relation to financial reporting process", accordingly).

Integrated Management System

The **Integrated Management System (IMS)** implemented in OTE Group, certified as per PAS99, has its basis on the Corporate Process Model and its systematic documentation, assessment and improvement.

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 and Telekom Romania Mobile Communications according to the table below.

Company/Standard	OTE	COSMOTE	Telekom Romania Communications	Telekom Romania Mobile Communications
Integrated Management System, as per PAS99	√	√	-	-
Quality Management System, as per ISO 9001	√	√	√	√
Environmental Management System, as per ISO 14001	√	√	√	√
Occupational Health & Safety Management System, as per OHSAS 18001	√	√	√	√
Information Security Management System, as per ISO 27001	√	√	√	√
Business Continuity Management System, as per ISO 22301	√	√	√	√
Information Technology - Service Management, as per ISO 20000-1	-	√	√	√
Energy Management System, as per ISO 50001	√	√	-	-
Risk Management System, as per ISO 31000	√	√	√	√
Anti-bribery Management System, as per ISO 37001	√	√	√	√
Compliance Management System, as per ISO 19600	√	√	√	√
General Requirements for the Competence of Testing and Calibration Laboratories, as per ISO 17025	-	√	-	-
Principles and Guidelines for Good Distribution Practice of Medical Devices acc. to Decision No. 1348/04	√	√	-	-
Industrial Safety Certification (EKBA) | Greek Legislation “Government Gazette B 336 - 16.03.2005”	-	√	-	-

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 "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 Data Hosting Services and IT Service Desk Services.

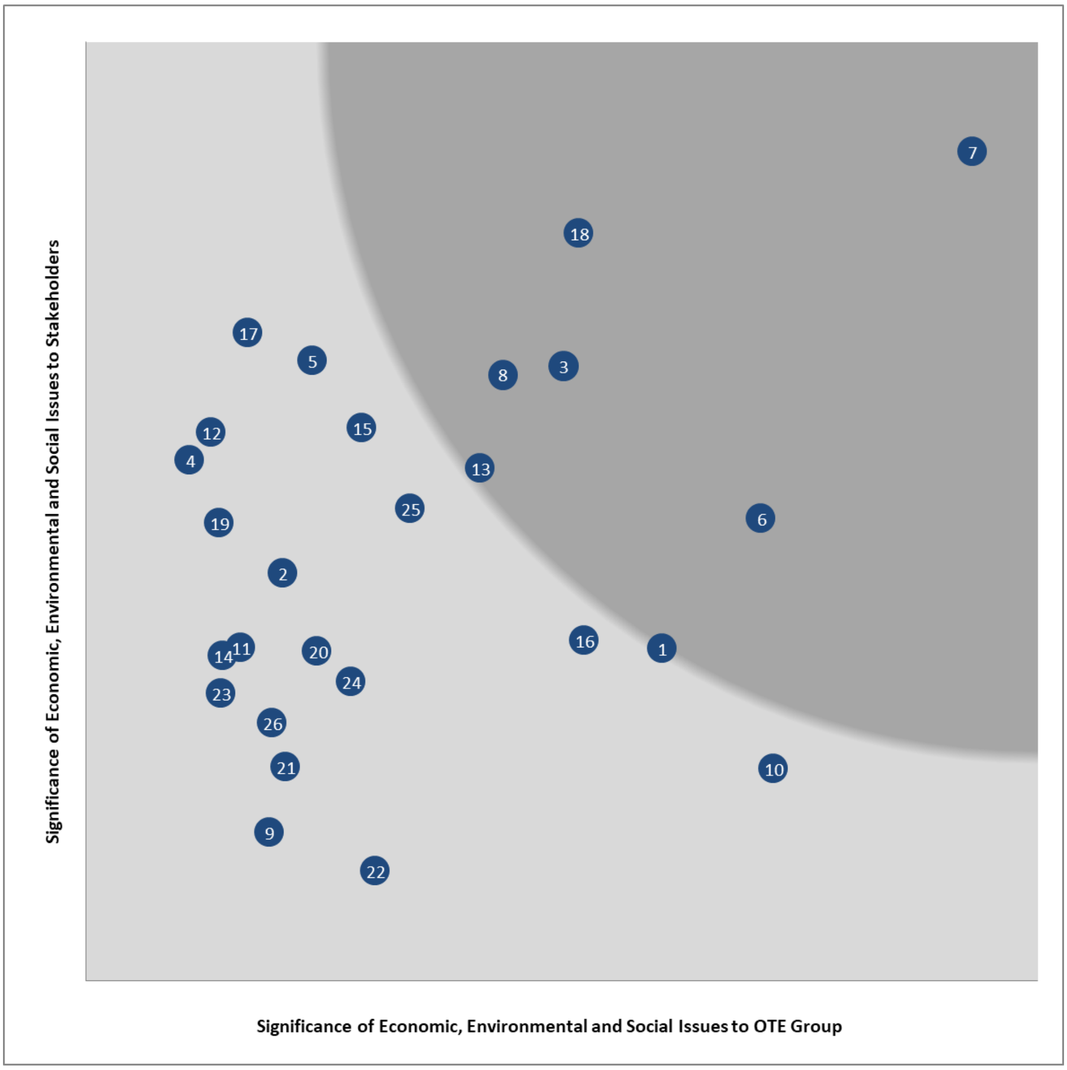
In addition, COSMOTE e-Value operates a certified Quality Management System as per ISO 9001, as well as a certified Information Security Management System as per ISO 27001. Also, OTEAcademy operates a certified Quality Management System as per ISO 9001.

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

Indicative Indices for 2018

In the following table the indicative performance indicators for 2018 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 (%)[2]	100%	88%
Women employees (%)	29%	40%
Fatal work accidents (number of employees) [3]	0	0
Non-fatal work accidents (number of employees) [3]	69	103
Court convictions for corruption against the company or its employees in relation to their professional activities (number of convictions)	0	0
Social contribution (€)[4]	1,792,120	3,973,274
Electricity consumption (GWh) [5]	276	692.9
Direct and **indirect CO_2 emissions from** energy (t)	153,920	350,607
Recycling of phone devices and accessories (t)	7.4	17.1
EMF measurements (number of measurements)	6	65
Suppliers evaluated (% of the annual procurement value) [6]	89%	87%[7]

[1] **Data refer to the companies OTE, COSMOTE, GERMANOS, OTE Globe, OTEAcademy, COSMOTE e-Value, Telekom Romania Communications and Telekom Romania Mobile Communications, which contribute approximately to 99% of OTE Group consolidated revenues, as presented in the section A. Financial and Operational Highlights of 2018**
[2] **Refers to employees covered by Companies Collective Bargaining Agreements**
[3] **Fatal work accidents and non-fatal work accidents don't contain incidents from strictly natural causes, as well as incidents which didn't result to days of absence from work**
[4] **Including financial and in kind contribution**
[5] **Energy consumption is calculated based on energy consumption records per installation for OTE, COSMOTE, GERMANOS, OTE Globe, OTEAcademy, COSMOTE e-Value and Telekom Romania Communications, and energy consumption expenditure records per installation for Telekom Romania Communications Mobile.**
[6] **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).**
[7] **Data refer to the companies OTE, COSMOTE, GERMANOS, COSMOTE e-Value, Telekom Romania Communications and Telekom Romania Mobile Communications**

Detailed elements of the Group's approach and the performance of its companies will be presented in the 2018 OTE Group Sustainability Report (June 2019).

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 20, 2019, 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 said independence criteria before being proposed for election at the General Assembly. However, any candidate for election as an independent Member of the Board of Directors signs a Solemn Statement that he/she is not hindered by the impediments of article 4 of Law 3016/2002 and also 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 for the shareholders to have the necessary information for the submission of their nominations. In addition, the independent members immediately inform the Board of Directors by signing a new Solemn Statement to this purpose, for any change in their status. In accordance with the above procedure the Board of Directors has ensured that the independent members (either candidate or elected) fulfill the independence criteria of Article 4 of Law 3016/2002 (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 was provided under article 20 paragraph 5 of C.L. 2190/1920 and as of 1-1-2019 is provided under article 91 par. 3 of Law 4548/2019.. 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 out of an entirety of ten (10) 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 that was provided for under article 27 paragraph 3 sub-paragraph d of C.L. 2190/1920 and as of 1-1-2019 is provided for under article 123 paragraphs 4 and 5 of Law 4548/2018, 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

[1] https://www.cosmote.gr/otegroup_company/investor_relations/corporate%20governance/eng/Articles_of_Incorporation_19122019_EN.pdf
[2] https://www.cosmote.gr/otegroup_company/about_us/otegroup/corporate_governance/OTEGroup_CodeOfConduct2017_14p_A4_EN_web.pdf

identified weaknesses and (b) the two executive Board members (one of which is the Chairman of the Board of Directors and Managing Director) are assessed by the Board of Directors for the determination of their variable remuneration, in each case in the absence of the member under assessment. (Part A, paragraphs 3.4 and paragraph 7 of the Code).
(5) The new members of the Board of Directors receive an induction briefing regarding the corporate issues, yet there is no program on the continuing professional development. However, the members of the Board of Directors engage frequently with executives of the Company, as every proposal submitted to the Board is accompanied with the presentation by the Head of the respective business unit and the members have the opportunity to communicate with the executives. The members receive timely the proposals and the information, having the opportunity to request further clarifications and briefing by the competent executives (Part A paragraphs 6.5-6.6 of the Code).
(6) The Regulation of Operation of the Board of Directors does not explicitly provide for the engagement of independent external advisors, however the Board, engages independent professional advisors every time this is deemed necessary for the exercise of their duties, practice that has been followed on respective occasions in the past (Part A paragraph 6.8 of the Code).
(7) 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. In accordance with article 112 of Law 4548/2018, the Company shall draw up an Annual Compensation Report for each preceding financial year, which shall be made publicly available on the Company website starting from the year 2020 in respect of the compensations paid in 2019 (Part C paragraph 1.11 of the Code).
(10) Procedure on electronic or by mail voting at the General Assemblies is not provided. However, the Company is considering the new possibilities provided for in articles 125 and 126 of Law 4548/2018., taking into consideration the provisions of the Company’s Articles of Incorporation as to the ability of the Board of Directors to establish, in accordance with the law, a procedure for the participation by distance in the voting of the General Assembly. (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 and the Head of the Internal Audit always attend every General Assembly, whereas in the ordinary General Assembly the statutory auditor is also present. There is no respective practice for the entirety of 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, as well as the non executive members of the Board of Directors at their discretion (Part D II paragraph 2.4 of the Code).

For the issues referred in this Statement as deviations from the HCGC, the Company will proceed with the necessary adjustments in order to minimize the deviations from the HCGC, taking into consideration the new legal framework for sociétés anonymes (Law 4548/2018) on the basis of which the amendment of corporate documents and procedures shall be examined (e.g. Articles of Incorporation, Board of Directors Regulations, Internal Regulations of Operations etc).

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 Human Rights & Social Principles
- 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 Sustainability Policy

The CMS has been certified according to the international standard ISO 37001:2016 (Anti-Bribery Management Systems) and has 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 2018

The members of the Board of Directors from **1/1/2018** until **31/12/2018**, 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 12/6/2018 (the most recent)	2021
Panagiotis Tabourlos	Vice-Chairman (since 12/6/2018), Independent Non-Executive member	Appointment 17/6/2004 Re-appointment 12/6/2018(the most recent)	2021
Srinivasan Gopalan	Non-Executive member	Appointment 17/1/2017 Re-appointment 12/6/2018	2021
Robert Hauber	Non-Executive member	Appointmnet 12/4/2017 Re-appointment 12/6/2018	2021
Kyra Orth	Non-Executive member	Appointment 12/6/2018	2021
Michael Wilkens	Non-Executive member	Appointment 12/6/2018	2021
Vasiliki Kouforizou	Non-Executive member	Appointment 19/11/2018	2021
Charalampos Mazarakis	Executive member	Appointment 19/7/2012 Re-appointment 12/6/2018(the most recent)	2021
Panagiotis Skevofylax	Non-Executive member	Appointment 12/6/2015 Re-appointment 12/6/2018	2021
Andreas Psathas	Independent Non-Executive member	Appointment 16/2/2016 Re-appointment 12/6/2018	2021
Konstantinos Christopoulos	Vice-Chairman, Independent Non-Executive member	Appointment 1/4/2015 Re-appointment 12/6/2015	12/6/2018
Raphael Kübler	Non-Executive member	Appointment 23/5/2013 Re-appointment 12/6/2015	12/6/2018
Ioannis Floros	Non-Executive member	Appointment 12/6/2018	19/11/2018

The changes to the composition of the Board of Directors during 2018 and until 20/02/2019 are summarized as follows:

- The Ordinary General Assembly of the Company's Shareholders elected a new Board of Directors – due to the expiry of the term of the previous one on 12/6/2018 – and appointed its independent members. On the same date the Board of Directors was formed into a body corporate.
- The non-executive member Mr. Ioannis Floros submitted his resignation, effective as of 19/11/2018, and on the same date the Board of Directors elected Mrs. Vasiliki Kouforizou as a new non-executive member, for the remainder of the resigned member's tenure, namely until the date of the Ordinary General Assembly of the Shareholders of the year in which the three-year term, which commenced on 12/6/2018, i.e. the date of the election of the resigned Board member, will have been completed.

The CV's of those who served as members of the Board of Directors during the financial year 2018 and until February 20, 2019 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/cs/otegroup/en/cv_ote.html

Michael Tsamaz *Chairman and Managing Director, Executive Member*
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.

Panagiotis Tabourlos *Vice Chairman, 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 and of OTE Compensation & Human Resources Committee, as well as member of the Board of Directors of COSMOTE Mobile Telecommunications S.A. and of COSMOTE PAYMENTS S.A.

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.

Kyra Orth *Non-executive member*
Mrs. Kyra Orth studied Law at the University of Augsburg and at the University at Bonn. She holds a Master degree in Law (Second State Law Examination). She serves Deutsche Telekom for 21 years as a senior human resources executive in several management positions. Before her career with Deutsche Telekom she worked for Bosch-Siemens Household Appliances (BSH) in the legal department.
Since January 2014 she assumed the position of Senior Vice President Top Executive Management of Deutsche Telekom AG and reports directly to the Chief Executive Officer of Deutsche Telekom. From April 2003 to December 2013 she served as Senior Vice President Group Executive Management at Deutsche Telekom AG and was a Member of the Compensation Committee of T-Mobile US, USA.
In addition to her role she is Member of the Supervisory Board of T-Systems International GmbH and Member of the Supervisory Board of Telekom Mobility Solutions (DeTeFleetServices GmbH).

Michael Wilkens *Non-executive member*
Mr. Michael Wilkens holds a BA (honors degree) Finance and Accounting from Hochschule Bremen and Leeds Metropolitan University. He joined Deutsche Telekom in 2001 and has since held various senior management positions in Finance, International Sales and Marketing; he worked in Germany, Austria, UK and Poland. He was appointed Senior Vice President Group Controlling (FP&A) in October 2013. Prior to his career at Deutsche Telekom, he held senior positions in finance of e-plus GmbH and debitel AG in Germany. He is a member of the Board of Directors of the French/German Joint Venture BUYIN and chairman of its finance committee, a member in PE-like governed Advisory Boards of T-Mobile Netherlands and Deutsche Telekom's Tower-Co business and a member of the Supervisory Board of Telekom Deutschland GmbH.

Vasiliki Kouforizou *Non-executive member*
Mrs Vasiliki Kouforizou studied Accounting and Finance at the University of Macedonia. She holds a Master degree in Business Economics with track in Finance from the University of Amsterdam (UvA).
She worked as a financial analyst in a multinational company. Since 2013 she is a public servant in the Ministry of Finance. She served as an auditor in the General Secretariat for Public Revenues. She is engaged in the analysis and processing of data concerning the design and implementation of fiscal and tax policy and the monitoring and evaluation of international developments in this field.

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 Director of the Deputy Prime Minister's Office. He holds an MA in Media & Communications from City University London and two MScs from the National and Kapodistrian University of Athens, in Political Science & Sociology and in European & International Studies, respectively.
Mr. Skevofylax has worked as an analyst and consultant in the fields of Strategy and Communications (political and policy analysis, political consulting and coaching, political campaigning, integrated communications planning etc).

Andreas Psathas Independent *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.

Konstantinos Christopoulos *Vice Chairman, Independent Non-executive member (until 12/6/2018)*
Mr. Konstantinos Christopoulos holds a PhD and a postgraduate degree in Economic Development from University Paris I-Pantheon Sorbonne and a degree in Economic Studies from the University of Macedonia as well. He worked with OTE from 1988 until 2014, in various positions in the area of Foreign Investments and Financial Operations (Planning, Controlling, Reporting, Accounting, Treasury, Procurement etc).
During the period 2007-2013 he was the head of Strategy Planning and Financial Services Department, while in the period 2013-2014 he was the head of Group Corporate Finance Department. Mr. Christopoulos was a member of Board of Directors of: Hellenic Center of Productivity-ELKEPA-(1989-1992), Telekom Serbia (2004-2011) and OTE Estate (2009-2014). He is the author of the book "Trends of Capital Development in Greece" (Modern Era publications, 1991), and of articles with subjects: Globalization of Economy, Privatizations, Telecommunications.

Raphael Kübler *Non-executive member (until 12/6/2018)*
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.

Ioannis Floros *Non-executive member (until 19/11/2018)*
Mr. Ioannis Floros is an Attorney at Law at the Courts of Athens and has worked as a self-employed lawyer in Athens. He has also served as a special adviser at the Office of the Minister of Finance, addressing cases from the entire scope of law, mainly civil, commercial, administrative and European law. He has been a member (non-executive) of the Board of Directors of GAIAOSE S.A. He holds a degree in Law from the National and Kapodistrian University of Athens, and two MScs, one from the National and Kapodistrian University of Athens in Labour Law and one from the University of Montpellier I, France, in Political Science (Research).

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*
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)
Panagiotis Tabourlos	COSMOTE-MOBILE TELECOMMUNICATIONS S.A.	BoD Member
	COSMOTE PAYMENTS S.A.	BoD Member (since 7/2018)
	Audit Committee of AIA (Athens International Airport)	Independent member of the Audit Committee
	STRYMONAS S.A.	Chairman of the BoD
	IBG (Investment Bank of Greece)	BoD Member
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
	GSM Association	Board member (as of 1/2019)
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

MEMBERS	CORPORATE NAME	PROFESSIONAL ENGAGEMENT
Kyra Orth	DEUTSCHE TELEKOM AG	SVP Top Executive Management
	T-SYSTEMS INTERNATIONAL GMBH	Member of the Supervisory Board
	TELEKOM MOBILITY SOLUTIONS (DETEFLEETSERVICES GMBH)	Member of the Supervisory Board
Michael Wilkens	DEUTSCHE TELEKOM AG	Senior Vice President Group Controlling
	BUYIN SA/NV	BoD Member
Vasiliki Kouforizou	None	
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 S.A.	BoD Member
	TELEKOM ALBANIA S.h.A.	Chairman of the BoD
	E-VALUE INTERNATIONAL S.A.	Chairman of the BoD
	COSMOTE PAYMENTS S.A.	BoD Member (since 7/2018)
	COSMOTE TV PRODUCTIONS	BoD Member
	Foundation for Economic and Industrial Research (IOBE)	Member of the BoD (until 5/4/2018)
	TAIL WIND Shipping Company	Chairman of the BoD-Executive member
Panagiotis Skevofylax	Deputy Prime Minister's Office	Special advisor and since 21/9/2018 Director of Deputy Prime Minister's Office
Andreas Psathas	Andreas Psathas	Private business for the provision of engineering services
Konstantinos Christopoulos	None	
Raphael Kübler	DEUTSCHE TELEKOM AG	Senior Vice President Corporate Operating Office
	T-MOBILE US	BoD Member
	DT HOLDING BV	Member of the Board of Management
	DEUTSCHE TELEKOM CAPITAL PARTNERS MANAGEMENT GMBH	Member of other governing body / Beirat
	STROOER MANAGEMENT SE	BoD Member
	DEUTSCHE TELEKOM STRATEGIC INVESTMENT GMBH	BoD Member
Ioannis Floros	Minister's of Finance Office	Special Advisor (until 8/10/2018)
	GAIAOSE S.A.	BoD Member non-executive (until 20/7/2018)

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.

[3] https://www.cosmote.gr/otegroup_company/investor_relations/corporate%20governance/eng/Articles_of_Incorporation_19122019_EN.pdf

- Decides upon the issue of convertible or exchangeable bonds.

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

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

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

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

The Board of Directors shall meet whenever deemed necessary or upon request to the Chairman by at least two (2) members. Without prejudice to the relevant articles of the Articles of Incorporation on specific quorums and majorities on special matters, the Board of Directors is in quorum and convenes validly when half-plus-one of its members are present; nevertheless, the number of members present should not be less than three (3). Resolutions are reached by simple majority, unless otherwise provided by the legislation 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. Panagiotis Tabourlos is an independent non-executive member of the Board of Directors, following the resolution of the 66th Ordinary General Assembly of the shareholders.

1.6. During 2018 the Board of Directors held 27 meetings (including fourteen (14) minutes that were approved and signed via circulation in accordance with the provisions of paragraph 5, article 21 of C.L.2190/1920). In principle, the Board of Directors meets at least once a month.

The presences of each member of the Board of Directors during 2018, as per the above mentioned, 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	-
Panagiotis Tabourlos	27	27	-
Srinivasan Gopalan	27	19	8
Robert Hauber	27	22	5
Kyra Orth	16	13	3
Michael Wilkens	16	12	4
Vasiliki Kouforizou	4	4	-
Charalampos Mazarakis	27	26	1
Panagiotis Skevofylax	27	26	1
Andreas Psathas	27	26	1
Konstantinos Christopoulos	11	11	-
Raphael Kübler	11	10	1
Ioannis Floros	11	10	1

1.7. In accordance with the business practice, apart from the initial information that is provided to the new members of the Board of Directors after their election, the members of the Board of Directors are briefed on issues related to the Company, during the meetings of the Board of Directors or after the discussion of the items of the agenda, as well as whenever there is a need for an update through communication between the Chairman and the members (by relevant information memos).

Also, the Members are informed by the 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 2018

The 66th Ordinary General Assembly of the Company's shareholders -held on June 12, 2018- has determined that 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 applied on 31/12/2017, i.e. 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 2018, 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 2018, see below in par. 1.9.

1.9. Compensation Report of executive Members of the Board of Directors for year 2018

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 mainly linked to the 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 against set targets, 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 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 2018, for on target achievement of the corporate targets (100%), 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 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 variable pay elements 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 COSMOTE 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 contract 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 2018:

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 2018 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 2015-2017.

A.2. In December 2014, the extraordinary General Assembly of the Company's shareholders approved the amendment of the agreement of the Managing Director which among others, includes 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 was implemented according to the aforementioned in par. II.A.1, a new rolling long term (four-year) incentive plan was initiated (Long term Incentive – LTI), which is linked to phantom shares and in which the Managing Director participates 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,

- The 1st long term (4-year) incentive plan (LTI) that was initiated in 2015 and in which the Managing Director was eligible to participate, has been completed in December 2018. The cash sum that corresponds to the total number of phantom shares for the whole 4-year period 2015-2018, will be paid out to the Managing Director after approval by the competent corporate bodies (the Remuneration & Human Resources Committee, the Board of Directors, and the General Assembly of the Company's shareholders).
- in 2018 the 4th rolling long-term (4year) incentive plan (LTI) commenced, where the MD participates and which will be completed in December 2021.

B. Share Matching Plan
B.1. 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, which among others, includes certain amendments in the implementation of the Share Matching Plan have been approved with effect from 01.01.2015. It is noted that:
For the year 2015, the Managing Director undertook the obligation to invest in both OTE shares and DT shares, a total amount that corresponded to a percentage of the total Short Term Incentive for the year 2014 and in particular: a) he undertook the obligation to invest in OTE shares, the amount which corresponded to a percentage of at least 10% and at least 33.3% of the above mentioned gross Short Term Incentive for the year 2014 (Private Investment Obligation). The calculated Private Investment Obligation shall be effected from the net Annual Performance Bonus sum paid to the Managing Director. OTE shares purchased by the Managing Director as part of the Private Investment Obligation, should be held for the purposes of this Plan for a period of at least three (3) years from the date of purchase (hereinafter referred to as the "lock-up period"). At the end of the closed period, OTE grants the Managing Director one "matched share" for each share that the Managing Director has purchased as part of the Private Investment Obligation.

In the framework of the said program, and in particular, for the third three-year Plan initiated in 2015 (based on the Annual Performance Bonus paid to the Managing Director for the previous year (2014), whose lock-up period has been competed in 2018, the Managing Director has been granted by OTE one additional OTE share for free ("matched share") for each share purchased by him in 2015 under the Private Investment Obligation.
(b) In addition, for the year 2015, the Managing Director has undertaken the obligation to invest in DT's shares, the amount that corresponded to a minimum of 10% and a maximum of 23.3% of the above-mentioned Short Term Incentive for the year 2014 (Private Investment Obligation). The calculated Private Investment Obligation shall be effected from the net Annual Performance Bonus sum paid to the Managing Director. DT shares that the Managing Director purchases as part of the Private Investment Obligation should be retained for the purposes of this Plan, for a period of at least four (4) years from the date of purchase (hereinafter referred to as the "lock-up period"). At the end of the closed period, the Managing Director will be granted one "matched share" for each share that the Managing Director has purchased as part of the Private Investment Obligation.

For the years 2016 to 2018, MD has undertaken 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). It is noted that 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 2018, the Managing Director undertook the obligation to invest in DT shares, in an amount of 33.3% of the gross Annual Performance Bonus paid regarding the previous year (2017).

C. In 19-12-2018, the extraordinary General Assembly of the Company's shareholders approved the amendment of the contract of the Managing Director which among others, includes the following points:

C1. In relation to the Share Matching Plans to be granted the year 2019 onwards, the Private Investment Obligation of the Managing Director in DT shares is defined at 10% (instead of 33,3%) of his actually paid gross Short Term Incentive for the precedent year. On top of the Private Investment Obligation, the Managing Director has the right, at his discretion, to perform a Private Voluntary Investment in DT shares. In any case, the maximum annual investment of the Managing Director in DT shares, including both the Private Investment Obligation and the Private Voluntary Investment, is defined at 50% of the actually paid gross Short Term Incentive for the precedent year.

C2. For the year 2019 onwards, the Managing Director has the right to participate in the new incentive scheme "Repeated Performance Incentive"/"RPI", which is a four-year plan which honors repeated, extraordinary collective performance, measured by the overachievement of the specific target/KPI "EBITDA unadjusted". The four-year period of the specific plan begins in 2018 (which serves as the year of eligibility for the plan 2018-2021) and ends in 2021.

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
A1. 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:

- The 1st long term (4-year) incentive plan (LTI) that was initiated in 2015 and in which OTE Group Chief Financial Officer was eligible to participate, has been completed in December 2018. The cash sum that corresponds to the total number of phantom shares for the whole 4-year period 2015-2018, will be paid out to OTE Group Chief Financial Officer after approval by the competent corporate bodies (the Remuneration & Human Resources Committee, the Board of Directors, and the General Assembly of the Company's shareholders).
- In 2018 the fourth rolling long-term (4year) incentive plan (LTI) commenced, where the OTE Group Chief Financial Officer participates and which will be completed in December 2021.

A2. In 7-11-2018 the Board of Directors of the Company, as well as the extraordinary General Assembly of the Company's shareholders in 19-12-2018 (since it was attached to the amendment contract of the Managing Director), approved the amended terms and conditions of the Long term Incentive plan (LTI) for the year 2019 and onwards. Among others, the terms include that the eligibility of the Executives for their participation in the plan is decoupled from their individual performance evaluation for the previous year, and from now on it is only connected with the achievement level of the corporate collective (common) targets and the Executives' Management Group.

B. Share Matching Plan

B1. 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).
Based on the foregoing, in 2018, the OTE Group Financial Officer had the right to participate in the fourth long term (4-year) Share Matching Plan (SMP) that will be completed in 2022.

B2. In 7-11-2018 the Board of Directors of the Company, as well as the extraordinary General Assembly of the Company's shareholders in 19-12-2018 (since it was attached to the amendment contract of the Managing Director), approved the amended terms and conditions of the Share Matching Plan (SMP) for the year 2019 and onwards. Among others, the terms include that (1) the eligibility of the Executives for their participation in the plan is decoupled from their individual performance evaluation for the previous year, and from now on it is only connected with the Executives' Management Group, (2) the amount of the personal investment is set between one tenth (10%) (minimum amount) and one half (50%) (maximum amount) of the target (100%) amount of the Short Term Incentive (STI) of the previous year, and (3) the matching ratio between the shares purchased as part of the personal investment and the free matching shares is amended and from now on it is linked only with the Executives' Management Group.

C. Spot Bonus
In December 2017 the Variable Payment Policy for Exceptional Individual Performance (Spot Bonus) was approved by OTE Board of Directors, with effect from 2018 onwards, aiming at rewarding exceptional individual performance and achievements. In this context, for the year 2018, the OTE Group Chief Financial Officer will receive a Spot bonus for his exceptional contribution to the Shareholder ownership structure of Telekom Albania, following the approval by the competent corporate bodies (Remuneration & Human Resources Committee, Board of Directors, and General Assembly of the Company's shareholders).

D. In 7-11-2018 the Board of Directors of the Company, approved, among others, the introduction of the new incentive scheme "Repeated Performance Incentive" /"RPI", which is a four-year plan which honors repeated, extraordinary collective performance, measured by the overachievement of the specific target/KPI "EBITDA unadjusted". OTE Group Financial Officer had the right to participate in this plan. The four-year period of the specific plan begins in 2018 (which serves as the year of eligibility for the plan 2018-2021) and ends in 2021.

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.

In addition 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.

(II) As of 1-1-2019, Law 4548/2019 includes certain provisions in relation to the fiduciary duty and conflict of interests of the members of the Board of Directors and of any person to whom the Board of Directors has entrusted powers (article 97) as well as in relation to the transparency and oversight of transactions with affiliated entities (articles 99-101)

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** 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" and following a resolution of the Extraordinary General Assembly of the Company's Shareholders held on December 19th 2018, is a Committee of the Board of Directors, which consists exclusively of members of the Board of Directors, whose term is the same as their term as members of the Board of Directors. The Audit Committee consists of three (3) members, out of which two (2) members are independent members of the Board of Directors, in accordance with Law 3016/2002, including the Chairman of said Committee, and one (1) member is a non-executive member of the Board of Directors. The members of the Audit Committee in their entirety have sufficient knowledge in the field of electronic communications, in which the Company mainly operates, whereas one member has also proven knowledge in the fields of accounting and auditing.

The Audit Committee during 2018 consisted of the following members:

- Up to 12/6/2018: 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).
- Since 12/6/2018: Messrs. Panagiotis Tabourlos (Chairman of the Committee – Vice-Chairman of the BoD, Independent Non-Executive BoD member), Panagiotis Skevofylax (Member of the Committee - Non-executive BoD member) and Andreas Psathas (Member of the Committee - Independent Non-Executive BoD member).

For the fiscal year 2018, the 66th Ordinary General Assembly of the Company's shareholders -held on June 12, 2018 determined that no change should be conferred upon the remuneration of the Chairman and the members of the Committee for their participation in the Committee meetings as compared to the remuneration applied on 31/12/2017, i.e. 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.

The Audit Committee, according to the Regulation of its Operation[4], holds at least four (4) meetings every year.

The attendance of the Chairman and the members of the Audit Committee in the Committee meetings during 2018, which were thirteen (13) meetings in total, 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	13	13	-
Panagiotis Skevofylax	7	7	-
Andreas Psathas	13	13	-
Konstantinos Christopoulos	6	6	-

The framework for the operation of the Audit Committee is described in the Audit Committee Regulations, which have been approved by the Board of Directors and are amended by the Board of Directors at any time following a recommendation by the Audit Committee.

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

[4] https://www.cosmote.gr/otegroup_company/about_us/otegroup/corporate_governance/investor_relations/Audit_Committee_Regulations_Nov18_ENG.pdf

In 2018, the Audit Committee dealt with issues within the framework of its responsibilities, summarized as follows:

- Monitoring and appraisal of the adequacy, effectiveness and efficiency of the policies, procedures and safety nets in relation to both the Internal Audit System and the assessment of the risk management in relation to financial reporting.
- Approval and monitoring of the Company's Internal Audit business unit activities.
- Approval and monitoring of the activities of the Compliance, Enterprise Risk Management & Insurance business unit .
- Monitoring and evaluation of the process of compiling financial information, as well as of the statutory auditors' services.
- Assessment of the accuracy and consistency of the Financial Statements.
- Assurance of the statutory auditors' independence, in relation to the services provided by the latter to the companies of the OTE Group and approval of the budget for the statutory auditors' fees for the fiscal year 2018.
- The submission of a recommendation to the Board of Directors for the renewal in 2018 of the appointment of the audit firm which provided statutory audit services in 2017.
- Provision of information to the Board of Directors and submission of proposals on issues falling within the context of the Committee's responsibilities.

Furthermore, within the context mentioned above, in 2018 the Audit Committee, 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 the results thereof, of complaints and accusations – 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, at first to the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee, which reviews and assesses these Reports and. subsequently, to the competent corporate bodies, i.e. the Audit Committee and the Board of Directors.

To safeguard the independence of statutory auditors, a "Policy on Commissioning the Services of Auditors" has been approved by resolution of the Board of Directors.
The Audit Committee has a frequent communication with the Internal Audit during the course of its operations. In this context, the Head of the Internal Audit business unit is invited and participates in most of the meetings of the Audit Committee.
The certified auditors are invited and participate in the meetings of the Audit Committee at the planning stage of the statutory audit, as well as when the semi-annual and annual separate and consolidated financial statements are reviewed. Moreover, they participate in meetings of the Audit Committee without the Company management being present.

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

The Compensation and Human Resources Committee during 2018 consisted of the following members:
Mr. Panagiotis Tabourlos (Chairman), Mr. Srinivasan Gopalan (Member), Mr. Raphael Kübler (Member until 12/6/2018), Mrs. Kyra Orth (Member since 12/6/2018).

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

For the fiscal year 2018, the 66th Ordinary General Assembly of the Company's shareholders -held on June 12, 2018 determined that no change should be conferred upon the remuneration of the Chairman and the members of the Compensation and Human Resources Committee Committee for their participation in the Committee meetings as compared to the remuneration applied on 31/12/2017, i.e. Euro 1,100 gross per meeting.

The gross amount 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.

The attendance of the Chairman and the members of the Compensation and Human Resources Committee in the Committee meetings during 2018, which were five (5) meetings in total, is described in the following table:

Name	NUMBER OF MEETINGS DURING THE TERM	NUMBER OF MEETINGS BEING PRESENT	NUMBER OF MEETINGS BEING REPRESENTED
Panagiotis Tabourlos	5	5	-
Srinivasan Gopalan	5	5	-
Kyra Orth	3	3	-
Raphael Kübler	2	2	-

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 2018, 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 and bonuses.
- Proposal to the Board of Directors regarding the compensation and benefits of the Managing Director.
- Furthermore, in this context, in 2018 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 participated **up to 31/12/2018**: 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, the Executive Director Corporate Communications OTE Group and the Executive Director B.U. COSMOTE TV (as of 1/6/2018).

As of 1/1/2019 the following executives participate in the Meeting, except for the Managing Director: 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 Chief Officer-Advisor to the CEO on Commercial Issues, the OTE Group Chief Marketing Officer Consumer Segment, the OTE Group Chief Commercial Officer Business Segment, the OTE Group Chief Customer Operations Officer, the Executive Director Corporate Communications OTE Group and the Executive Director B.U. COSMOTE TV.

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.

On 31/12/2018, 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, and as of 1-1-2019 by Law 4548/2018 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 carries 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 at an ordinary meeting mandatorily , once every financial year and the latest within six (6) months from the end of the financial year or at an extraordinary meeting anytime.

The invitation of the ordinary or extraordinary General Assembly of shareholders is drawn up and published pursuant to the legal provisions in force.

In accordance with the Company's Articles of Incorporation, 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 in accordance with the Articles of Incorporation are one half (1/2) for the first repeated assembly and one fifth (1/5) for the second repeated assembly. The Company is considering the adjustment of the relevant provisions of its Articles of Incorporation to the new provisions of Law 4548/2018 without prejudice to the mandatory provisions of the new law which are *ispo jure* applicable.
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. In particular, during the year in question, i.e. for the year ending on 31.12.2018, such matters were regulated by article 28a of C.L. 2190/1920 and as of 1-1-2019 by article 124 of Law 4548/2018 in combination with article 14 of Law 4569/2018.

Specifically, during the year in question the following were applicable¨

- 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 (5th) 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.

In addition, the shareholder rights prior to the General Assembly are defined by the applicable law and in particular during the year in question these matters were regulated by Article 27 of C.L. 2190/1920 and as of 1-1-2019 by article 123 of Law 4548/2018.

2.2. The Shareholder may participate and vote in the General Assembly in person or by proxy, according to the provisions of the applicable legislation (article 28a of C.L. 2190/1920 and as of 1-1-2018 by articles 124 and 128 of law 4548/2018). The appointment and the revocation of the appointment of a proxy shall be made in writing and shall be notified to the Company.

The proxy votes according to the shareholder's instructions, if such exist, however in case of the proxy's not complying with the instructions received, such non-compliance does not affect the validity of the General Assembly resolutions even if the proxy's vote was crucial for achieving majority.

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 and as of 1-1-2019 article 128 of Law 4548/2018).

The Company does not provide for shareholders' participation and voting in the General Assembly via electronic means or by distance, however, the Company considers the possibilities provided for in articles 125 and 126 of Law 4548/2018., taking into account the provisions of the Company's Articles of Incorporation as to the ability of the Board of Directors to establish, in accordance with the law, a procedure for the participation by distance in the voting of the General Assembly.

3. Minority Shareholders' Rights

Minority shareholders' rights and the exercise thereof are governed by applicable legislation, i.e. for the year in question by the provisions of C.L. 2190/1920 (articles 39 – 40α) and as of 1-1-2019 by Law 4548/2018 (articles 141-144).

4. Decisions of the General Assembly (Ordinary and Extraordinary) of the shareholders of OTE S.A. for important issues, during 2018:

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 in 2018, inter alia, approved a Programme for the Repurchase of Own Shares, elected a new Board of Directors consisting of 10 members and resolved on the amendment of the Company's Articles of Incorporation as regards article 2 (Object). Moreover, the General Assembly elected members of the Audit Committee in accordance with Law 4449/2017, approved the payment of compensation to the Board Members and the members of its Committees, approved the cancellation of own shares held by the Company by a respective decrease of its share capital 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 2018, 31% 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 20%.

The age of the medium and upper level managers was between 27 and 62 years (average age 47 years), of the high upper level managers between 42 and 60 years (average age 51 years) and of the members of OTE Group Management Meeting between 45 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 71%, while in the high upper level managers and members of OTE Group Management Meeting the respective percentage is 87%. 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, 2018, 20% of the Board of Directors is comprised by women. However as per the age of the members of the Board of Directors, they range between 30 and 66 years of age with an average age of 49 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 and applies an Enterprise Risk Management System that supports Management in strategic decision-makings, through the identification, evaluation, communication and management of enterprise risks, including all strategic, operational mitigation monitoring measures used in risk management.

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

- Enterpise Risk and Insurance Management Policy
- Risk Appetite Statement
- Policy on Pensions and Risk Benefits

The OTE Group ERM System is based on the COSO ERM standard and the ELOT ISO 31000:2018 "Risk Management - 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.

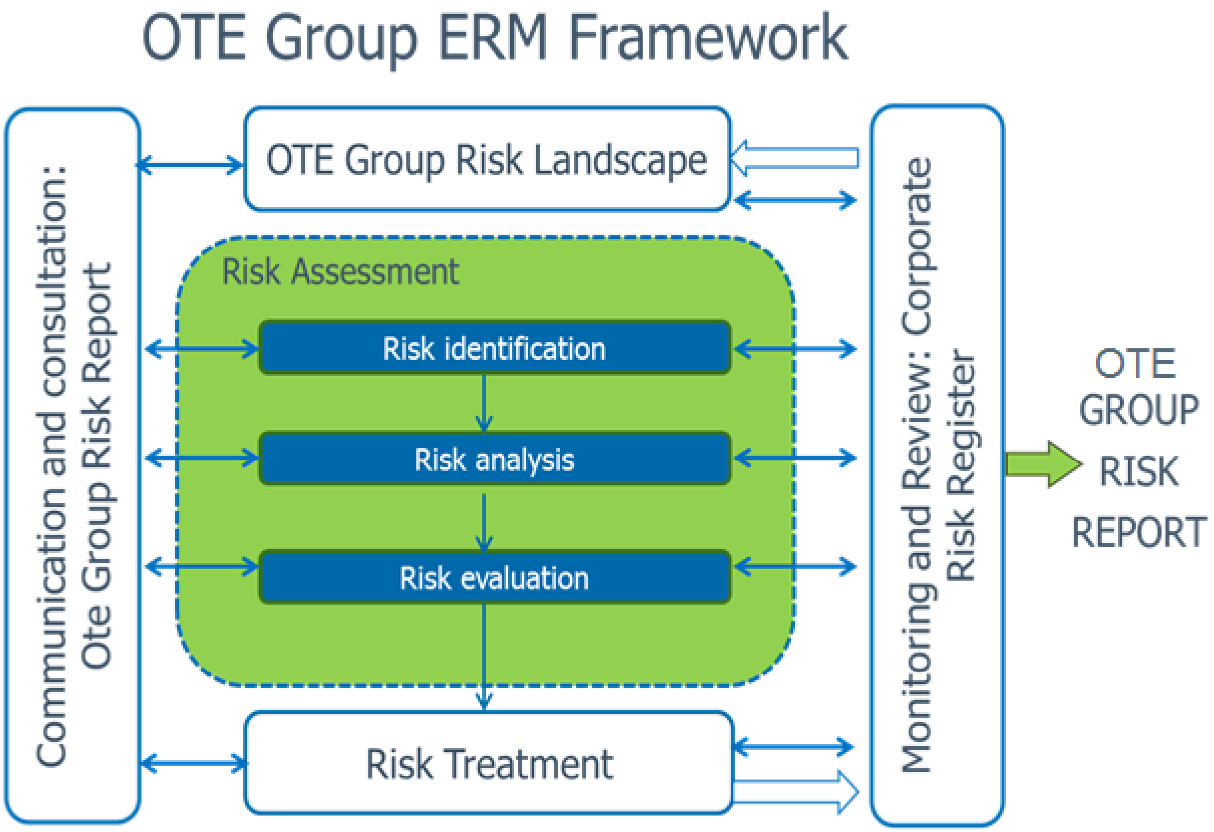
In this context, the OTE Group ERM System defines the strategy for monitoring, response and management of enterprise risks, in order to:

- 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 Corporate Risk Register, which is the central repository of all Group risks.

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 45.00% 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, provides services and delivers goods 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:

	2018		2017	
(Euro million)	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	93.5	149.4	101.0	127.5
COSMOTE Group - Albania	0.1	-	0.1	-
COSMOTE TV PRODUCTIONS	-	1.7	0.2	0.4
COSMO-ONE	0.1	0.5	-	0.6
OTESAT-MARITEL	0.4	0.2	0.1	0.2
OTE PLUS	-	1.6	-	2.0
OTE ESTATE	0.1	46.3	0.3	46.2
OTE INSURANCE	0.1	-	-	-
OTE GLOBE	15.2	48.0	13.6	55.9
OTE ACADEMY	-	2.5	0.2	4.2
TELEKOM ROMANIA	0.2	0.2	0.2	0.2
OTE RURAL NORTH	1.5	1.6	4.3	1.1
OTE RURAL SOUTH	2.0	3.5	10.7	1.6
DEUTSCHE TELEKOM group of companies (except for OTE Group)	19.3	4.3	11.2	4.1
TOTAL	**132.5**	**259.8**	**141.9**	**244.0**

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

	2018		2017	
(Euro million)	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	48.4	36.0	45.7	36.8
TOTAL	**48.4**	**36.0**	**45.7**	**36.8**

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

(Euro million)	Other operating income OTE	
	2018	2017
COSMOTE Group - Greece	2.9	2.6
OTE ESTATE	0.3	0.3
OTE ACADEMY	0.3	0.1
TOTAL	**3.5**	**3.0**

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	
	2018	2017
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.2	0.4
TOTAL	**0.2**	**0.4**

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

(Euro million)	2018		2017	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	42.3	-	58.2
COSMOTE Group - Greece	0.3	-	0.1	-
COSMOTE Group - Albania	-	2.5	-	2.7
OTE RURAL NORTH	0.3	-	0.4	-
OTE RURAL SOUTH	0.5	-	0.6	-
TOTAL	**1.1**	**44.8**	**1.1**	**60.9**

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

(Euro million)	Dividend income OTE	
	2018	2017
OTESAT-MARITEL	-	0.6
OTE GLOBE	-	21.0
OTE ESTATE	30.0	105.0
TOTAL	**30.0**	**126.6**

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

(Euro million)	31/12/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	64.0	183.7	77.8	181.6
COSMOTE Group - Romania	0.3	-	0.2	-
COSMOTE Group - Albania	0.2	-	0.1	-
COSMOTE TV PRODUCTIONS	-	1.3	0.2	0.2
COSMO-ONE	0.1	0.2	-	0.2
OTESAT-MARITEL	4.0	-	4.0	0.1
OTE PLUS	-	1.6	-	2.1
OTE ESTATE	122.0	1.5	51.7	1.2
OTE INSURANCE	0.1	-	-	-
OTE GLOBE	4.6	11.4	23.4	8.8
OTE ACADEMY	0.5	0.9	0.7	1.9
TELEKOM ROMANIA	1.3	0.1	0.9	0.1
OTE RURAL NORTH	2.0	0.3	11.1	0.1
OTE RURAL SOUTH	3.1	0.2	16.5	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.6	5.1	8.7	6.3
TOTAL	**211.8**	**206.3**	**195.3**	**202.6**

Amounts owed to OTE by OTE ESTATE include receivable from its share capital reduction amounted to Euro 120.6mn (December 31, 2017: include dividends receivable amounting to Euro 50.0mn).

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)	31/12/2018		31/12/2017	
	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)	26.3	70.9	29.8	83.7
TOTAL	**26.3**	**70.9**	**29.8**	**83.7**

Amounts owed to and by the Group from DEUTSCHE TELEKOM group of companies include Euro 0.9mn and Euro 1.6mn, respectively, relating to discontinued operations..

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

(Euro million)	31/12/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,322.2	-	1,239.5
COSMOTE Group - Greece	0.3	-	-	-
COSMOTE Group - Albania	-	115.9	-	72.1
OTE RURAL NORTH	6.2	-	10.6	-
OTE RURAL SOUTH	8.5	-	18.5	-
TOTAL	**15.0**	**1,438.1**	**29.1**	**1,311.6**

Amounts owed by OTE to OTE PLC and COSMOTE Group - Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 17.5mn and Euro 0.9mn respectively as of December 31, 2018 (December 31, 2017: OTE PLC Euro 22.5mn and TELEKOM ALBANIA Euro 1.1mn).

Amounts owed to OTE by OTE RURAL NORTH and OTE RURAL SOUTH relating to loans include interest receivable amounting to Euro nil as of December 31, 2018 (December 31, 2017: Euro 0.1mn).

Key Management Personnel and those closely related to them are defined as related parties 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 6.9mn and Euro 7.0mn for the years 2018 and 2017, 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.

OTE PLUS
OTE PLUS provides consulting services of technical nature 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. COSMOTE Group invoices OTE with commissions for fixed connections made through sales channels of COSMOTE Group. 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 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

OTE

Cancellation of Own Shares

On December 19, 2018 the Extraordinary General Meeting of Shareholders decided the cancellation of the total of 10,211,070 own shares. After completion of publicity formalities, as per applicable legislation, on February 05, 2019 and following notification to the Corporate Actions Committee of the Athens Exchange, the shares were canceled and delisted from the Athens Exchange on February 19, 2019, date on which trading of the aforementioned shares on the Athens Exchange has ceased.

COSMOTE

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

On January 14, 2019, COSMOTE repaid principal of Euro 23.0mn under the syndicated facility with EBRD, along with the accrued interest.

Principal repayment under the Euro 150.0mn term loan facility with European Investment Bank (EIB)

On January 23, 2019, COSMOTE repaid principal of Euro 11.5mn under the term loan facility with EIB, along with the accrued interest.

I. INFORMATION REGARDING ACQUIRED OWN SHARES IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 16 par. 9 OF C.L. 2190/1920 AND, AS OF 1-1-2019, OF ARTICLE 50 PARAGRAPH 2 OF LAW 4548/2018

- OTE has acquired own shares in the context of an Own Share Repurchase Programme approved by the General Assembly of the Shareholders which took place on February 15, 2018
- In 2018, 23,000 own shares of nominal value of Euro 0.065 million, representing the 0.005% of OTE's share capital, were transferred to the Managing Director.
- On December 19, 2018, the General Assembly of the Shareholders resolved on the cancellation of 10,211,070 own shares (2,083% of the share capital) of nominal value Euro 2,83 each, with a corresponding decrease of the share capital of the Company by Euro 28,897,328.10 and corresponding amendment of article 5 (share capital) of the Company's Articles of Incorporation in order to reflect this decrease.
- These shares had been acquired as follows:
  a) 8,890,960 own shares were acquired during the period from 04/04/2018 to 13/11/2018, at an average purchase price of Euro 10,53 per share, for the purpose of their cancellation within the framework of the approved by the General Assembly (meeting of 15-02-2018) Own Shares Repurchase Program. The cancellation was proposed in implementation of part of the Shareholders Remuneration Policy approved by the Board of Directors (meeting of 18-01-2018), and
  b) 1,320,110 own shares were acquired at an average purchase price of Euro 10.82 per share prior to the commencement of the aforementioned Own Shares Repurchase Program, in the context of previous resolutions of the General Assembly of the Shareholders for the purchase of own shares in accordance with Article 16 of CL. 2190/1920, as part of the fulfillment of obligations from a personnel stock option plan the shares of which (plan) were neither distributed nor sold.
- After completion of publicity formalities, as per applicable legislation, on February 05, 2019 and following notification to the Corporate Actions Committee of the Athens Exchange, the shares were canceled and delisted from the Athens Exchange on February 19, 2019, date on which trading of the aforementioned shares on the Athens Exhange has ceased.
- As a consequence, as of February 20, 2019 the Company does not possess own shares.

J. INFORMATION ACCORDING TO ARTICLE 4 par.7 OF LAW 3556/2007

(a) Share capital structure

According to the Company's share registry as of December 31, 2018 the Company's ownership was as follows:

Shareholders as of Dec 31, 2018	Number of shares	Percentage %
DEUTSCHE TELEKOM AG	220,567,676	45.00%
Hellenic State	4,901,507	1.00%
EFKA (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
Free float	234,864,121	47.92%
Treasury shares	10,211,070	2.08%
TOTAL	**490,150,389**	**100.00%**

Following the completion of the decrease of the Company's share capital by Euro 28,897,328.10 due to cancellation of 10,211,070 own shares of nominal value Euro 2,83 each (described in the above chapter I), the Company's share capital amounts to Euro 1,358,228,272.77 and is, divided into 479,939,319 common registered shares of a nominal value of Euro 2.83 each. Following that and after the above transaction has been reflected on the Company's register, the above percentages of the ownerships in the Company's share capital with voting rights attaching thereto are expected to change.

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 (in regard to the year in question and as of 1-1-2019 from Law 4548/2018) and the Company's Articles of Incorporation, the provisions of which , regarding the year in question, 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 the law (i.e. C.L. 2190/1920 during the year in question and as of 1-1-2019, Law 4548/2018).

(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 ownership in the Company's share capital as of December 31st, 2018, according to Law 3556/2007 as amended and in force, is as follows:

1) Until 30.05.2018 the Hellenic Republic Asset Development Fund S.A. (hereinafter "HRADF", a company 100% owned by the Hellenic Republic through the Hellenic Holding and Property Company S.A.) held directly 24,507,520 common registered OTE shares with same number of voting rights, which represented 5% of the Company's share capital and voting rights. DEUTSCHE TELEKOM AG held 196,060,156 common registered shares of OTE with voting rights which represented a percentage of 40% of OTE's share capital and voting rights

2) On 31st May 2018, Deutsche Telekom AG and the Hellenic Republic, notified OTE S.A. that on 30/05/2018 the "HRADF" sold and Deutsche Telekom AG acquired a 5% stake in the Company, equivalent to 24,507,520 common registered shares with voting rights. The transaction took place through the Athens Stock Exchange for a consideration of Euro 284,051,959.81.

3) Following the aforementioned sale, the participation of HRADF in the share capital of OTE S.A has been eliminated, while the participation of Deutsche Telekom AG in the share capital of OTE S.A. stood at 45%, corresponding to 220,567,676 common registered shares with corresponding voting rights of the Company.

4) In addition, according to the aforementioned notification of the 31st May 2018 by Hellenic Republic and Deutsche Telekom towards the Company, following the above described transaction, the Hellenic Republic held on such date directly 4,901,507 common registered shares of the Company with corresponding voting rights (i.e. 1%) and indirectly, through the Unified Social Insurance Fund (EFKA), 19.606.015 common registered shares of the Company with corresponding voting rights (i.e. 4%).

5) 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.

6) 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 (4%), in coordination with the Hellenic Republic, by authorizing to this respect the same persons that are authorized by the Hellenic Republic. Following the incorporation of IKA-ETAM into the Unified Social Insurance Institution (EFKA) and pursuant to Law 4387/2016 (article 70), the above shares have now been transferred to EFKA the latter being the universal successor of IKA-ETAM and the EFKA has been automatically subrogated to the rights and obligations of IKA-ETAM, therefore to the rights and obligations arising from the above agreement between the Hellenic Republic and IKA-ETAM.

7) Following the incorporation to EFKA of other social security institutions, the percentage of direct participation of EFKA in the Company amounts to 4.54% as of December 2018

8) 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.

9) As of December 31st, 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.

10) Finally it is noted that following the completion of the cancelation of 10,211,070 own shares (according to the above chapter I) and after the above transaction has been reflected on the Company's register, the above percentages of the ownerships in the Company's share capital with respective voting rights are expected to change.

(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. Until May 30, 2018, date on which the sale of 5% of the Company's share capital with voting rights by HRADF to Deutsche Telekom A.G. has been completed, the following were aspplicable: Under article 2 par. 7 of Law 3986/2011, as in force at that time, the Hellenic Republic would 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. It is noted though that, following the completion, on 30.05.2018, of the sale of 5% of the Company's share capital with corresponding voting rights by HRADF to Deutsche Telekom A.G. and the elimination of HRADF's ownership in the Company (hereinabove under (c)), HRADF has ceased, as of such date, to be a party and is no longer bound to said 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). Following the incorporation of IKA-ETAM into the Unified Social Insurance Institution (EFKA) and pursuant to Law 4387/2016 (article 70), the above shares have now been transferred to EFKA, the latter being the universal successor of IKA-ETAM and the EFKA has automatically been subrogated to the rights and obligations of IKA-ETAM, therefore also to the rights and obligations arising from the above agreement between the Greek State and IKA-ETAM.

(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 and as of 1-1-2019 of Law 4548/2018

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 amendment of article 20 thereof, 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 and as of 1-1-2019 article 50 of Law 4548/2018.

In accordance with article 6 of the Company's Articles of Incorporation, the General Assembly of shareholders, following a resolution to this end may 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.

In accordance with the Company's Articles of Incorporation, 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 REGARDING ACQUIRED OWN SHARES IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 16 par. 9a OF C.L. 2190/1920 AND AS OF 1-1-2019 ARTICLE 50 par. 2 OF LAW 4548/2018"
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. On December 19, 2018, the General Assembly of the Shareholders resolved on the cancellation of 10,211,070 own shares of nominal value Euro 2,83 each, with a corresponding decrease of the share capital of the Company by Euro 28,897,328.10 and corresponding amendment of article 5 (share capital) of the Company's Articles of Incorporation in order to reflect this decrease. Such shares were cancelled and delisted from the Athens Exchange on February 19, 2019 (see detailed analysis above under I).
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 established a Global Medium-Term Note ("GMTN") Programme, guaranteed by OTE. The notes that are issued under the GMTN Programme and traded in the secondary market, are listed in the Luxembourg Stock Exchange.

- OTE PLC Euro 350.0 million due 2019, Euro 700.0 million due 2020 and Euro 400.0 million due 2022 notes under the Global Medium-Term Note Programme

On February 7, 2018, OTE PLC fully repaid at maturity Euro 590.3 Notes under the GMTN Programme.
On July 18, 2018, OTE PLC issued under the GMTN Programme, Euro 400.0 Notes, with a 4 years tenor.

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 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")

In September 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.
In September 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)

In July 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.

In October 2017, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 EBRD Loan. The EBRD Loan is a syndicated facility (structured as an A/B loan) and has a maximum tenor of 3.5 years with semi-annual repayment schedule.

On January 23, 2018 COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 EIB Loan. The EIB loan has a tenor of 7 years, with semi-annual repayment schedule.

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 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).

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.

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) 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 2019 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.

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.

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.
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) 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 is 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.

3) Agreement between “DELOITTE BUSINESS SOLUTIONS 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.

4) 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.

5) 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.

6) 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".

7) 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.

8) Framework Cooperation and Service Agreement between Magyar Telekom Plc **(now DT Europe Holding GmbH (DTEH**) due to assignment), as a service provider, and OTE SA, as a service receiver, concerning the provision of services in connection with an International TV Service Centre (TVSC)

According to article 14: "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."

9) Framework Cooperation and Service Agreement between OTE SA, as a service provider, and Magyar Telekom Plc **(now DDT Europe Holding GmbH (DTEH) due to assignment),** as a service receiver, concerning the provision of services in connection with an International TV Service Centre (TVSC).

According to article 14: "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."

COSMOTE- PROCUREMENT

1) 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 2019 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.

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) Pan-net Service Agreement between COSMOTE SA, as the service provider, and Deutsche Telekom Pan-Net Greece EPE, as service receiver, under which the following Service Arrangements (SAs) are in place: (a) SA on infrastructure services (co-location & smart hands services), (b) SA on human resources services and (c) SA concernign the provision of financial services.

According to the definitions and article 14 of the Pan-net Service Agreement: " in no event a change of control shall trigger a good cause for termination according to § 14 (2). If (i) the Service Provider terminates this Agreement according to § 14 (2), and (ii) a Change of Control has occurred within a timeframe of one year before the termination, and (iii) the services rendered by the Service Provider will last less than six months after the termination, the Parties shall agree on a reasonable transition period for provision of Sservices which last at least 6 and no longer than 12 months beginning from the date of termination of this Agreement under (i) above. The terms of this Agreement for performing providing the Services shall remain in force during the transition period."

3) a. Service Change Agreement to Pan Net VoXX Framework Agreement regarding the provisioning of the VoXX EVS Codec Support between Deutsche Telekom Europe Holding GmbH as Service Provider and COSMOTE Mobile Communications S.A as Service Receiver.

b. Service Change Agreement to Pan Net VoXX Framework Agreement regarding the provisioning of the VoXX Pre-alerting SRVCC between Deutsche Telekom Europe Holding GmbH as Service Provider and COSMOTE Mobile Communications S.A as Service Receiver.

According to clause 17 (6) and 17 (2) of the Pan Net VoXX Framework Agreement:

"17(6) Change of Control

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) 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. 17 (2) During the Term, the Parties shall at any point of time be entitled to terminate this whole Agreement or some of its parts without assigning any reason whatsoever by providing at least a twelve [12] months termination notice in writing to the respective Party."

4) Framework Agreement between COSMOTE and Deutsche Telekom Pan-Net Greece EPE 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 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).

5) Pan-Net MVas 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)

According to the definitions and article 17 of the Agreement: "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 Customer Facing Service Arrangement."

6) Framework Cooperation and Service Agreement between COSMOTE, as the service provider, and Deutsche Telekom Pan-Net Greece EPE, as the service receiver, for the Multi Value Added Services (mVAS)

According to the definitions and article 16: "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."

7) 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.

8) 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

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 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 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 (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 31-12-2019. 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

In 2017 OTE has concluded an agreement with Twentieth Century Fox Telecommunications International, Inc. for the acquisition of film rights transmitted via the Video on Demand Service until 11-06-2020. In case of a change of control of OTE, FOX may terminate the agreement.

- Agreement (Channels License Agreement) with companies of Twenty-First Century Fox Telecommunications International, Inc. group of companies for the acquisition of media rights for the Fox Channels

In 2017 OTE has concluded an agreement with companies of Twenty-First Century Fox Telecommunications International, Inc. group of companies 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 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. For year 2018, there is a “change of control” clause included in an Agreement which has been signed between OTESAT-Maritel and Inmarsat that regards a new version of the necessary equipment for the provision of Inmarsat ‘s Fleet Xpress service. This Agreement has been signed on 7/6/2018 .

TELEKOM ROMANIA

(i) Brand License Agreement dated 30th September 2014 between DT - Telekom Romania
(ii) Brand License Agreement dated 30th September 2014between DT – Telekom Romania Mobile

Scope of the Agreement: DT granted to TKR/TKRM/ 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

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;”

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

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

- 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 2019&2020 (expires on 30.06.2020). In case of the transfer of a controlling interest, NBA approval is needed under the sanction of termination.

- Telekom Romania contract with UEFA for the distribution on Telekom Sport Channels of the UEFA Champions League, UEFA Super Cup and Europa League

Contract concluded with UEFA in respect of the distribution on Telekom Sport Channels of the UEFA Champions League, UEFA Super Cup and Europa League competitions, seasons 2018 – 2021 (expires on 30.06.2021). In case of a Change of Control*, Telekom Romania has the obligation to inform UEFA in writing immediately and UEFA may terminate the contract with immediate effect by written notice if in its reasonable opinion such Change of Control adversely affects the ability of Telekom Romania to perform its obligations or is detrimental to the interests of UEFA. Following such termination, UEFA will have no obligation to reimburse the license fees paid by Telekom Romania in advance, whilst all license fees due for the reminder of the original term of the contract shall become immediately due and payable.

- Telekom Romania contract with DFL Deutsche Fußball Liga e.V. for the distribution on Telekom Sport Channels of Bundesliga competition

Contract concluded with DFL Deutsche Fußball Liga e.V. in respect of the distribution on Telekom Sport Channels of Bundesliga competition, seasons 2018-2021 (expires on 30.06.2021). In case of a Change of Control**, Telekom Romania has the obligation to immediately inform the licensor, whilst the licensor has the right to terminate the contract with immediate effect if such Change of Control could affect its commercial interests (following a 14 days remedy period).

- Telekom Romania contract with Formula One World Championship Limited for the distribution on Telekom Sport Channels of Formula One competition

Contract concluded with Formula One World Championship Limited in respect of the distribution on Telekom Sport Channels of Formula One competition, seasons 2018-2019 (expires on 31.12.2019). In case of a material change in the ownership (either direct or indirect) or control of Telekom Romania, licensor shall have the right to terminate the contract and to claim all rights fee for the respective year (such fees to be reimbursed if licensor manages to license the respective rights to another entity).

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

EAN project - 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

"Fiber Pool" Project – In 2014 Telekom Romania concluded a contract with DTAG for International Telecommunication Transport Services. In case of change of control of Telekom Romania, DTAG shall be entitled to terminate the Agreement.

* Change of Control means any change in the identity of any person or entity having control over the relevant company it being agreed that, for this purpose, a person or entity shall be deemed to have control if, at any time during the Term, that person or entity: (i) has the power (directly or indirectly) to direct or cause the direction of the management and policies of the relevant company; or (ii) owns (directly or indirectly) not less than fifty per cent (50%) of the equity or capital of, or the voting power in, the relevant company.

** Change of Control means if one or more of the following events arise: Acquisition of a controlling interest, delistings, incorporations, changes in form, mergers, splits or demergers, transfer of the entire company's assets, conclusion of domination agreements (Beherrschungsvertrag) or similar events that grant more than 50% of licensee's shares or voting rights, directly or indirectly, to one shareholder (be it through acquisition of shares, agreement, power of attorney or the like) and/or any event that grants a person or legal entity other than licensee's current majority shareholder(s) the right to substitute, appoint or counter-order any of licensee's management, entities or other persons who are authorized to represent, or to significantly affect licensee's corporate policy in any other way and/or any event comparable to the preceding examples.

OTE'S CREDIT EVALUATION

OTE's credit rating as of 31/12/2018 was BB+ by Standard & Poor's Ratings Services and B1 by Moody's Investors Service.

Any 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 "payment 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 is 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)	31/12/2018	31/12/2017	Change
Long-term borrowings	1,280.6	1,276.2	+0.3%
Short-term portion of long-term borrowings	548.0	764.5	-28.3%
Short-term borrowings	-	-	-
Cash and cash equivalents	(1,084.7)	(1,297.7)	-16.4%
Net Debt	**743.9**	**743.0**	**+0.1%**
Other financial assets	(5.1)	(5.9)	-13.6%
Adjusted Net Debt	**738.8**	**737.1**	**+0.2%**

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, 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 '18	12M '17	Change
Total Revenues	3,798.7	3,796.9	+0.0%
Other Operating Income	83.0	51.4	+61.5%
Total operating expenses before depreciation, amortization and impairment	(2,630.8)	(2,611.7)	+0.7%
EBITDA	**1,250.9**	**1,236.6**	**+1.2%**
EBITDA margin %	***32.9%***	***32.6%***	***+0.3pp***
Costs related to voluntary leave schemes	51.0	51.7	-1.4%
Other restructuring and non-recurring litigations	14.9	6.8	+119.1%
Adjusted EBITDA	**1,316.8**	**1,295.1**	**+1.7%**
Adjusted EBITDA margin %	***34.7%***	***34.1%***	***+0.6pp***

Adjusted Profit to owners of the parent

Adjusted Profit for the period 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 period (attributable to owners of the parent) is calculated by adding back to the Profit of the period (attributable to owners of the parent) the impact upon it of the following items: costs related to voluntary leave schemes, net impact from impairments and write offs, reassessment of deferred tax, financial expenses for bond issue and bond buyback premium, reversal of provision related to assets sales, other restructuring costs, non-recurring litigation expenses, effect of changes to tax rate and tax effect from deductible investment losses, as illustrated in the table below.

(Euro million) – After Tax impact	12M '18	12M '17	Change
Profit to owners of the parent from continuing operations (reported)	**256.5**	**169.3**	**+51.5%**
Costs related to voluntary leave schemes	35.5	34.6	+2.6%
Other restructuring & non-recurring litigations	14.9	9.8	+52.0%
Net Impact from Impairments & Write offs	11.4	31.4	-63.7%
Utilization of previously unrecognized tax losses	(63.6)	(23.3)	+173,0%
Effect of changes to tax rates	28.1	-	-
Reversal of provision related to Assets Sales	(1.8)	(13.4)	-86.6%
Adjusted Profit to owners of the parent	**281.0**	**208.4**	**+34.8%**

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 '18	12M '17	Change
Purchase of property plant and equipment and intangible assets (reported) - CAPEX	(719.9)	(904.2)	-20.4%
Spectrum Payments	13.5	111.4	-87.9%
Capital expenditure payments related to non-recurring litigation	-	11.0	-
Adjusted CAPEX	**(706.4)**	**(781.8)**	**-9.6%**

Free Cash Flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities, excluding net cash flows from operating activities of discontinued operations, after payments for purchase of property plant and equipment and intangible assets (CAPEX) and adding the interest received. 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 '18	12M '17	Change
Net cash flows from operating activities -Total	995.5	800.6	+24.3%
Minus: Net cash flows from operating activities of discontinued operations	(11.0)	(25.8)	-57.4%
Interest received	2.5	1.6	+56.3%
Purchase of property, plant, equipment & intangible assets	(719.9)	(904.2)	-20.4%
Free Cash Flow	**267.1**	**(127.8)**	**-**

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.

(Euro million)	12M '18	12M '17	Change
Free Cash Flow	**267.1**	**(127.8)**	**-**
Payment for voluntary leave schemes	60.9	65.2	-6.6%
Payment for restructuring and non-recurring litigations	3.2	43.4	-92.6%
Spectrum payments	13.5	111.4	-87.9%
Adjusted FCF	**344.7**	**92.2**	**+273.9%**

Maroussi, February 20, 2019

Michael Tsamaz
Chairman and Managing Director

Charalampos Mazarakis
Board Member

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 2018, 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 2018, 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.

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17 Ethnikis Antistassis Str., 55134 Thessaloniki, T: +30 2310 488880, F: +30 2310 459487

The non-audit services that we have provided to the Company and its subsidiaries, in the period from 1st January 2018 to 31 December 2018 during the year ended as at 31 December 2018, are disclosed in Note 32 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. In addittion, certain assumptions and estimates are made by management for the proper application of the new standard on revenue recognition "IFRs 15- Revenue from contracts" which has been adopted in January 1, 2018 using the cumulative effect method. Further information on revenue recognition and the initial application of IFRS 15 is included in Note *3.26 "Significant Accounting Policies – Revenue from contracts with customers"* and note 4 "Changes in accounting policies".	We assessed the consistency of the application of the Group's accounting policies in respect of revenue from contracts with customers 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 over the algorithmic calculations supporting estimates regarding revenue recognition. • We tested internal controls in respect of the accounting entries required by the new standard and assessed the design and internal controls of the IT systems that support those accounting entries.

- We tested the methodology applied and the calculations performed by management to determine the impact of the initial application of IFRS 15.

- We traced revenue invoices on a sample basis Based on our work, no exceptions were noted in respect of revenue recognition, as described in Note 3.26 and note 4 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill *(consolidated financial statements)*	
At 31 December 2018, the Group had goodwill of €446.9 mn (Note 6 "Goodwill" to the financial statements). Goodwill is allocated to the two CGUs: Cosmote Group – Greece, Cosmote Group – Romania and is tested for impairment at least on an annual basis.	We evaluated management's overall impairment testing process, including assessing the process by which the impairment testing models are reviewed and approved.
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.	The key assumptions assessed included, revenue and margin trends, estimated capital expenditure on network assets and discount rates.
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 *Note,6 "Goodwill"* to the financial statements.	With the support of our valuation specialists, we discussed extensively with management the suitability of the impairment models and reasonableness of the 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.
Furthermore, challenging trading and operating conditions exist in the countries in which the Group operates resulting in an increased risk of impairment.	
Based on the result of the impairment testing in the year ended 31 December 2018 no impairment losses were identified with respect to the goodwill recognised. (*Notes: 2 "Basis of Preparation", 3"Significant Accounting Policies", and 6 "Goodwill" to the financial statements)*	We validated the appropriateness of the related disclosures included in Notes 6 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 2018, the Company had investments in subsidiaries of €3,245.2 mn, which are accounted for at cost adjusted for any impairment where necessary. (Note 9 *"Investments – Business Combinations"* to the financial statements).

The significant investments in subsidiaries comprise Cosmote (€2,763.5 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 € 196,8mn 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" have an impact on the above investments in subsidiaries.

In the year ended 31 December 2018 no impairment losses were identified with respect to the Company's investments. (Notes: *3.1 "Significant Accounting Policies – Basis of Consolidation and Investments" and 9 "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".

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 and consider management's key assumptions to be within a reasonable range. Furthermore, we also validated the appropriateness of the related disclosures included in Note 9 "Investments – Business Combinations" to the financial statements.

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 "2018 OTE Group Sustainability Report", which is expected to be made available to us after 20/2/2019.

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 section 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 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 2018 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.

- 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 "2018 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 Board of Directors 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors.

- Conclude on the appropriateness of Board of Directors 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 8 years.

Athens, 20 February 2019
The Certified Auditor Accountant

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

Fotis Smirnis
SOEL Reg. No 52861

IV. ANNUAL FINANCIAL STATEMENTS

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

GROUP OF COMPANIES

ANNUAL FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE)
AS OF DECEMBER 31, 2018

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 82-159, were approved by the Board of Directors on February 20, 2019 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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ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND FOR THE YEAR THEN ENDED

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018 AND FOR THE YEAR THEN ENDED

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro)	Notes	2018	2017[1]	2018	2017[1]
ASSETS					
Non-current assets					
Property, plant and equipment	5	2,741.1	2,740.9	1,296.4	1,239.2
Goodwill	6	446.9	447.1	-	-
Telecommunication licenses	7	448.5	523.6	3.6	4.4
Other intangible assets	8	432.2	504.2	224.5	255.5
Investments	9	0.1	0.1	3,245.2	3,426.7
Loans to pension funds	20	79.2	82.5	79.2	82.5
Deferred tax assets	22	254.8	313.5	88.3	117.0
Contract costs	4,26	50.2	-	4.0	-
Other non-current assets	10	115.8	112.1	77.0	73.0
Total non-current assets		**4,568.8**	**4,724.0**	**5,018.2**	**5,198.3**
Current assets					
Inventories	11	82.0	91.3	11.5	12.4
Trade receivables	12	606.0	719.7	294.5	357.1
Other financial assets	13	5.1	5.9	2.3	16.8
Contract assets	4,26	36.4	-	1.9	-
Other current assets	14	245.5	259.3	214.9	154.5
Restricted cash		2.9	4.3	-	-
Cash and cash equivalents	15	1,084.7	1,297.7	292.9	185.6
Total current assets		**2,062.6**	**2,378.2**	**818.0**	**726.4**
Assets of disposal group classified as held for sale	9	68.5	-	-	-
TOTAL ASSETS		**6,699.9**	**7,102.2**	**5,836.2**	**5,924.7**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	16	1,387.1	1,387.1	1,387.1	1,387.1
Share premium	16	496.7	496.4	496.7	496.4
Treasury shares	16	(108.5)	(14.5)	(108.5)	(14.5)
Statutory reserve	17	383.3	373.5	383.3	373.5
Foreign exchange and other reserves	17	(122.8)	(157.1)	(13.0)	(11.4)
Changes in non-controlling interests		(3,314.1)	(3,314.1)	-	-
Retained earnings	17	3,611.5	3,573.1	743.3	727.1
Total equity attributable to owners of the Parent		**2,333.2**	**2,344.4**	**2,888.9**	**2,958.2**
Non-controlling interests	9	241.5	245.0	-	-
Total equity		**2,574.7**	**2,589.4**	**2,888.9**	**2,958.2**
Non-current liabilities					
Long-term borrowings	19	1,280.6	1,276.2	1,270.4	1,004.4
Provision for staff retirement indemnities	20	186.9	224.3	154.5	189.9
Provision for youth account	20	120.9	129.9	120.9	129.9
Contract liabilities	4,26	50.8	-	110.9	-
Deferred tax liabilities	22	23.7	30.6	-	-
Other non-current liabilities	21	87.8	130.8	66.3	207.1
Total non-current liabilities		**1,750.7**	**1,791.8**	**1,723.0**	**1,531.3**
Current liabilities					
Trade accounts payable		1,034.0	1,154.3	425.3	392.3
Short-term borrowings	19	-	-	-	163.0
Short-term portion of long-term borrowings	19	548.0	764.5	278.6	378.4
Income tax payable	22	25.5	41.6	13.1	12.7
Contract liabilities	4,26	122.0	-	73.4	-
Deferred revenue		-	128.3	-	73.3
Provision for voluntary leave schemes	20	141.1	139.3	141.1	139.3
Dividends payable	18	0.9	0.4	0.8	0.4
Other current liabilities	23	464.3	492.6	292.0	275.8
Total current liabilities		**2,335.8**	**2,721.0**	**1,224.3**	**1,435.2**
Liabilities of disposal group classified as held for sale	9	38.7	-	-	-
TOTAL EQUITY AND LIABILITIES		**6,699.9**	**7,102.2**	**5,836.2**	**5,924.7**

[1]The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 88-159 form an integral part of these financial statements.

INCOME STATEMENTS (CONSOLIDATED AND SEPARATE)

		GROUP		COMPANY	
(Amounts in millions of Euro except per share data)	Notes	2018	2017[1,2]	2018	2017[1]
Revenue					
Fixed business:					
Retail services revenues		1,162.6	1,191.2	916.8	904.6
Wholesale services revenues		662.9	662.6	327.1	347.7
Other revenues		308.1	295.6	228.7	216.2
Total revenues from fixed business		**2,133.6**	**2,149.4**	**1,472.6**	**1,468.5**
Mobile business:					
Service revenues		1,247.3	1,276.3	-	-
Handset revenues		268.3	223.3	34.0	33.3
Other revenues		23.4	20.3	-	-
Total revenues from mobile business		**1,539.0**	**1,519.9**	**34.0**	**33.3**
Miscellaneous other revenues		**126.1**	**127.6**	**76.0**	**82.0**
Total revenues		**3,798.7**	**3,796.9**	**1,582.6**	**1,583.8**
Other operating income	24	**83.0**	**51.4**	**14.0**	**8.1**
Operating expenses					
Interconnection and roaming costs		(550.8)	(548.0)	(101.2)	(106.5)
Provision for doubtful accounts	4,12	(150.1)	(106.2)	(34.2)	(20.5)
Personnel costs		(563.7)	(615.9)	(247.5)	(286.4)
Costs related to voluntary leave schemes	20	(51.0)	(51.7)	(39.1)	(27.7)
Commission costs		(95.9)	(136.2)	(20.6)	(19.0)
Merchandise costs		(367.3)	(293.6)	(67.7)	(67.2)
Maintenance and repairs		(94.1)	(92.9)	(34.8)	(34.7)
Marketing		(83.7)	(92.5)	(24.1)	(26.6)
Other operating expenses, out of which:		(674.2)	(674.7)	(376.1)	(357.6)
Rental, leasing and facility costs		*(216.5)*	*(205.5)*	*(107.9)*	*(107.0)*
Third party fees and services		*(150.6)*	*(163.5)*	*(151.1)*	*(142.7)*
Other taxes and regulatory charges		*(65.7)*	*(65.3)*	*(22.7)*	*(22.5)*
Construction cost network		*(0.4)*	*(11.4)*	-	-
Other sundry operating expenses		*(241.0)*	*(229.0)*	*(94.4)*	*(85.4)*
Total operating expenses before depreciation, amortization and impairment		**(2,630.8)**	**(2,611.7)**	**(945.3)**	**(946.2)**
Operating profit before financial and investing activities, depreciation, amortization and impairment		**1,250.9**	**1,236.6**	**651.3**	**645.7**
Depreciation, amortization and impairment	5,7,8	(755.7)	(839.9)	(312.5)	(324.9)
Operating profit before financial and investing activities		**495.2**	**396.7**	**338.8**	**320.8**
Income and expense from financial and investing activities					
Interest and related expenses		(86.1)	(139.1)	(66.5)	(89.2)
Interest income		2.4	1.6	3.0	2.5
Foreign exchange differences, net		(0.3)	(5.5)	0.5	(0.8)
Dividend income	9	-	-	30.0	126.6
Gains / (losses) from investments and other financial assets - Impairment	9,13	2.2	19.0	2.4	(41.1)
Total loss from financial and investing activities		**(81.8)**	**(124.0)**	**(30.6)**	**(2.0)**
Profit before tax		**413.4**	**272.7**	**308.2**	**318.8**
Income tax	22	(165.8)	(147.6)	(111.9)	(92.2)
Profit for the year from continuing operations		**247.6**	**125.1**	**196.3**	**226.6**
Losses from discontinued operations	9	(81.7)	(102.3)	-	-
Profit for the year		**165.9**	**22.8**	**196.3**	**226.6**
Attributable to:					
Owners of the parent		175.0	67.2	196.3	226.6
Non-controlling interests		(9.1)	(44.4)	-	-
Profit for the year		**165.9**	**22.8**	**196.3**	**226.6**
Earnings per share attributable to owners of the parent from continuing operations					
Basic earnings per share	25	0.5285	0.3464	-	-
Diluted earnings per share	25	0.5285	0.3464	-	-
Total basic earnings attributable per share to owners of the parent	25	0.3606	0.1375	-	-

[1]The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

[2]Adjusted due to disposal group classified as held for sale according to IFRS 5 "Non-current assets held for sale and discontinued operations" (see Note 9).

STATEMENTS OF COMPREHENSIVE INCOME (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP		COMPANY	
		2018	2017[1]	2018	2017[1]
Profit for the year		165.9	22.8	196.3	226.6
Other comprehensive income: **Items that will not be reclassified subsequently to profit or loss**					
Actuarial gains / (losses)	20	(0.8)	10.9	(0.8)	9.6
Deferred taxes on actuarial gains / (losses)		0.2	(3.0)	0.2	(2.8)
Deferred taxes on actuarial gains / (losses) due to change in tax rate		(0.7)	-	(0.6)	-
Total items that will not be reclassified subsequently to profit or loss		(1.3)	7.9	(1.2)	6.8
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		35.9	(15.2)	-	-
Net movement in available for sale financial assets	13	-	0.5	-	0.4
Deferred taxes on net movement in available for sale financial assets		-	(0.1)	-	(0.1)
Total items that may be reclassified subsequently to profit or loss		35.9	(14.8)	-	0.3
Other comprehensive income / (loss) for the year		34.6	(6.9)	(1.2)	7.1
Total comprehensive income for the year		200.5	15.9	195.1	233.7
Attributable to:					
Owners of the parent		211.4	66.6	195.1	233.7
Non-controlling interests		(10.9)	(50.7)	-	-
		200.5	15.9	195.1	233.7
Total comprehensive income attributable to owners of the parent arises from:					
Continuing operations		254.6	159.7	195.1	233.7
Discontinued operations		(43.2)	(93.1)	-	-
		211.4	66.6	195.1	233.7

[1]The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(Amounts in millions of Euro)	Attributed to equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Changes in non-controlling interests	Retained earnings	Total		
Balance as at January 1, 2017[1]	**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]	**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**
Balance as at January 1, 2018	**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**
Impact of implementation of IFRS 15 and IFRS 9	**-**	**-**	**-**	**-**	**(1.2)**	**-**	**44.7**	**43.5**	**7.5**	**51.0**
Profit / (loss) for the year	-	-	-	-	-	-	175.0	**175.0**	(9.1)	**165.9**
Other comprehensive income / (loss)	-	-	-	-	36.4	-	-	**36.4**	(1.8)	**34.6**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**36.4**	**-**	**175.0**	**211.4**	**(10.9)**	**200.5**
Costs for share capital increase	-	-	-	-	(0.9)	-	-	**(0.9)**	-	**(0.9)**
Dividend distribution (Note 18)	-	-	-	-	-	-	(171.5)	**(171.5)**	(0.1)	**(171.6)**
Transfer to statutory reserve	-	-	-	9.8	-	-	(9.8)	**-**	-	**-**
Acquisition of treasury shares	-	-	(94.2)	-	-	-	-	**(94.2)**	-	**(94.2)**
Share option plans	-	0.3	0.2	-	-	-	-	**0.5**	-	**0.5**
Balance as at December 31, 2018	**1,387.1**	**496.7**	**(108.5)**	**383.3**	**(122.8)**	**(3,314.1)**	**3,611.5**	**2,333.2**	**241.5**	**2,574.7**

[1]The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 88-159 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (SEPARATE)

(Amounts in millions of Euro)	Share capital	Share premium	Treasury shares	Statutory reserve	Foreign exchange and other reserves	Retained earnings	Total equity
Balance as at January 1, 2017[1]	**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]	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(11.4)**	**727.1**	**2,958.2**
Balance as at January 1, 2018	**1,387.1**	**496.4**	**(14.5)**	**373.5**	**(11.4)**	**727.1**	**2,958.2**
Impact of implementation of IFRS 15 and IFRS 9	**-**	**-**	**-**	**-**	**(0.4)**	**1.2**	**0.8**
Profit for the year	-	-	-	-	-	196.3	**196.3**
Other comprehensive income / (loss)	-	-	-	-	(1.2)	-	**(1.2)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**(1.2)**	**196.3**	**195.1**
Dividend distribution (Note 18)	-	-	-	-	-	(171.5)	**(171.5)**
Transfer to statutory reserve	-	-	-	9.8	-	(9.8)	**-**
Acquisition of treasury shares	-	-	(94.2)	-	-	-	**(94.2)**
Share option plans	-	0.3	0.2	-	-	-	**0.5**
Balance as at December 31, 2018	**1,387.1**	**496.7**	**(108.5)**	**383.3**	**(13.0)**	**743.3**	**2,888.9**

[1]The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

The accompanying notes on pages 88-159 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONSOLIDATED AND SEPARATE)

(Amounts in millions of Euro)	Notes	GROUP 2018	GROUP 2017[1,2]	COMPANY 2018	COMPANY 2017[1]
Cash flows from operating activities					
Profit before tax		413.4	272.7	308.2	318.8
Adjustments for:					
Depreciation, amortization and impairment	5,7,8	755.7	839.9	312.5	324.9
Costs related to voluntary leave schemes	20	51.0	51.7	39.1	27.7
Provision for staff retirement indemnities	20	(30.2)	9.8	(28.1)	9.0
Provision for youth account	20	2.3	2.1	2.3	2.1
Foreign exchange differences, net		0.3	5.5	(0.5)	0.8
Interest income		(2.4)	(1.6)	(3.0)	(2.5)
Dividend income	9	-	-	(30.0)	(126.6)
(Gains) / losses from investments and other financial assets – Impairment	9,13	(2.2)	(19.0)	(2.4)	41.1
Interest and related expenses		86.1	139.1	66.5	89.2
Working capital adjustments:					
Decrease / (increase) in inventories		6.6	1.6	0.9	11.1
Decrease / (increase) in receivables		85.9	9.7	36.9	4.5
(Decrease) / increase in liabilities (except borrowings)		(42.4)	(115.2)	38.6	(44.1)
Plus /(Minus):					
Payment for voluntary leave schemes	20	(60.9)	(65.2)	(50.5)	(38.6)
Payment of staff retirement indemnities and youth account, net of employees' contributions	20	(12.3)	(12.6)	(11.9)	(12.2)
Interest and related expenses paid		(88.0)	(131.8)	(64.6)	(92.5)
Income tax paid		(178.4)	(211.9)	(85.1)	(129.7)
Net cash flows from operating activities of discontinued operations		11.0	25.8	-	-
Net cash flows from operating activities		**995.5**	**800.6**	**528.9**	**383.0**
Cash flows from investing activities					
Investment in subsidiary	9	-	-	(0.4)	-
Return of capital invested in subsidiary	9	-	-	61.5	-
Sale or maturity of financial assets	13	0.4	0.2	-	-
Repayment of loans receivable		7.1	6.2	21.4	7.3
Purchase of property, plant and equipment and intangible assets		(719.9)	(904.2)	(345.8)	(409.9)
Movement in restricted cash		1.2	(0.8)	-	-
Interest received		2.5	1.6	3.0	2.5
Dividends received		-	-	101.6	55.6
Net cash flows from investing activities of discontinued operations		(12.6)	(15.7)	-	-
Net cash flows used in investing activities		**(721.3)**	**(912.7)**	**(158.7)**	**(344.5)**
Cash flows from financing activities					
Share option plans		-	(0.3)	-	(0.3)
Acquisition of treasury shares	16	(94.2)	-	(94.2)	-
Other payments for subsidiary's share capital increase		(0.9)	-	-	-
Proceeds from loans granted and issued	19	570.3	150.0	925.0	193.6
Repayment of loans	19	(784.1)	(242.7)	(922.6)	(479.7)
Dividends paid to Company's owners		(171.1)	(78.1)	(171.1)	(78.1)
Net cash flows used in financing activities		**(480.0)**	**(171.1)**	**(262.9)**	**(364.5)**
Net increase / (decrease) in cash and cash equivalents		**(205.8)**	**(283.2)**	**107.3**	**(326.0)**
Cash and cash equivalents, at the beginning of the year		1,297.7	1,585.6	**185.6**	**511.6**
Net foreign exchange differences		0.3	(4.7)	-	-
Cash and cash equivalents of disposal group classified as held for sale		(7.5)	-	-	-
Cash and cash equivalents, at the end of the year	15	**1,084.7**	**1,297.7**	**292.9**	**185.6**

[1]The Group has applied IFRS 15 and IFRS 9 using the cumulative effect method. Under this method, the comparative information is not restated. See Note 4.

[2]Adjusted due to disposal group classified as held for sale according to IFRS 5 "Non-current assets held for sale and discontinued operations" (see Note 9).

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, 2018 holds a 45.00% interest in OTE (see Note 16).

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/cs/otegroup/en/oikonomikes_katastaseis_etairiwn_omilou.html.

The Annual Consolidated and Separate Financial Statements ("financial statements") as of December 31, 2018 and for the year then ended, were approved for issuance by the Board of Directors on February 20, 2019, and are subject to the final approval of OTE's General Assembly.

The total numbers of Group and Company employees as of December 31, 2018 and 2017 is as follows:

	GROUP	COMPANY
December 31, 2018	19,343	8,203
December 31, 2017	20,386	8,470

The total number of Group and Company employees has been revised as of December 31, 2017, in order to include fixed-term employees.

Group number of employees also includes 351 employees of TELEKOM ALBANIA as of December 31, 2018 (classified as held for sale). The relevant number of employees as of December 31, 2017 was 385.

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	
			2018	2017
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%
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%

ENTITY NAME	LINE OF BUSINESS	COUNTRY	GROUP's OWNERSHIP INTEREST	
			2018	2017
TELEKOM ROMANIA COMMUNICATIONS S.A. ("TELEKOM ROMANIA")	Fixed line telephony services	Romania	54.01%	54.01%
NEXTGEN COMMUNICATIONS SRL ("NEXTGEN")	Telecommunications services	Romania	54.01%	54.01%
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A. ("TELEKOM ROMANIA MOBILE")	Mobile telecommunications services	Romania	86.20%	86.20%
TELEKOM ALBANIA	Mobile telecommunications services	Albania	99.76%	99.76%
GERMANOS S.A. ("GERMANOS")	Retail services	Greece	100.00%	100.00%
COSMOTE E-VALUE	Marketing services	Greece	100.00%	100.00%
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%
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%
COSMOTE PAYMENTS - ELECTRONIC MONEY SERVICES S.A. ("COSMOTE PAYMENTS")	Electronic money services	Greece	100.00%	-
COSMOTE GLOBAL SOLUTIONS S.A.	ICT services	Belgium	100.00%	-

NEW ENTITIES

On June 5, 2018, COSMOTE PAYMENTS was established. The entity is wholly owned by OTE.

On August 9, 2018 COSMOTE GLOBAL SOLUTIONS S.A. was established. The entity is 99.00% owned by COSMOTE and 1.00% owned by COSMOTE E-VALUE.

DISSOLUTION AND LIQUIDATION OF COSMOHOLDING ROMANIA LTD

In October 2018, the dissolution and liquidation of COSMOHOLDING ROMANIA LTD (COSMOTE's wholly owned subsidiary) was completed.

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, which have been measured at fair values in accordance with IFRS.

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 and judgements, 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 estimates and 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 6.

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.

Provision for expected credit losses of trade receivables and contract assets

The Group and the Company apply the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

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 12 and Note 30.

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 20.

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, 2018.

Standards and Interpretations effective for the current financial year

- **IFRS 9 "Financial Instruments"**: 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 that was applied under IAS 39. The effect from applying the standard to the Group and the Company is described in Note 4.

- **IFRS 15 "Revenue from Contracts with Customers"**: 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. 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 recognizes revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The effect from applying the standard to the Group and the Company is described in Note 4.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"**: 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.

- **IAS 40 (Amendments) "Transfers of Investment Property"**: 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.

- **IFRIC 22 "Foreign currency transactions and advance consideration"**: The interpretation provides guidance on how to determine the date of the transaction when applying IAS 21, which relates to foreign currency transactions. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.

Annual Improvements to IFRS 2014 (2014 – 2016 Cycle)

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

- IAS 28 "Investments in associates and Joint ventures": The amendments clarified that when venture capital organizations, 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.

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 and separate financial statements. The Group is currently investigating the impact of the new standards and amendments on its financial statements.

- IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after January 1, 2019): These amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

- 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. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise 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.

Upon transition, payment obligations from existing operating leases (operating lease commitments are disclosed in Note 29) will be discounted using the relevant incremental borrowing rate. The resulting present value will be recognized as a lease liability. The right-of-use assets will be carried in the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

OTE Group will apply the new standard, using the cumulative catch-up method, under which prior-year comparatives will not be restated; instead, an explanation of the reasons for the changes in the financial statements will be disclosed, as a result of applying IFRS 16 for the first time.

Regarding the options and exemptions permitted under IFRS 16, the Group is likely to take the following approach:

- The right-of-use assets and lease liabilities will be reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 will be also applied in full to short-term leases and leases of "low-value" assets. As a result, the Group expects to capitalize both all short-term (expect for very short leases of 30 days or less) and "low value" leases.
- The Group will use the practical expedient not to separate non-lease components from lease components and instead will account for each lease component and any associated non-lease items as a single lease.

The adoption of IFRS 16, will have the following material effects for the Group:

- The lease payments largely relate to leases of network sites (land, space in cell towers or rooftop surface areas), network infrastructure, vehicles, retail shops and buildings used for administrative or technical purposes.
- Upon IFRS 16 adoption, payment obligations for operating leases - which, in accordance with the existing standard, must be disclosed in the notes to the financial statements – will be reported as right-of-use assets and lease liabilities in the statement of financial position. As a result, a significant increase in total assets and liabilities is anticipated on first-time adoption due to the capitalization of right-of-use assets and the recognition of lease liabilities. The increase in lease liabilities will lead to a corresponding increase in net debt.
- The nature of expenses related to those leases will also change since IFRS 16 replaces the operating lease expense with a depreciation charge for the right-of-use assets and interest expense on lease liabilities. This will give rise to a significant improvement in "Operating profit before financial and investing activities, depreciation, amortization and impairment".
- In the statement of cash flows, the principal portion of the lease payments from existing operating leases will reduce net cash flows from financing activities and will no longer affect net cash flows from operating activities. Only the interest portion of lease payments will remain in net cash flows from operating activities, the total of which will rise.

The actual impact of applying IFRS 16 will depend on Group's incremental borrowing rate at January 1, 2019, the identification of lease contracts included in scope of the new standard at that date and the Group's latest assessment of the lease term, particularly in respect of exercising any lease extension or termination options.

Based on the above, the Group has performed an analysis of the IFRS 16 expected impact as of January 1, 2019 as well as the estimated impact on the 2019 consolidated and separate income statement.

In summary, based on management's current assessment, the impact of the IFRS 16 adoption is expected to be, as follows:

Estimated impact on the consolidated statement of financial position as at January 1, 2019:

- Increase in total assets due to capitalization of right-of-use assets and recognition of lease receivable amounting to a range of Euro 390.0 to Euro 470.0 (excluding any adjustments for prepaid or accrued lease payments) and respective increase of lease liabilities.
- For the sublease arrangements (OTE Group as intermediate lessor) that will be classified as finance leases, the right-of-use assets related to the head lease will be derecognized and a lease receivable will be recognized. Any difference between the carrying value of the right-of use assets and the lease receivable will be recognized in retained earnings at the transition date. The impact of the retained earnings from the sublease arrangements is not expected to be material.

Estimated impact on the consolidated income statement for 2019:

- In the consolidated income statement, "depreciation, amortization and impairment" is expected to increase in a range of 8 to 12 percentage points and "interest and related expenses" are expected to rise by approximately 20 to 30 percentage points. Reduction in leasing expenses, is expected to result in an improvement in "operating profit before financial and investing activities, depreciation, amortization and impairment" of a range of Euro 75.0 to Euro 100.0. The expected effects will be exclusively attributable to the balance as of January 1, 2019.

At a Company level, based on management's current assessment, the impact of the IFRS 16 adoption is expected to be, as follows:

Estimated impact on the separate statement of financial position as at January 1, 2019:

- Increase in total assets due to capitalization of right-of-use assets amounting to a range of Euro 280.0 to Euro 310.0 (excluding any adjustments for prepaid or accrued lease payments) and respective increase of lease liabilities.

Estimated impact on the separate income statement for 2019:

- In the seperate income statement, "depreciation, amortization and impairment" is expected to increase in a range of 13 to 16 percentage points and "interest and related expenses" are expected to rise by approximately 20 to 26 percentage points. Reduction in leasing expenses is expected to result in an improvement in "operating profit before financial and investing activities, depreciation, amortization and impairment" of a range of Euro 50.0 to Euro 60.0. The expected effects will be exclusively attributable to the balance as of January 1, 2019.

The new standard for leases has no significant impact for the Group as a lessor. However, the number of identified leases in which the Group acts as a lessor and falls within the scope of the new standard, will change. The leasing of copper and fiber infrastructure dedicated to wholesale customers as well as the provision of colocation spaces will be classified as a lease. In addition, the provision of data center services, the leasing of space (e.g. separate rooms for the installation of the customer's own hardware), will be also identified as a leasing components.

- **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.

- **IFRIC 23 "Uncertainty over income tax treatments"** (effective for annual periods beginning on or after January 1, 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.

- **IAS 19 (Amendments) "Plan amendment, curtailment or settlement"** (effective for annual periods beginning on or after January 1, 2019): These 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.

- **IFRS 3 (Amendments) "Definition of a business"** (effective for annual periods beginning on or after January 1, 2020): The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

- **IAS 1 and IAS 8 (Amendments) "Definition of a material"** (effective for annual periods beginning on or after January 1, 2020): The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2015 (2015 – 2017 Cycle) (effective for annual periods beginning on or after January 1, 2019)

The 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"**: 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"**: 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"**: The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

- **IAS 23 "Borrowing costs":** The amendments clarify that 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 IFRS 9 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 1 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.
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	5 – 36 years	2.8% – 20.0%
Switching equipment	1 – 15 years	6.7% – 100.0%
Transmission equipment	3 – 15 years	6.7% – 33.3%
Broadband distribution network	5 – 9 years	11.1% – 20.0%
Radio equipment	1 – 19 years	5.3% – 100.0%
Other telecommunications equipment	1 – 15 years	6.7% – 100.0%
Miscellaneous other technical equipment and machinery	1 – 16 years	6.3% – 100.0%
Network buildings	5 – 18 years	5.6% – 20.0%
Transportation means	2 – 11 years	9.1% – 50.0%
Fixtures and furniture	1 – 16 years	6.3% – 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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and subsequent measurement of financial assets

From January 1, 2018, the financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model within which the financial asset is held.

With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI criterion and is performed at an instrument level.

For the purpose of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

The Group and the Company hold no assets at fair value through OCI as of December 31, 2018.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. 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".

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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).

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:

The Group and the Company recognise an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

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.

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 and the maximum amount of consideration that the Group could be required to repay.

Initial recognition and subsequent measurement of financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification.

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.

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.

10. Derivative Financial Instruments and Hedging Instruments

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

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value based on quoted market prices, if available, or based on valuation techniques such as discounted cash flows. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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 change in the fair value of a hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement.

In a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in a cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

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 amount determined in accordance with the expected credit loss model under IFRS 9 “Financial Instruments” and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15 “Revenue from Contracts with Customers”.

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

A receivable represents the Group's or the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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 expected credit losses (ECLs) based on lifetime ECLs at each reporting period. At each reporting date, trade receivables are either assessed individually for debtors such as other providers or collectively based on historical trends, statistical information and forward looking factors 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 line "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 20.

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. Revenue from Contracts with Customers

The Group is in the business of providing telecommunication services.

From January 1, 2018, the Group has adopted IFRS 15 “Revenue from Contracts with Customers” which resulted in changes in accouting policies and adjustments to the amount recognized in the financial statements.

Under IFRS 15, revenue from contracts with customers are recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The accounting policies related to revenue from contracts with customers are explained in note 4.

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, 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 IFRS 9 “Financial instruments”.

Construction of the infrastructure

Revenue from construction contracts are recognized over time using the input method in accordance with IFRS 15. The Group measures the progress towards completion of the promised performance obligations 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 is recognized in accordance with the relevant standards, depending on the nature of the good or service provided.

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 31.

4. CHANGES IN ACCOUNTING POLICIES

The Group applies, for the first time, IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments”. The Group adopted these new standards using the cumulative effect method (i.e. modified retrospective approach), with the effect of adopting these standards to be recognized at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11, IAS 39 and related interpretations.

The nature and effect of these changes are disclosed below.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 supersedes IAS 11 “Construction Contracts”, IAS 18 “Revenue” and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers, as follows:

1. Identification of the contract(s) with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when (or as) the entity satisfies a performance obligation.

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. It also contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services, determining the timing of the transfer of control – at a point in time or over time.

The Group applies the standard for the year 2018 and in respect to prior periods, has recognized 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 modified retrospective approach). Contracts completed before the date of initial application (i.e. January 1, 2018) have not been revised.

The Group is in the business of providing telecommunication services. The services and the telecommunication equipment are sold together as a bundled package of goods and services or on their own in separately identified contracts with customers.

The Group uses the portfolio approach to combine contracts for the purposes of revenue recognition, rather than to account for each contract separately.
Revenues from telecommunication services primarily consist of network services fees, connection fees, usage charges and sales of handsets and accessories. Revenues are recognized as follows:

Fixed-network services

Fixed-network services provide access to the fixed network as well as to the Internet. Revenue from the fixed-network business also includes connection fees. Prior to the adoption of IFRS 15, revenue generated from these types of access for the use of voice and data communications as well as television services via internet and satellite were recognized upon rendering of the service. The services rendered relate to use by customers (e.g., call minutes), availability over time (e.g. flat service charges), or other agreed rate plans.

Mobile-network services

Revenues generated by the mobile communications business include revenues from the provision of mobile services and sales of mobile handsets and accessories. Mobile revenues include service charges, charges for special features, call charges and roaming charges billed to Group’s customers as well as to other mobile operators. Prior to the adoption of IFRS 15, mobile service revenues were recognized based upon minutes of use or other agreed rate plans (e.g., flat rates) less credits and adjustments for discounts.

Under IFRS 15, the Group concluded that revenues from Fixed-network and Mobile-network services will continue to be recognized over time, using similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

Telecommunication equipment

Under IFRS 15, revenues from the sale of telecommunication equipment (e.g. mobile handsets and accessories) are recognized at the time when customer obtains control. As a result, revenues from the telecommunication equipment will continue to be recognized at a point in time, upon delivery of the equipment as they generally consist separate performance obligations. Therefore, the adoption of IFRS 15 did not have an impact on the timing of recognition for this type of revenue. However, in the cases where the equipment is sold together (as a bundle package) with telecommunication services, the amount of revenue to be recognized is affected, as noted below.

Multiple-element arrangements

The Mobile and Fixed-network services may be bundled together with the sale of equipment to a customer.

In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, prior to the adoption of IFRS 15, the Group recognized revenue for handsets and other devices when these handsets and other devices were 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 selling price within the contract, which results in higher revenue from the sale of handsets and in lower revenue from the provision of services. It also impacts the timing of revenue's recognition, resulting in earlier recognition of revenue. The difference between the revenue and the customer charge is recognized as a contract asset, a receivable arising from customers secured cash flows in the statement of financial position.

Contract assets

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer.

Contract assets will be typically recovered between 12 to 24-month service contracts period which defines the normal operating cycle and is also frequently used at the Group. As a result, any contract asset recognized under a multiple-element arrangement will also be recovered in the entity's normal operating cycle and is presented as current in the statement of financial position.

Contract assets' development for the Group is essentially the result of:

- the earlier recognition of revenues in the case of multiple-element arrangements with subsidized products delivered in advance, based on these components' relative stand-alone selling price within the contract,
- subsidized installation fees which are treated as separate performance obligation and therefore, the Group allocated the total consideration to each performance obligation of the contract (in proportion to its stand-alone selling price),
- in the case of sales through dealers, of contracts with subsidized products (or services) that are delivered in advance (e.g. mobile telephony contract plus handset), the subsidy cost to dealers is recognized against service revenue during the relative contract period. Prior to the adoption of IFRS 15 this cost was recognized as commission cost or against handset revenues when these devices were transferred to the customer.

Contract liabilities

If customer pays consideration, or the entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

For the Group, contract liabilities are primarily the result of:

- access fees charged to the customer in advance
- unused airtime
- contract liabilities from network Indefeasible Rights of Use (IRUs) and
- contract liabilities' balances for connection fees. Connection fees generally do not meet the criteria to be recognized as a separate performance obligation. Before the adoption of IFRS 15, these fees were recognized over the expected customer lifetime. Under IFRS 15, these fees are recognized over the contract period. Upon adoption of IFRS 15, the corresponding adjustment has been recognized in retained earnings and the remaining balance from the "deferred revenue" was reclassified to "contract liabilities".

The above categories (except for the connection fees) were accounted in the same way under the prior accounting treatment and they were all included in the statement of financial position under lines "other non-current liabilities" and "deferred revenues".

Some of the Group's contract liabilities will be settled within a "regular" 12 to 24-month service contract and are also tied to a defined operating cycle. However, other might be settled over a period exceeding the "regular" 12 to 24-month service contract term. Therefore, the Group has concluded that the more prudent approach is to present:

- the amount of Contract liabilities expected to be settled within 12 months as current and
- the amount of Contract liabilities expected to be settled after more than 12 months as non-current.

Contract costs

Prior to the adoption of IFRS 15, sales commissions and other customer acquisition costs resulting directly from obtaining contracts with customers were expensed as incurred. IFRS 15 requires 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.

Capitalized contract costs (costs of obtaining a contract or costs to fulfil a contract) share characteristics of an intangible asset as they mainly represent acquisition costs of customer relationships. Therefore, the Group concluded to present, in accordance with the treatment of other fixed assets, all capitalized contract costs as non-current in the statement of financial position.

In general, incremental costs of obtaining or fulfilling a contract at Group level refer to:

- sales commissions to third-party dealers (indirect distribution channel),
- sales commissions to employees (direct distribution channel) and
- costs incurred to fulfil performance obligations under a contract once it is obtained, but before transferring goods or services to the customer.

Amortizations of contract costs are respectively presented as operating expenses in the income statement, i.e. either as "commission costs", "personnel costs" or "other sundry operating expenses".

Other presentation and disclosure requirements

The Group's income statement structure is presented in a way that disaggregates revenue recognized from contracts with customers into categories that depict their nature and amount.
Furthermore, based on the prior accounting treatment, the subsidized part of the merchandise costs related to customers' acquisition and retention was recognized in the line "commission costs". On the basis of IFRS 15 adoption, these expenses are recognized in the line "merchandise costs".

The Company's contracts as well as the majority of Group's arrangements do not include a significant financing component.

In addition to the adjustments described in the above sections, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes and retained earnings, were adjusted as necessary.

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 prior accounting treatment can only therefore be attributed to changed business developments, changes in business models and products offered.

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance of 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.

The new provisions on the accounting of impairment losses lead to expected losses having to be expensed earlier in some cases.

a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available-for-sale.

The adoption of IFRS 9 has no effect on the Group's accounting policies related to financial liabilities.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Except for the trade receivables that are initially measured at the transaction price, the Group primarily measures a financial asset at fair value plus transaction costs except for financial assets at fair value through profit or loss.

Under IFRS 9, financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- the business model within which the financial asset is held, i.e. whether the objective is to hold it in order to collect contractual cash flows or to collect contractual cash flows as well as sell financial assets and
- whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's financial assets are, as follows:

- Financial assets at amortized cost. The category includes financial assets that are held within the business model with the objective to hold financial assets and collect contractual cash flows that meet the SPPI criterion. This category includes all financial assets of the Group, except for the investments in mutual funds which are measured at fair value through profit or loss (FVPL).
- Financial assets at fair value through profit or loss (FVPL). The category includes investments in mutual funds. Investments in mutual funds do not meet the IFRS 9 criteria for classification at amortized cost, because their cash flows do not represent solely payments of principal and interest. Under IAS 39, the Group's investments in mutual funds were classified as available-for-sale (AFS) financial assets. Upon transition to IFRS 9, the Group's investments to mutual funds have been reclassified from AFS to fair value through profit or loss (FVPL) and the accumulated amount which had been previously recognized under "foreign exchange and other reserves" was reclassified to "retained earnings".

The following table summarizes the impact of the above reclassification at January 1, 2018.

	GROUP		COMPANY	
	Effect on foreign exchange and other reserves	Effect on retained earnings	Effect on foreign exchange and other reserves	Effect on retained earnings
Closing balance 31/12/2017 - IAS 39	**(157.1)**	**3,573.1**	**(11.4)**	**727.1**
Reserve for available for sale financial assets	(1.6)	1.6	(0.5)	0.5
Deferred taxes on available for sale financial assets	0.4	(0.4)	0.1	(0.1)
Opening balance 01/01/2018 - IFRS 9	**(158.3)**	**3,574.3**	**(11.8)**	**727.5**

b) Impairment

The group has three types of financial assets that are subject to IFRS 9 new expected credit loss model:

- trade receivables,
- contract assets and
- other financial assets at amortized cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

IFRS 9 requires the Group to adopt the expected credit losses (ECL) model for each of these classes of assets.

ECL model is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Contract assets and trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit loss in relation to trade receivables, the Group has established a provision matrix relying on aging analysis, which is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The expected credit loss in relation to contract assets, is measured based on the expected early contract termination rate, the penalty for early termination and its collectability rate.

The loss allowances for the Group and the Company increased for trade receivables by a further amount of Euro 19.9 and Euro 12.0 respectively. Furthermore, due to the implementation of IFRS 15 a loss allowance of an amount of Euro 6.2 and Euro 0.5 for the Group and the Company was established in relation to contract assets, as of January 1, 2018. The increase in allowance resulted in respective adjustment to retained earnings.

Other financial assets at amortized cost

For all other Group's financial assets at amortized cost, the general approach is applied. These assets are considered to have low credit risk and any loss allowance is therefore limited to 12 months' expected losses.

The following tables summarize the impact of adopting IFRS 15 and IFRS 9 on the Group's and Company's statements of financial position as at January 1, 2018 and December 31, 2018 and their income statements for the year 2018, for each of the line items affected.

In the following tables the column "IFRS 15 Adjustments" also includes the impact of IFRS 9 related to the impairment of the contract asset.

STATEMENT OF FINANCIAL POSITION	GROUP				
	Balances IAS 18/ IAS 11/ IAS 39 31/12/2017	IFRS 15 Adjustments	IFRS 15 Reclassifications	IFRS 9 Adjustments	Balances IFRS 15/ IFRS 9 01/01/2018
ASSETS					
Non-current assets					
Property, plant and equipment	2,740.9	-	-	-	2,740.9
Goodwill	447.1	-	-	-	447.1
Telecommunication licenses	523.6	-	-	-	523.6
Other intangible assets	504.2	-	-	-	504.2
Investments	0.1	-	-	-	0.1
Loans to pension funds	82.5	-	-	-	82.5
Deferred tax assets	313.5	(10.9)	-	-	302.6
Contract costs	-	40.9	-	-	40.9
Other non-current assets	112.1	-	-	-	112.1
Total non-current assets	**4,724.0**	**30.0**	**-**	**-**	**4,754.0**
Current assets					
Inventories	91.3	-	-	-	91.3
Trade receivables	719.7	-	-	(19.9)	699.8
Other financial assets	5.9	-	-	-	5.9
Contract assets	-	33.0	-	-	33.0
Other current assets	259.3	-	-	-	259.3
Restricted cash	4.3	-	-	-	4.3
Cash and cash equivalents	1,297.7	-	-	-	1,297.7
Total current assets	**2,378.2**	**33.0**	**-**	**(19.9)**	**2,391.3**
TOTAL ASSETS	**7,102.2**	**63.0**	**-**	**(19.9)**	**7,145.3**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	1,387.1	-	-	-	1,387.1
Share premium	496.4	-	-	-	496.4
Treasury shares	(14.5)	-	-	-	(14.5)
Statutory reserve	373.5	-	-	-	373.5
Foreign exchange and other reserves	(157.1)	-	-	(1.2)	(158.3)
Changes in non-controlling interests	(3,314.1)	-	-	-	(3,314.1)
Retained earnings	3,573.1	61.7	-	(17.0)	3,617.8
Total equity attributable to owners of the Parent	**2,344.4**	**61.7**	**-**	**(18.2)**	**2,387.9**
Non-controlling interests	245.0	9.2	-	(1.7)	252.5
Total equity	**2,589.4**	**70.9**	**-**	**(19.9)**	**2,640.4**
Non-current liabilities					
Long-term borrowings	1,276.2	-	-	-	1,276.2
Provision for staff retirement indemnities	224.3	-	-	-	224.3
Provision for youth account	129.9	-	-	-	129.9
Contract liabilities	-	(9.7)	32.0	-	22.3
Deferred tax liabilities	30.6	-	-	-	30.6
Other non-current liabilities	130.8	-	(32.0)	-	98.8
Total non-current liabilities	**1,791.8**	**(9.7)**	**-**	**-**	**1,782.1**
Current liabilities					
Trade accounts payable	1,154.3	-	-	-	1,154.3
Short-term portion of long-term borrowings	764.5	-	-	-	764.5
Income tax payable	41.6	-	-	-	41.6
Contract liabilities	-	1.8	128.3	-	130.1
Deferred revenue	128.3	-	(128.3)	-	-
Provision for voluntary leave schemes	139.3	-	-	-	139.3
Dividends payable	0.4	-	-	-	0.4
Other current liabilities	492.6	-	-	-	492.6
Total current liabilities	**2,721.0**	**1.8**	**-**	**-**	**2,722.8**
TOTAL EQUITY AND LIABILITIES	**7,102.2**	**63.0**	**-**	**(19.9)**	**7,145.3**

STATEMENT OF FINANCIAL POSITION	COMPANY				
	Balances IAS 18/ IAS 11/ IAS 39	IFRS 15 Adjustments	IFRS 15 Reclassifications	IFRS 9 Adjustments	Balances IFRS 15/ IFRS 9
	31/12/2017				01/01/2018
ASSETS					
Non-current assets					
Property, plant and equipment	1,239.2	-	-	-	1,239.2
Telecommunication licenses	4.4	-	-	-	4.4
Other intangible assets	255.5	-	-	-	255.5
Investments	3,426.7	-	-	-	3,426.7
Loans to pension funds	82.5	-	-	-	82.5
Deferred tax assets	117.0	(1.9)	-	-	115.1
Contract costs	-	4.4	-	-	4.4
Other non-current assets	73.0	-	-	-	73.0
Total non-current assets	**5,198.3**	**2.5**	**-**	**-**	**5,200.8**
Current assets					
Inventories	12.4	-	-	-	12.4
Trade receivables	357.1	-	-	(12.0)	345.1
Other financial assets	16.8	-	-	-	16.8
Contract assets	-	2.4	-	-	2.4
Other current assets	154.5	-	-	-	154.5
Cash and cash equivalents	185.6	-	-	-	185.6
Total current assets	**726.4**	**2.4**	**-**	**(12.0)**	**716.8**
TOTAL ASSETS	**5,924.7**	**4.9**	**-**	**(12.0)**	**5,917.6**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Parent					
Share capital	1,387.1	-	-	-	1,387.1
Share premium	496.4	-	-	-	496.4
Treasury shares	(14.5)	-	-	-	(14.5)
Statutory reserve	373.5	-	-	-	373.5
Foreign exchange and other reserves	(11.4)	-	-	(0.4)	(11.8)
Retained earnings	727.1	12.8	-	(11.6)	728.3
Total equity attributable to owners of the Parent	**2,958.2**	**12.8**	**-**	**(12.0)**	**2,959.0**
Total equity	**2,958.2**	**12.8**	**-**	**(12.0)**	**2,959.0**
Non-current liabilities					
Long-term borrowings	1,004.4	-	-	-	1,004.4
Provision for staff retirement indemnities	189.9	-	-	-	189.9
Provision for youth account	129.9	-	-	-	129.9
Contract liabilities	-	(9.7)	126.2	-	116.5
Other non-current liabilities	207.1	-	(126.2)	-	80.9
Total non-current liabilities	**1,531.3**	**(9.7)**	**-**	**-**	**1,521.6**
Current liabilities					
Trade accounts payable	392.3	-	-	-	392.3
Short-term borrowings	163.0	-	-	-	163.0
Short-term portion of long-term borrowings	378.4	-	-	-	378.4
Income tax payable	12.7	-	-	-	12.7
Contract liabilities	-	1.8	73.3	-	75.1
Deferred revenue	73.3	-	(73.3)	-	-
Provision for voluntary leave schemes	139.3	-	-	-	139.3
Dividends payable	0.4	-	-	-	0.4
Other current liabilities	275.8	-	-	-	275.8
Total current liabilities	**1,435.2**	**1.8**	**-**	**-**	**1,437.0**
TOTAL EQUITY AND LIABILITIES	**5,924.7**	**4.9**	**-**	**(12.0)**	**5,917.6**

STATEMENT OF FINANCIAL POSITION	GROUP		
	Balances IFRS 15 31/12/2018	IFRS 15 Adjustments	Balances IAS 18/ IAS 11 31/12/2018
ASSETS			
Non-current assets			
Property, plant and equipment	2,741.1	-	2,741.1
Goodwill	446.9	-	446.9
Telecommunication licenses	448.5	-	448.5
Other intangible assets	432.2	-	432.2
Investments	0.1	-	0.1
Loans to pension funds	79.2	-	79.2
Deferred tax assets	254.8	12.0	266.8
Contract costs	50.2	(50.2)	-
Other non-current assets	115.8	-	115.8
Total non-current assets	**4,568.8**	**(38.2)**	**4,530.6**
Current assets			
Inventories	82.0	-	82.0
Trade receivables	606.0	-	606.0
Other financial assets	5.1	-	5.1
Contract assets	36.4	(36.4)	-
Other current assets	245.5	-	245.5
Restricted cash	2.9	-	2.9
Cash and cash equivalents	1,084.7	-	1,084.7
Total current assets	**2,062.6**	**(36.4)**	**2,026.2**
Assets of disposal group classified as held for sale	68.5	(0.4)	68.1
TOTAL ASSETS	**6,699.9**	**(75.0)**	**6,624.9**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,387.1	-	1,387.1
Share premium	496.7	-	496.7
Treasury shares	(108.5)	-	(108.5)
Statutory reserve	383.3	-	383.3
Foreign exchange and other reserves	(122.8)	-	(122.8)
Changes in non-controlling interests	(3,314.1)	-	(3,314.1)
Retained earnings	3,611.5	(71.6)	3,539.9
Total equity attributable to owners of the Parent	**2,333.2**	**(71.6)**	**2,261.6**
Non-controlling interests	241.5	(12.9)	228.6
Total equity	**2,574.7**	**(84.5)**	**2,490.2**
Non-current liabilities			
Long-term borrowings	1,280.6	-	1,280.6
Provision for staff retirement indemnities	186.9	-	186.9
Provision for youth account	120.9	-	120.9
Contract liabilities	50.8	(50.8)	-
Deferred tax liabilities	23.7	-	23.7
Other non-current liabilities	87.8	61.2	149.0
Total non-current liabilities	**1,750.7**	**10.4**	**1,761.1**
Current liabilities			
Trade accounts payable	1,034.0	-	1,034.0
Short-term portion of long-term borrowings	548.0	-	548.0
Income tax payable	25.5	-	25.5
Contract liabilities	122.0	(122.0)	-
Deferred revenue	-	121.1	121.1
Provision for voluntary leave schemes	141.1	-	141.1
Dividends payable	0.9	-	0.9
Other current liabilities	464.3	-	464.3
Total current liabilities	**2,335.8**	**(0.9)**	**2,334.9**
Liabilities of disposal group classified as held for sale	38.7	-	38.7
TOTAL EQUITY AND LIABILITIES	**6,699.9**	**(75.0)**	**6,624.9**

STATEMENT OF FINANCIAL POSITION	COMPANY		
	Balances IFRS 15 31/12/2018	IFRS 15 Adjustments	Balances IAS 18/ IAS 11 31/12/2018
ASSETS			
Non-current assets			
Property, plant and equipment	1,296.4	-	1,296.4
Telecommunication licenses	3.6	-	3.6
Other intangible assets	224.5	-	224.5
Investments	3,245.2	-	3,245.2
Loans to pension funds	79.2	-	79.2
Deferred tax assets	88.3	2.0	90.3
Contract costs	4.0	(4.0)	-
Other non-current assets	77.0	-	77.0
Total non-current assets	**5,018.2**	**(2.0)**	**5,016.2**
Current assets			
Inventories	11.5	-	11.5
Trade receivables	294.5	-	294.5
Other financial assets	2.3	-	2.3
Contract assets	1.9	(1.9)	-
Other current assets	214.9	-	214.9
Cash and cash equivalents	292.9	-	292.9
Total current assets	**818.0**	**(1.9)**	**816.1**
TOTAL ASSETS	**5,836.2**	**(3.9)**	**5,832.3**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,387.1	-	1,387.1
Share premium	496.7	-	496.7
Treasury shares	(108.5)	-	(108.5)
Statutory reserve	383.3	-	383.3
Foreign exchange and other reserves	(13.0)	-	(13.0)
Retained earnings	743.3	(13.2)	730.1
Total equity attributable to owners of the Parent	**2,888.9**	**(13.2)**	**2,875.7**
Total equity	**2,888.9**	**(13.2)**	**2,875.7**
Non-current liabilities			
Long-term borrowings	1,270.4	-	1,270.4
Provision for staff retirement indemnities	154.5	-	154.5
Provision for youth account	120.9	-	120.9
Contract liabilities	110.9	(110.9)	-
Other non-current liabilities	66.3	121.3	187.6
Total non-current liabilities	**1,723.0**	**10.4**	**1,733.4**
Current liabilities			
Trade accounts payable	425.3	-	425.3
Short-term portion of long-term borrowings	278.6	-	278.6
Income tax payable	13.1	-	13.1
Contract liabilities	73.4	(73.4)	-
Deferred revenue	-	72.3	72.3
Provision for voluntary leave schemes	141.1	-	141.1
Dividends payable	0.8	-	0.8
Other current liabilities	292.0	-	292.0
Total current liabilities	**1,224.3**	**(1.1)**	**1,223.2**
TOTAL EQUITY AND LIABILITIES	**5,836.2**	**(3.9)**	**5,832.3**

INCOME STATEMENT	GROUP			
	IFRS 15	IFRS 15 Adjustments	Reclassifications	IAS 18/ IAS 11
	2018			2018
Revenue				
Fixed business:				
Retail services revenues	1,162.6	9.3	-	1,171.9
Wholesale services revenues	662.9	(0.1)	-	662.8
Other revenues	308.1	(4.3)	-	303.8
Total revenues from fixed business	**2,133.6**	**4.9**	**-**	**2,138.5**
Mobile business:				
Service revenues	1,247.3	35.6	-	1,282.9
Handset revenues	268.3	(44.3)	-	224.0
Other revenues	23.4	-	-	23.4
Total revenues from mobile business	**1,539.0**	**(8.7)**	**-**	**1,530.3**
Miscellaneous other revenues	**126.1**	**(1.9)**	**-**	**124.2**
Total revenues	**3,798.7**	**(5.7)**	**-**	**3,793.0**
Other operating income	**83.0**	**-**	**-**	**83.0**
Operating expenses				
Interconnection and roaming costs	(550.8)	-	-	(550.8)
Provision for doubtful accounts	(150.1)	1.6	-	(148.5)
Personnel costs	(563.7)	(5.7)	-	(569.4)
Costs related to voluntary leave schemes	(51.0)	-	-	(51.0)
Commission costs	(95.9)	(0.9)	(48.4)	(145.2)
Merchandise costs	(367.3)	-	48.4	(318.9)
Maintenance and repairs	(94.1)	-	-	(94.1)
Marketing	(83.7)	-	-	(83.7)
Other operating expenses, out of which:	(674.2)	(3.7)	-	(677.9)
Rental, leasing and facility costs	*(216.5)*	-	-	*(216.5)*
Third party fees and services	*(150.6)*	-	-	*(150.6)*
Other taxes and regulatory charges	*(65.7)*	-	-	*(65.7)*
Construction cost network	*(0.4)*	-	-	*(0.4)*
Other sundry operating expenses	*(241.0)*	*(3.7)*	-	*(244.7)*
Total operating expenses before depreciation, amortization and impairment	**(2,630.8)**	**(8.7)**	**-**	**(2,639.5)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**1,250.9**	**(14.4)**	**-**	**1,236.5**
Depreciation, amortization and impairment	(755.7)	-	-	(755.7)
Operating profit before financial and investing activities	**495.2**	**(14.4)**	**-**	**480.8**
Income and expense from financial and investing activities				
Interest and related expenses	(86.1)	-	-	(86.1)
Interest income	2.4	-	-	2.4
Foreign exchange differences, net	(0.3)	-	-	(0.3)
Gains / (losses) from investments and other financial assets - Impairment	2.2	-	-	2.2
Total loss from financial and investing activities	**(81.8)**	**-**	**-**	**(81.8)**
Profit before tax	**413.4**	**(14.4)**	**-**	**399.0**
Income tax	(165.8)	1.1	-	(164.7)
Profit for the year from continuing operations	**247.6**	**(13.3)**	**-**	**234.3**
Losses from discontinued operations	(81.7)	(0.3)	-	(82.0)
Profit for the year	**165.9**	**(13.6)**	**-**	**152.3**
Attributable to:				
Owners of the parent	175.0	(9.9)	-	165.1
Non-controlling interests	(9.1)	(3.7)	-	(12.8)
Profit for the year	**165.9**	**(13.6)**	**-**	**152.3**

INCOME STATEMENT	COMPANY		
	IFRS 15	IFRS 15 Adjustments	IAS 18/ IAS 11
	2018		2018
Revenue			
Fixed business:			
Retail services revenues	916.8	3.6	920.4
Wholesale services revenues	327.1	(0.1)	327.0
Other revenues	228.7	(1.5)	227.2
Total revenues from fixed business	**1,472.6**	**2.0**	**1,474.6**
Mobile business:			
Handset revenues	34.0	-	34.0
Total revenues from mobile business	**34.0**	**-**	**34.0**
Miscellaneous other revenues	**76.0**	**(2.1)**	**73.9**
Total revenues	**1,582.6**	**(0.1)**	**1,582.5**
Other operating income	**14.0**	**-**	**14.0**
Operating expenses			
Interconnection and roaming costs	(101.2)	-	(101.2)
Provision for doubtful accounts	(34.2)	(0.8)	(35.0)
Personnel costs	(247.5)	-	(247.5)
Costs related to voluntary leave schemes	(39.1)	-	(39.1)
Commission costs	(20.6)	0.4	(20.2)
Merchandise costs	(67.7)	-	(67.7)
Maintenance and repairs	(34.8)	-	(34.8)
Marketing	(24.1)	-	(24.1)
Other operating expenses, out of which:	(376.1)	-	(376.1)
Rental, leasing and facility costs	*(107.9)*	-	*(107.9)*
Third party fees and services	*(151.1)*	-	*(151.1)*
Other taxes and regulatory charges	*(22.7)*	-	*(22.7)*
Other sundry operating expenses	*(94.4)*	-	*(94.4)*
Total operating expenses before depreciation, amortization and impairment	**(945.3)**	**(0.4)**	**(945.7)**
Operating profit before financial and investing activities, depreciation, amortization and impairment	**651.3**	**(0.5)**	**650.8**
Depreciation, amortization and impairment	(312.5)	-	(312.5)
Operating profit before financial and investing activities	**338.8**	**(0.5)**	**338.3**
Income and expense from financial and investing activities			
Interest and related expenses	(66.5)	-	(66.5)
Interest income	3.0	-	3.0
Foreign exchange differences, net	0.5	-	0.5
Dividend income	30.0	-	30.0
Gains / (losses) from investments and other financial assets - Impairment	2.4	-	2.4
Total loss from financial and investing activities	**(30.6)**	**-**	**(30.6)**
Profit before tax	**308.2**	**(0.5)**	**307.7**
Income tax	(111.9)	0.1	(111.8)
Profit for the year	**196.3**	**(0.4)**	**195.9**

5. 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
31/12/2016							
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**
Additions and transfers	-	4.7	476.6	35.3	364.5	105.3	986.4
Disposals and transfers - cost	(0.5)	(20.6)	(455.1)	(58.3)	(352.5)	(94.7)	(981.7)
Disposals and transfers - accumulated depreciation	-	19.2	454.8	58.0	-	-	532.0
Exchange differences - cost	-	0.1	17.5	0.9	0.3	-	18.8
Exchange differences - accumulated depreciation	-	(0.1)	(15.7)	(0.9)	-	-	(16.7)
Depreciation charge for the year - impairment	-	(31.6)	(462.3)	(25.6)	-	-	(519.5)
Discontinued operations - cost (see Note 9)	(0.6)	(12.3)	(346.0)	(14.0)	(8.6)	-	(381.5)
Discontinued operations - accumulated depreciation (see Note 9)	-	11.8	337.0	13.6	-	-	362.4
Net book value 31/12/2018	**43.2**	**295.8**	**1,888.9**	**116.0**	**318.0**	**79.2**	**2,741.1**
31/12/2018							
Cost	43.2	956.2	12,659.2	502.2	318.0	79.2	14,558.0
Accumulated depreciation	-	(660.4)	(10,770.3)	(386.2)	-	-	(11,816.9)
Net book value 31/12/2018	**43.2**	**295.8**	**1,888.9**	**116.0**	**318.0**	**79.2**	**2,741.1**

In line "Depreciation charge for the year – impairment" an amount of Euro 37.1 and an amount of Euro 36.3 relates to discontinued operations for the years 2018 and 2017, respectively.

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

As at December 31, 2018, a value in use impairment test was performed by TELEKOM ROMANIA based on the following assumptions:

Assumptions 2018 – TELEKOM ROMANIA	
Discount rate	7.7%
Average rate of revenue increase	2.5%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2019 - 2028)	10.3%-20.4%

Based on the result of the impairment test as of December 31, 2018, no impairment losses were identified in the carrying amount of TELEKOM ROMANIA's assets (December 31, 2017: Impairmaint loss of Euro 55.5).

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 cash generating unit. As of December 31, 2018, the recoverable amount for this cash generating unit when compared to the respective carrying value indicates that limited headroom exists and possible negative change in the assumptions used would result in the reduction of the carrying amount of TELEKOM ROMANIA's assets.

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 limited 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 an impairment loss of approximately Euro 60.0.

Property, plant and equipment includes investment property of Euro 56.3 as of December 31, 2018 (December 31, 2017: Euro 60.3), the fair value of which amounts to Euro 249.1 (December 31, 2017: Euro 236.0). 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, 2018 and 2017 by the Group as part of the cost of qualifying assets amount to Euro 5.0 and Euro 6.0, respectively. The amounts were calculated based on an average rate of capitalization which was 3.3% and 4.5% for the year ended December 31, 2018 and 2017, respectively.

COMPANY	BUILDINGS	TELECOM EQUIPMENT	FIXTURES, FURNITURE & TRANSPORTATION	CONSTRUCTION IN PROGRESS	INVESTMENT SUPPLIES	TOTAL
<u>31/12/2016</u>						
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**
<u>31/12/2017</u>						
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**
Additions and transfers	2.1	192.3	16.8	119.8	93.1	424.1
Disposals and transfers - cost	-	(141.0)	(41.0)	(105.7)	(81.2)	(368.9)
Disposals and transfers - accumulated depreciation	-	140.4	41.0	-	-	181.4
Depreciation charge for the year - impairment	(6.9)	(167.0)	(5.5)	-	-	(179.4)
Net book value 31/12/2018	**34.8**	**1,010.7**	**29.3**	**155.1**	**66.5**	**1,296.4**
<u>31/12/2018</u>						
Cost	110.7	7,958.2	126.4	155.1	66.5	8,416.9
Accumulated depreciation	(75.9)	(6,947.5)	(97.1)	-	-	(7,120.5)
Net book value 31/12/2018	**34.8**	**1,010.7**	**29.3**	**155.1**	**66.5**	**1,296.4**

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

Borrowing costs capitalized during the year ended December 31, 2018 and 2017 by OTE as part of the cost of qualifying assets amount to Euro 5.0 and Euro 5.8, respectively. The amounts were calculated based on an average rate of capitalization which was 3.3% and 4.5% for the year ended December 31, 2018 and 2017 respectively.

6. GOODWILL

Goodwill is analyzed as follows:

GROUP	2018	2017
Carrying value January 1	**447.1**	**507.0**
Foreign exchange differences	(0.2)	(1.1)
Impairment	-	(58.8)
Carrying value December 31	**446.9**	**447.1**

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.
In line "Impairment" an amount of Euro 57.4 for the year 2017 relates to discontinued operations.

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

Cash generating unit	2017	Foreign exchange differences	2018
COSMOTE Group - Greece	376.6	-	376.6
COSMOTE Group - Romania	70.5	(0.2)	70.3
TOTAL	**447.1**	**(0.2)**	**446.9**

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 2018	COSMOTE Group-Greece	COSMOTE Group-Romania
Discount rate	7.9%	7.7%
Average rate of revenue increase	0.6%	1.2%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2019 -2028)	34.7%-37.9%	15.2%-19.4%

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

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, 2018, no impairment losses were identified in the recorded amount of goodwill for COSMOTE Group - Greece.

As of December 31, 2018, 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, 2018, no impairment losses were identified in the recorded amount of goodwill for COSMOTE Group - Romania.

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 cash generating unit. As of December 31, 2018, the recoverable amount for this cash generating unit approximates the respective carrying value and possible negative change in the assumptions used would 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 would approximate the respective carrying value. 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 an impairment loss of approximately Euro 50.0.

7. TELECOMMUNICATION LICENSES

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

The movement of telecommunication licenses is as follows:

GROUP	2018	2017
December 31		
Cost	1,001.3	919.5
Accumulated amortization	(477.7)	(428.2)
Net book value December 31	**523.6**	**491.3**
Additions	3.1	86.9
Transfers, cost	6.3	3.7
Transfers, accumulated amortization	-	(0.8)
Exchange differences, cost	2.9	(8.6)
Exchange differences, accumulated amortization	(0.7)	4.6
Write-offs, cost	-	(0.2)
Write-offs, accumulated amortization	-	0.2
Amortization charge for the year - impairment	(74.0)	(53.5)
Discontinued operations – cost (see Note 9)	(48.1)	-
Discontinued operations - accumulated amortization (see Note 9)	35.4	-
Net book value December 31	**448.5**	**523.6**
December 31		
Cost	965.5	1,001.3
Accumulated amortization	(517.0)	(477.7)
Net book value December 31	**448.5**	**523.6**

In the line "Amortization charge for the year - impairment" an amount of Euro 22.1 and Euro 2.8 relates to discontinued operations for the years 2018 and 2017, respectively.

COMPANY	2018	2017
December 31		
Cost	12.6	11.3
Accumulated amortization	(8.2)	(7.6)
Net book value December 31	**4.4**	**3.7**
Additions	-	1.3
Amortization charge for the year	(0.8)	(0.6)
Net book value December 31	**3.6**	**4.4**
December 31		
Cost	12.6	12.6
Accumulated amortization	(9.0)	(8.2)
Net book value December 31	**3.6**	**4.4**

8. OTHER INTANGIBLE ASSETS

Other intangible assets are analyzed as follows:

GROUP	SOFTWARE	TV RIGHTS	BRAND NAME	OTHER	TOTAL
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**
Additions	69.3	81.9	-	0.2	151.4
Disposals and write-offs, cost	(0.4)	(152.3)	(34.9)	-	(187.6)
Disposals and write-offs, accumulated amortization	0.4	152.3	34.9	-	187.6
Transfers, cost	(0.9)	-	-	-	(0.9)
Exchange differences, cost	0.6	(0.3)	-	-	0.3
Exchange differences, accumulated amortization	(0.3)	0.1	-	-	(0.2)
Amortization charge for the year - impairment	(75.4)	(108.4)	(34.6)	(3.6)	(222.0)
Discontinued operations – cost (see Note 9)	(10.6)	-	-	-	(10.6)
Discontinued operations - accumulated amortization (see Note 9)	10.0	-	-	-	10.0
Net book value 31/12/2018	**141.9**	**160.0**	**101.4**	**28.9**	**432.2**
31/12/2018					
Cost	1,029.1	407.6	314.7	155.8	1,907.2
Accumulated amortization	(887.2)	(247.6)	(213.3)	(126.9)	(1,475.0)
Net book value 31/12/2018	**141.9**	**160.0**	**101.4**	**28.9**	**432.2**

In the line “Amortization charge for the year - impairment” an amount of Euro 0.6 relates to discontinued operations for the years 2018 and 2017.

COMPANY	SOFTWARE	TV RIGHTS	TOTAL
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**
Additions and transfers	36.5	64.8	101.3
Disposals and write-offs, cost	-	(152.3)	(152.3)
Disposals and write-offs, accumulated amortization	-	152.3	152.3
Amortization charge for the year	(39.2)	(93.1)	(132.3)
Net book value 31/12/2018	**82.2**	**142.3**	**224.5**
31/12/2018			
Cost	448.8	298.1	746.9
Accumulated amortization	(366.6)	(155.8)	(522.4)
Net book value 31/12/2018	**82.2**	**142.3**	**224.5**

There are no intangible assets with indefinite useful life as of December 31, 2018 and 2017.

By the decision No. 19563/2018/11-01-2019 of the Minister of Digital Policy, Telecommunications and Media (paragraph 3, article 29 of law 4487/2017), the investment plan titled "ETEROS EGO-CHAMENES PSICHES" was approved, for the reinforcement of the above investment plan, with the incentive of the government grant.

The total budget of the eligible expenditure amounts to Euro 856,150.00 (absolute amount).

The amount of the government grant equals 35% of the total eligible expenditure budget, i.e. to the amount of Euro 299.652,50 (absolute amount).

The amount of the government grant will be determined exactly after the finalization of the implementation of the investment plan and the completion of the audit of the investment plan.

9. INVESTMENTS - DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Investments are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
(a) Investments in subsidiaries	-	-	3,245.1	3,426.6
(b) Other investments	0.1	0.1	0.1	0.1
TOTAL	**0.1**	**0.1**	**3,245.2**	**3,426.7**

(a) Investments in subsidiaries are analyzed as follows:

	OTE's direct ownership interest	Country of incorporation	2018	2017
COSMOTE	100.00%	Greece	2,763.5	2,763.3
COSMOTE PAYMENTS	100.00%	Greece	0.4	-
OTE INTERNATIONAL INVESTMENTS LTD	100.00%	Cyprus	284.9	284.9
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	72.6	193.2
OTE GLOBE	100.00%	Greece	102.2	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			**3,245.1**	**3,426.6**

NEW ENTITY

On June 5, 2018, COSMOTE PAYMENTS was established. The entity is wholly owned by OTE.

CAPITAL REDUCTION OF SUBSIDIARIES

OTE GLOBE proceeded to share capital reduction by an amount of Euro 61.5, which reduced by an equal amount, the carrying value of OTE's investment. The relative amount has been received by OTE in the year 2018.

OTE ESTATE proceeded to share capital reduction by an amount of Euro 120.6, which reduced by an equal amount, the carrying value of OTE's investment. The relative amount has not been received by OTE as of December 31, 2018.

IMPAIRMENT TEST

The impairment test was performed based on the following assumptions:

Assumptions 2018 – TELEKOM ROMANIA	
Discount rate	7.7%
Average rate of revenue increase	2.5%
Operating profit before financial and investing activities, depreciation, amortization and impairment, margin (2019 - 2028)	10.3%-20.4%

Based on the result of the impairment test as of December 31, 2018, no impairment losses were identified in the recorded amount of investment.

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 cash generating unit. As of December 31, 2018, the recoverable amount for this cash generating unit when compared to the respective carrying value indicates that limited headroom exists and possible negative change in the assumptions used would result in the reduction of the recorded amount of investment.

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 limited 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 a reduction of the recorded amount of investment of approximately Euro 35.0.

DIVIDEND INCOME

The dividend income is analyzed as follows:

	2018	2017
OTESAT-MARITEL	-	0.6
OTE GLOBE	-	21.0
OTE ESTATE	30.0	105.0
TOTAL	**30.0**	**126.6**

NON-CONTROLLING INTERESTS

The Group's non-controlling interests amount to Euro 241.5 as of December 31, 2018 (December 31, 2017: Euro 245.0), out of which an amount of Euro 239.4 relates to TELEKOM ROMANIA (December 31, 2017: Euro 241.9), 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	2018	2017
Non-current assets	507.6	462.0
Current assets	367.7	423.1
Total assets	**875.3**	**885.1**
Total equity	520.5	526.0
Non-current liabilities	42.4	21.5
Current liabilities	312.4	337.6
Total equity and liabilities	**875.3**	**885.1**

Income statement	2018	2017
Total revenues	**579.5**	**607.7**
Other operating income	60.6	38.0
Total operating expenses before depreciation, amortization and impairment	(553.1)	(560.4)
Operating profit before financial and investing activities, depreciation, amortization and impairment	**87.0**	**85.3**
Depreciation, amortization and impairment	(103.4)	(174.8)
Operating loss before financial and investing activities	**(16.4)**	**(89.5)**
Total loss from financial and investing activities	(2.9)	(6.7)
Loss before tax	**(19.3)**	**(96.2)**
Income tax	(0.3)	0.2
Loss for the year	**(19.6)**	**(96.0)**

Cash flow statement	2018	2017
Net cash flows from / (used in) operating activities	103.0	(1.4)
Net cash flows used in investing activities	(130.2)	(139.4)
Net cash flows from financing activities	2.1	-
Net decrease in cash and cash equivalents	**(25.1)**	**(140.8)**

SALE OF HELLAS-SAT

In 2013, the Group sold its stake in HELLAS-SAT. Included in the separate and consolidated income statement of 2018 in the line "Gains / (losses) from investments and other financial assets – Impairment", is a gain of Euro 2.6, relating to the reversal of a provision regarding that sale. As of December 31, 2018, there are no remaining provisions in relation to that sale (see Note 23).

DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

AGREEMENT FOR THE SALE OF TELEKOM ALBANIA

On January 16, 2019, the Group announced the signing of an agreement to sell its entire stake in TELEKOM ALBANIA to the Bulgarian company, Albania Telecom Invest AD, for a total consideration of Euro 50.0.

Taking into account the provisions of IFRS 5, this disposal group meets the criteria for classification as held for sale and, therefore, in the consolidated statement of financial position as of December 31, 2018 its assets and liabilities are presented separately from other assets and liabilities of the Group in the line items "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", respectively. Furthermore, the operations of this disposal group represent a separate geographical area of operations for the Group (mobile telecommunication services in Albania) and a separate cash generating unit. As a result, its operations for the year 2018, have been treated as discontinued operations. The income statements, the statements of cash flows and the related notes for prior periods have been restated to conform to this presentation.

In the cash flow statement, the cash flows from the operating, investing and financing activities of this disposal group have been separated from the rest cash flows of the Group and reported as single line items under each activity.

The assets and liabilities of the disposal group classified as held for sale, after the elimination of intercompany balances, as of December 31, 2018, are as follows:

	2018
Assets	
Property, plant and equipment	19.1
Telecommunication licenses	12.7
Other intangible assets	0.6
Other non-current assets	2.0
Total non-current assets	**34.4**
Other current assets	26.6
Cash and cash equivalents	7.5
Total current assets	**34.1**
Total Assets	**68.5**
Liabilities	
Non-current liabilities	1.6
Current liabilities	37.1
Total Liabilities	**38.7**

Condensed income statements of the disposal group classified as held for sale (discontinued operations) for the periods presented are included in the table below (after the elimination of intercompany transactions):

	2018	2017
Total revenues from mobile business	62.3	59.9
Other revenues	-	0.3
Total revenues	**62.3**	**60.2**
Other operating income	0.1	-
Total operating expenses before depreciation, amortization and impairment	(52.4)	(54.3)
Operating profit before financial and investing activities, depreciation, amortization and impairment	**10.0**	**5.9**
Depreciation, amortization and impairment	(59.8)	(97.1)
Operating loss before financial and investing activities	**(49.8)**	**(91.2)**
Foreign exchange differences, net	(31.4)	(6.7)
Income and expense from other financial and investing activities	(0.4)	(0.3)
Total loss from financial and investing activities	**(31.8)**	**(7.0)**
Loss before tax	**(81.6)**	**(98.2)**
Income tax	(0.1)	(4.1)
Loss for the year	**(81.7)**	**(102.3)**
Other comprehensive income after tax	38.4	9.0
Total comprehensive loss after tax	**(43.3)**	**(93.3)**

OTE does not have a direct participation in TELEKOM ALBANIA and therefore the above described transaction does not affect the separate financial statements of the Company.

10. OTHER NON-CURRENT ASSETS

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Loans and advances to employees	52.0	51.3	52.0	51.2
Guarantees	5.9	5.9	0.5	0.4
Other advanced payments / prepayments	34.4	40.0	-	-
Loans to group companies (see Note 28)	-	-	14.7	14.7
Other receivables from related parties (see Note 28)	-	-	9.6	6.7
Other	23.5	14.9	0.2	-
TOTAL	**115.8**	**112.1**	**77.0**	**73.0**

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 1.62% and 1.37% for 2018 and 2017, respectively.

The total outstanding amount of the loans that the Company granted to its subsidiaries OTE RURAL NORTH and OTE RURAL SOUTH as of December 31, 2018 is Euro 14.7 (December 31, 2017: Euro 29.0), out of which Euro nil (December 31, 2017: Euro 14.3) has been classified in the line "Other financial assets" (see Note 13).

11. INVENTORIES

Inventories are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Merchandise	69.4	77.9	9.9	10.7
Other materials	12.6	13.4	1.6	1.7
TOTAL	**82.0**	**91.3**	**11.5**	**12.4**

12. TRADE RECEIVABLES

Trade receivables are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Subscribers / Customers	1,403.8	1,591.3	684.6	755.2
Due from related parties (see Note 28)	24.2	28.9	80.2	116.2
Unbilled revenue	70.5	94.5	25.3	33.2
	1,498.5	**1,714.7**	**790.1**	**904.6**
Less:				
Allowance for doubtful accounts	(892.5)	(995.0)	(495.6)	(547.5)
TOTAL	**606.0**	**719.7**	**294.5**	**357.1**

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Balance at January 1	(995.0)	(910.6)	(547.5)	(527.0)
Charge for the year	(148.5)	(106.2)	(35.0)	(20.5)
Write-offs	258.0	20.0	98.9	-
Catch-up IFRS 9 (see Note 4)	(19.9)	-	(12.0)	-
Held for sale	14.6	(0.1)	-	-
Foreign exchange differences	(1.7)	1.9	-	-
Balance at December 31	**(892.5)**	**(995.0)**	**(495.6)**	**(547.5)**

The income statement line "Provision for doubtful accounts" for the year 2018 also includes charges related to the impairment of contract assets.

The aging analysis of trade receivables is as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Not impaired and not past due	453.3	508.5	248.7	262.8
Not impaired and past due:				
Up to 30 days	65.4	84.8	23.6	34.9
Between 31 and 180 days	48.5	89.1	11.3	52.9
Between 181 and 360 days	12.7	15.5	4.5	2.3
More than 360 days	26.1	21.8	6.4	4.2
TOTAL	**606.0**	**719.7**	**294.5**	**357.1**

13. OTHER FINANCIAL ASSETS

Other financial assets are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Financial Assets at fair value through profit or loss	5.1	5.9	2.3	2.5
Loans to group companies (see Notes 10, 28)	-	-	-	14.3
	5.1	**5.9**	**2.3**	**16.8**

The movement of other financial assets is analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Balance at January 1	5.9	5.6	16.8	9.4
Transfer from other non-current assets	-	-	-	8.1
Sales – maturities of financial assets	(0.4)	(0.2)	-	-
Repayment of loans receivable	-	-	(14.3)	(1.1)
Gain / (losses) - Impairment of financial assets	-	0.1	-	-
Foreign exchange differences	-	(0.1)	-	-
Fair value adjustments through profit or loss	(0.4)	-	(0.2)	-
Fair value adjustments through other comprehensive income	-	0.5	-	0.4
Balance at December 31	**5.1**	**5.9**	**2.3**	**16.8**

14. OTHER CURRENT ASSETS

Other current assets are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Loans to Auxiliary fund, short-term portion (see Note 20)	7.0	7.0	7.0	7.0
Due from OTE Leasing customers (see Note 29)	25.5	25.5	25.5	25.5
Loans and advances to employees	3.6	2.1	1.9	1.7
Income tax receivable (see Note 22)	49.4	22.8	7.7	7.7
Other prepayments	72.6	58.9	25.5	17.6
Receivable from dividends and share capital Reduction (see Note 28)	-	-	120.6	71.6
Guaranteed receipt from Grantor (Financial assets model)	15.3	38.0	-	-
Other receivables from taxes not relating to income tax	24.8	43.8	2.5	3.2
Other receivables from related parties (see Note 28)	1.2	0.9	1.4	0.8
Other	46.1	60.3	22.8	19.4
TOTAL	**245.5**	**259.3**	**214.9**	**154.5**

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Cash in hand	20.7	21.8	12.1	12.4
Short-term bank deposits	1,064.0	1,275.9	280.8	173.2
TOTAL	**1,084.7**	**1,297.7**	**292.9**	**185.6**

16. SHARE CAPITAL – SHARE PREMIUM – TREASURY SHARES

OTE's share capital as of December 31, 2018, amounted to Euro 1,387.1 (December 31, 2017: 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, 2018 and 2017 amounted to Euro 496.7 and Euro 496.4, respectively.

The following is an analysis of the ownership of OTE's shares as of December 31, 2018:

Shareholder	Number of shares	Percentage %
DEUTSCHE TELEKOM AG	220,567,676	45.00%
Hellenic State	4,901,507	1.00%
EFKA (refers only to the transfer of 4% from the Hellenic State)	19,606,015	4.00%
Free float	234,864,121	47.92%
Treasury shares	10,211,070	2.08%
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, 2018	1,343,110	14.5
Own shares acquired during the year	8,890,960	94.2
Own shares transferred during the year	(23,000)	(0.2)
Own shares as at December 31, 2018	**10,211,070**	**108.5**

On December 19, 2018 the Extraordinary General Meeting of Shareholders decided the cancellation of the total of 10,211,070 own shares. The cancellation process was not completed as of December 31, 2018.

17. 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, 2018 and 2017, this reserve amounted to Euro 383.3 and Euro 373.5 respectively. This statutory reserve cannot be distributed to shareholders.

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Reserve for available for sale financial assets	-	1.6	-	0.5
Deferred taxes on available for sale financial assets	-	(0.4)	-	(0.1)
Foreign currency translation	(110.4)	(147.3)	-	-
Cumulative amount of actuarial losses recognized in equity	(21.4)	(21.4)	(23.0)	(22.2)
Deferred taxes on cumulative amount of actuarial losses recognized in equity	9.9	10.4	10.0	10.4
Other	(0.9)	-	-	-
TOTAL	**(122.8)**	**(157.1)**	**(13.0)**	**(11.4)**

Foreign currency translation includes an amount of Euro 25.8 which relates to TELEKOM ALBANIA.

Retained earnings include undistributed taxed profits as well as untaxed and specially taxed reserves which, upon distribution, will be subject to income tax. The retained earnings for the Group and the Company as of December 31, 2018 amounted to Euro 3,611.5 and Euro 743.3 respectively (December 31, 2017: Euro 3,573.1 and Euro 727.1 respectively).

18. DIVIDENDS

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.

On June 12, 2018, the General Assembly of OTE's Shareholders approved the distribution of dividend of a total amount of Euro 171.5 or Euro 0.352880 (in absolute amount) per share. The amount of dividends payable for the Group and the Company as of December 31, 2018 amounted to Euro 0.9 and Euro 0.8 respectively (December 31, 2017: Euro 0.4 and Euro 0.4).

Based on the current projection for free cash flow for 2019, the estimated aggregate shareholder remuneration will reach an amount of Euro 350.0 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 0.46 (in absolute amount) per share (corresponding to the number of shares in circulation of 479,939,319, as the aforementioned number of shares had been formed following the decision of the Extraordinary General Assembly of the Shareholders of December 19, 2018 for the cancellation of the total number of own shares held by the Company at that time and consequent decrease of the share capital) or a total amount of Euro 220.8. It is noted that the cancellation process of the aforementioned own shares before the competent authorities, following the above mentioned decision of the Extraordinary Assembly of the Shareholders, was not completed as of December 31, 2018. Finally, it is noted that if the Company acquires new own shares until the Company's Annual General Assembly of the Shareholders of the current year which will approve the distribution of the dividend, the dividends corresponding to these own shares will increase the dividend of the other shareholders according to the law.

This proposed distribution will be subject to the pronouncements of the law 4548/2018 and the prevailing tax legislation.

19. LONG-TERM AND SHORT–TERM BORROWINGS

LONG – TERM BORROWINGS

Long-term borrowings are analyzed as follows:

GROUP	2018	2017
(a) Bank loans	385.4	407.8
(b) Global Medium-Term Note Programme of OTE PLC	1,443.2	1,632.9
Total long-term debt	**1,828.6**	**2,040.7**
Short-term portion of long-term debt	(548.0)	(764.5)
Long-term borrowings	**1,280.6**	**1,276.2**

(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")

In September 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.

In September 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)

In July 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.

In October 2017, COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 EBRD Loan. The EBRD Loan is a syndicated facility (structured as an A/B loan) and has a maximum tenor of 3.5 years with semi-annual repayment schedule.

On January 23, 2018 COSMOTE proceeded with the drawdown of the full amount under the Euro 150.0 EIB Loan. The EIB loan has a tenor of 7 years, with semi-annual repayment schedule.

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 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).

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.

Financial Covenants

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

(c) 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

(d) 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.

TELEKOM ROMANIA Facility

In December 2018, TELEKOM ROMANIA and Unicredit Tiriac Bank signed a Facility for an amount of RON 28.0 (equivalent to Euro 6.0). As of December 31, 2018 an amount of Euro 2.1 was outstanding.

(b) Global Medium Term-Note Programme

OTE PLC has established a Global Medium-Term Note ("GMTN") Programme, guaranteed by OTE. The notes that are issued under the GMTN Programme and traded in the secondary market, are listed in the Luxembourg Stock Exchange.

On February 7, 2018, OTE PLC fully repaid at maturity Euro 590.3 Notes under the GMTN Programme.

On July 18, 2018, OTE PLC issued under the GMTN Programme, Euro 400.0 Notes, with a 4 years tenor.

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

Description	Rate	Maturity	2017		2018				
			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	Euribor+3.50%	16/09/2019	226.0	224.6	-	(113.0)	1.1	113.0	112.7
BSTDB loan Euro 50.0	Euribor+2.50%	16/09/2019	33.3	33.2	-	(16.6)	-	16.7	16.6
EBRD loan Euro 65.0	Euribor+2.90%	09/07/2020	65.0	65.0	-	(21.7)	-	43.3	43.3
TELEKOM ROMANIA Facility	Robor+1.4%	30/09/2020	-	-	2.1	-	-	2.1	2.1
EBRD loan Euro 85.0	Euribor+2.95%	12/01/2021	85.0	85.0	-	(24.3)	-	60.7	60.7
EIB loan Euro 150.0	2.805%	23/01/2025	-	-	150.0	-	-	150.0	150.0
(b) Global Medium-Term Note Programme of OTE PLC									
Euro 700.0 notes	7.875%	07/02/2018	590.3	590.1	-	(590.3)	0.2	-	-
Euro 350.0 notes	4.375%	02/12/2019	350.0	346.8	-	-	1.6	350.0	348.4
Euro 700.0 notes	3.500%	09/07/2020	700.0	696.0	-	-	1.5	700.0	697.5
Euro 400.0 notes	2.375%	18/07/2022	-	-	400.0	-	(2.7)	400.0	397.3
			2,049.6	**2,040.7**	**552.1**	**(765.9)**	**1.7**	**1,835.8**	**1,828.6**

For the Group, as of December 31, 2018, the short-term portion of long term borrowings for EBRD loans, for BSTDB loan, for EIB loan, for the GMTN Programme of OTE PLC and for TELEKOM ROMANIA Facility amounts to Euro 158.6, Euro 16.6, Euro 23.1, Euro 348.4 and Euro 1.3, respectively.

Cost of debt

The weighted average cost of debt of the Group's long-term borrowings in Euro, for the years ended December 31, 2018 and 2017 was approximately 3.9% and 5.4%, respectively.

COMPANY	2018	2017
(a) Bank loans	129.3	257.8
(b) Intercompany loans	1,419.7	1,125.0
Total long-term debt	**1,549.0**	**1,382.8**
Short-term portion of long-term borrowings	(278.6)	(378.4)
Long-term borrowings	**1,270.4**	**1,004.4**

The outstanding balance of intercompany loans as of December 31, 2018 for the Company amounted to Euro 1,419.7 (December 31, 2017: Euro 1,125.0), out of which an amount of Euro 1,304.7 have been granted by OTE PLC and an amount of Euro 115.0 have been granted by TELEKOM ALBANIA.

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

Description	Maturity	2017		2018				
		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	226.0	224.6	-	(113.0)	1.1	113.0	112.7
BSTDB loan Euro 50.0	16/09/2019	33.3	33.2	-	(16.6)	-	16.7	16.6
b) Intercompany loans								
Euro 250.0 loan	07/02/2018	250.0	249.9	-	(250.0)	0.1	-	-
Euro 150.0 loan	02/12/2019	150.0	148.6	-	-	0.7	150.0	149.3
Euro 75.0 loan	27/05/2020	-	-	75.0	-	-	75.0	75.0
Euro 70.0 loan	10/06/2020	-	-	70.0	-	-	70.0	70.0
Euro 30.6 loan	23/06/2020	30.6	30.6	-	-	-	30.6	30.6
Euro 700.0 loan	09/07/2020	700.0	695.9	-	-	1.6	700.0	697.5
Euro 400.0 loan	18/07/2022	-	-	400.0	-	(2.7)	400.0	397.3
		1,389.9	**1,382.8**	**545.0**	**(379.6)**	**0.8**	**1,555.3**	**1,549.0**

For the Company, as of December 31, 2018, the short-term portion of long term borrowings for EBRD loan, for BSTDB loan and for the intercompany loans to OTE PLC amounts to Euro 112.7, Euro 16.6 and Euro 149.3 respectively.

SHORT – TERM BORROWINGS

GROUP

The Group's outstanding balance of short-term borrowings as of December 31, 2018 amounted to Euro nil (December 31, 2017: Euro nil).

The analysis of short- term loans is as follows:

Description	Maturity date	2017	2018		
		Book value	New loans	Repayments/ Prepayments	Book value
TELEKOM ROMANIA MOBILE Credit line	21/04/2019	-	18.2	(18.2)	-
		-	**18.2**	**(18.2)**	**-**

COMPANY

The outstanding balance of short-term borrowings as of December 31, 2018 for the Company amounted to Euro nil (December 31, 2017: Euro 163.0).
The analysis of short- term loans is as follows:

Description	Maturity date	2017	2018		
		Book value	New loans	Repayments/ Prepayments	Book value
Euro 163.0 loan	17/01/2018	163.0	-	(163.0)	-
Euro 50.0 loan	29/11/2018	-	50.0	(50.0)	-
Euro 50.0 loan	06/12/2018	-	50.0	(50.0)	-
Euro 50.0 loan	13/12/2018	-	50.0	(50.0)	-
Euro 50.0 loan	20/12/2018	-	50.0	(50.0)	-
Euro 60.0 loan	15/01/2019	-	60.0	(60.0)	-
Euro 60.0 loan	22/01/2019	-	60.0	(60.0)	-
Euro 60.0 loan	29/01/2019	-	60.0	(60.0)	-
		163.0	**380.0**	**(543.0)**	**-**

20. 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 equal installments per year. 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 2018 amounted to Euro 99.7 for the Group and Euro 69.4 for the Company (2017: Euro 128.7 and Euro 72.4, respectively) and are included in "Personnel costs" in the income statement.

(b) Auxiliary pension fund

The Auxiliary Fund Lump-Sum Payment 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

Loans to pension funds are analyzed as follows:

GROUP and COMPANY	2018	2017
Interest bearing loan to Auxiliary Pension Fund (law 3371/2005)	76.4	79.7
Interest-free loan to Auxiliary Pension Fund (law 3762/2009)	9.8	9.8
TOTAL	**86.2**	**89.5**
Interest bearing loan to Auxiliary Pension Fund (law 3371/2005)	6.3	6.3
Interest-free loan to Auxiliary Pension Fund (law 3762/2009)	0.7	0.7
Short-term portion (See Note 14)	**7.0**	**7.0**
Long-term portion	**79.2**	**82.5**

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 payments 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 2018, an amount of Euro 3.1 was unwinded (2017: Euro 3.2).

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 payments 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 2018, an amount of Euro 0.7 was unwinded (2017: Euro 0.8).

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

On March 22, 2018 a new Collective Labor Agreement (CLA) was signed, amending, among others, the indemnity payable in case of retirement.

According to the new CLA, the benefit to be provided on retirement is calculated as follows:

a) For employees joined OTE prior to June 10, 1999, the indemnity is equal to the lesser amount between 100% of the maximum liability and Euro 0.03 (annually adjusted according to the inflation rate) plus 9 months' salary.
b) For employees joined OTE from June 10, 1999 until July 14, 2005, the indemnity is equal to the lesser amount between 100% of the maximum liability and Euro 0.03 (annually adjusted according to the inflation rate) plus 7 months' salary.
c) For employees who joined OTE from July 15, 2005, the indemnity payable will be equal to 40% of the retirement indemnity as provided in law 4093/2012.

As result of the amendment, a reversal of current service cost of Euro 33.4 was recognized in the consolidated and separate income statement and is included in the line "Personnel costs", and in the consolidated and separate statement of financial position in the line "Provision for staff retirement indemnities".

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	
	2018	2017	2018	2017
Current service cost	7.0	10.9	5.3	9.1
Reversal of current service cost - new OTE CLA	(33.4)	-	(33.4)	-
Recognition of past service cost, settlement, curtailment	(3.8)	(1.1)	-	(0.1)
P&L effect recorded in "Personnel costs"	**(30.2)**	**9.8**	**(28.1)**	**9.0**
P&L effect recorded in "Interest and related expenses"	3.5	3.9	2.6	2.9
Total P&L effect	**(26.7)**	**13.7**	**(25.5)**	**11.9**

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Defined benefit obligation - beginning of the year	224.3	227.6	189.9	192.2
Current service cost	7.0	10.9	5.3	9.1
Reversal of current service cost - new OTE CLA	(33.4)	-	(33.4)	-
Recognition of past service cost, settlement, curtailment	(3.8)	(1.1)	-	(0.1)
Interest cost	3.5	3.9	2.6	2.9
Actuarial losses / (gains)	1.0	(9.0)	1.0	(7.7)
Foreign exchange differences	-	(0.4)	-	-
Usage of provision for voluntary leave schemes participants	(10.0)	(6.4)	(9.6)	(5.7)
Benefits paid	(1.7)	(1.2)	(1.3)	(0.8)
Defined benefit obligation - end of the year	**186.9**	**224.3**	**154.5**	**189.9**

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Discount rate	1.6% - 4.9%	1.6% - 4.4%	1.6%	1.7%
Assumed rate of future salary changes	0.52% – 2.67%	0.0% – 2.5%	0.52% – 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 10.9%. 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 13.0%. If the rate for salary increases was 0.5% higher, then the defined benefit obligation for staff retirement indemnities for the Company would increase by about 3.6%. If the rate for salary increases was 0.5% lower, then the past service liabilities for staff retirement indemnities for the Company would decrease by about 3.6%. The average duration of the liabilities in respect of the staff retirement indemnities for the Company as at the valuation date is equal to 12.4 years. The maximum benefit payments expected to take place in 2019 for the Company amount to Euro 14.0.

(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 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 analyzed as follows:

	2018			2017		
GROUP and COMPANY	Post employment benefit	Other long-term benefit	TOTAL	Post employment benefit	Other long-term benefit	TOTAL
Current service cost	1.4	1.2	2.6	1.6	1.2	2.8
Actuarial (gains)/ losses	-	(0.3)	(0.3)	-	(0.7)	(0.7)
P&L effect recorded in "Personnel costs "	**1.4**	**0.9**	**2.3**	**1.6**	**0.5**	**2.1**
P&L effect recorded in "Interest and related expenses"	0.5	0.2	0.7	0.6	0.1	0.7
Total P&L effect	**1.9**	**1.1**	**3.0**	**2.2**	**0.6**	**2.8**

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

	2018			2017		
GROUP and COMPANY	Post employment benefit	Other long-term benefit	TOTAL	Post employment benefit	Other long-term benefit	TOTAL
Defined benefit obligation - beginning of the year	48.5	23.5	**72.0**	56.0	26.5	**82.5**
Current service cost	1.4	1.2	**2.6**	1.6	1.2	**2.8**
Interest cost	0.5	0.2	**0.7**	0.6	0.1	**0.7**
Actuarial (gains)/ losses	(0.2)	(0.3)	**(0.5)**	(1.9)	(0.7)	**(2.6)**
Benefits paid	(7.1)	(3.5)	**(10.6)**	(7.8)	(3.6)	**(11.4)**
Defined benefit obligation - end of the year	**43.1**	**21.1**	**64.2**	**48.5**	**23.5**	**72.0**
Employee's accumulated contributions			**56.7**			**57.9**
Liability in the statement of financial position			**120.9**			**129.9**

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

GROUP and COMPANY	2018	2017
Discount rate	1.08%	0.9%
Assumed rate of future salary changes	0.52% - 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 4.7%. If the discount rate used in the valuation was 1% lower, then the defined benefit obligation for Youth Account would increase by about 5.2%. If the rate for salary increases was 0.5% higher, then the defined benefit obligation for Youth Account would increase by about 3.2%. If the rate for salary increases was 0.5% lower, then the defined benefit obligation for Youth Account would decrease by about 3.1%. The average duration of the liabilities in respect of the Youth Account as at the valuation date is equal to 6.1 years. The maximum benefits payments expected to take place in 2019 for the Company amount to Euro 8.4.

Risks

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

Voluntary Leave Schemes

OTE voluntary leave schemes

In 2018, OTE implemented voluntary leave schemes, the respective cost of which amounted to Euro 37.2 (2017: Euro 24.2). Furthermore, OTE's cost related to prior voluntary leave schemes amounted to Euro 1.9 (2017: Euro 3.5).

Group voluntary leave schemes

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

	2018	2017
OTE (as described above)	39.1	27.7
COSMOTE Group - Greece	4.8	5.5
COSMOTE Group - Romania	1.0	1.7
TELEKOM ROMANIA	5.8	15.3
OTHER	0.3	1.5
Costs related to voluntary leave schemes	**51.0**	**51.7**

Amounts paid during 2018, in relation to voluntary leave schemes were Euro 60.9 for the Group and Euro 50.5 for the Company (2017: Euro 65.2 and Euro 38.6, respectively).

IKA-ETAM

Based on article 3 of the F/10051/27177/2174 Ministerial Decision issued in 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 took place on October 4, 2018 and the decision is pending.

21. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Asset retirement obligation	9.4	10.2	-	-
Deferred revenue	5.2	34.8	5.2	19.4
Long-term liabilities to related parties	-	-	-	109.7
Liability for TV broadcasting rights	61.3	76.4	55.8	75.3
Other	11.9	9.4	5.3	2.7
TOTAL	**87.8**	**130.8**	**66.3**	**207.1**

22. INCOME TAXES – DEFERRED TAXES

The corporate income tax rate of legal entities in Greece is set at 29% for fiscal year 2018, but according to Article 23 of Law 4579/2018, it will be gradually reduced by 1% per annum as follows:

- 28% for fiscal year 2019
- 27% for fiscal year 2020
- 26% for fiscal year 2021
- 25% for fiscal year 2022 and onwards

The corporate income tax rate of legal entities is set in Romania at 16% and in Albania at 15%.

Due to the gradual decrease in the following years of the income tax rate in Greece, the reassesment of deferred tax assets and liabilities resulted in a deferred income tax expense of Euro 28.1 and Euro 10.3 for the Group and the Company, respectively.

From January 1, 2014 and onwards, intragroup dividends distributed within the EU 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 2017, 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 2018 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	2018
COSMOTE	2010, 2018
OTE INTERNATIONAL INVESTMENTS LTD	2012 – 2018
COSMO-ONE	2018
OTE PLC	2014 – 2018
OTESAT-MARITEL	2018
OTE PLUS	2010, 2018
OTE ESTATE	2018
OTE GLOBE	2010, 2018
OTE INSURANCE	2018
OTE ACADEMY	2018
COSMOTE TV PRODUCTIONS	2018
TELEKOM ROMANIA	2017, 2018
NEXTGEN	2008 – 2018
TELEKOM ALBANIA	2017, 2018
TELEKOM ROMANIA MOBILE	2013 – 2018
GERMANOS	2018
COSMOTE E-VALUE	2010, 2018
MOBILBEEEP LTD	2011 – 2018
E-VALUE LTD	2018
COSMOHOLDING INTERNATIONAL B.V.	2014 – 2018
E-VALUE INTERNATIONAL S.A.	2014 – 2018
OTE RURAL NORTH	2014 – 2018
OTE RURAL SOUTH	2014 – 2018
COSMOTE PAYMENTS	2018
COSMOTE GLOBAL SOLUTIONS S.A.	2018

- 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 relevant tax audits for OTE and OTESAT-MARITEL have not started yet. The respective tax audits for GERMANOS and OTE GLOBE are in progress. The tax audit for COSMOTE was completed and additional taxes and surcharges were imposed to the company amounting to Euro 1.9. The company has appealed against this decision. The completion of the audit did not have any impact for the Group.
- 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 TELEKOM ROMANIA MOBILE for the years 2013 - 2016 is in progress.
- GERMANOS TELECOM ROMANIA S.A. and SUNLIGHT ROMANIA S.R.L FILIALA were absorbed in 2017 by TELEKOM ROMANIA MOBILE. Both companies were not audited for the tax years 2013 - 2017.
- ZAPP was absorbed in 2017 by TELEKOM ROMANIA MOBILE. ZAPP was not audited for the tax years 2016 - 2017.
- The tax audit for TELEKOM ROMANIA for the years 2011 - 2016 was completed and the tax authorities initially imposed additional taxes and fines amounting to Euro 19.7. TELEKOM ROMANIA submitted an appeal which had a positive outcome for the company. The tax audit findings corresponding to Euro 17.7 of additional taxes and fines were permanently cancelled whereas the amount of Euro 2.0 will be subject to reverification by a future audit. The final tax liability of the company was reduced to an amount of Euro 0.1.
- COSMO-ONE, OTE INSURANCE, OTE ACADEMY, COSMOTE TV PRODUCTIONS, MOBILBEEEP LTD and E-VALUE LTD, have not been audited by the tax authorities for the fiscal year 2010. In principal, fiscal year 2010 is considered closed for tax audit purposes.
- COSMOHOLDING ROMANIA LTD has been audited by the tax authorities within 2018 for all of its open tax years. The tax audit was completed without any impact for the company.

The current income tax expense of the Group for 2018 includes a positive effect amounted to Euro 63.6 related to deductible investment losses, which relates to an investment liquidated during the year, for which no deferred tax asset was previously recognized.

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, 2018 and 2017 are as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Current income tax	125.4	171.5	85.5	78.8
Deferred income tax – Effect due to change in the income tax rates	28.1	-	10.3	-
Deferred income tax	12.3	(19.8)	16.1	13.4
Discontinued operations – Deferred income tax	-	(4.1)	-	-
Total income tax	**165.8**	**147.6**	**111.9**	**92.2**

A reconciliation between the income tax expense and the accounting profit before tax multiplied by tax rates in force in Greece (2018: 29%, 2017: 29%) is as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Profit before tax	**413.4**	**272.7**	**308.2**	**318.8**
Statutory tax rate	29%	29%	29%	29%
Tax at statutory rate	**119.9**	**79.1**	**89.4**	**92.5**
Non-taxable and specially taxed income	-	-	(8.7)	(36.7)
Effect of different tax rates in foreign countries	16.4	23.5	-	-
Effect of changes to tax rates	28.1	-	10.3	-
Expenses non-deductible for tax purposes	52.2	57.6	20.9	19.0
Impairment loss in investments / goodwill, non-deductible	-	-	-	17.4
Utilisation of previously unrecognized tax losses	(63.6)	(23.3)	-	-
Taxable dividends from subsidiaries	7.2	-	-	-
Items for which no deferred tax asset is recognized	6.4	11.3	-	-
Other	(0.8)	(0.6)	-	-
Income tax	**165.8**	**147.6**	**111.9**	**92.2**

Income tax payable for the Group and the Company as of December 31, 2018 amounted to Euro 25.5 and Euro 13.1, respectively (December 31, 2017: Euro 41.6 and Euro 12.7, respectively).

Income tax receivable for the Group and the Company as of December 31, 2018 amounted to Euro 49.4 and Euro 7.7, respectively (December 31, 2017: Euro 22.8 and Euro 7.7 respectively) and is recorded under “Other current assets” (see Note 14).

In 2018, the Company in accordance with the law 3905/2010, formed a non-taxable reserve of 113,482.7 Euro (absolute amount) which relates to the Company’s obligation to invest in cinema film production.

Deferred taxes are analyzed as follows:

	Statement of financial position		Catch up IFRS 15/ IFRS 9	Income statement	
GROUP	2018	2017	2018	2018	2017
Voluntary leave schemes	35.4	40.5	-	(5.1)	(0.2)
Staff retirement indemnities	43.6	61.2	-	(17.6)	1.9
Youth account	16.7	20.9	-	(3.7)	(2.5)
Employee benefits	13.1	16.7	-	(3.6)	(0.8)
Property, plant and equipment	109.2	125.4	-	(16.2)	2.1
Provisions	77.8	86.7	-	(8.9)	(9.4)
Tax losses	37.3	45.0	-	(7.7)	19.8
Deferred income	16.7	15.7	-	1.0	(0.1)
Other	10.9	10.6	-	0.3	1.4
Deferred tax asset (before offset)	**360.7**	**422.7**			
Offset of deferred tax liabilities	(105.9)	(109.2)			
Deferred tax asset (after offset)	**254.8**	**313.5**			
Property, plant and equipment	(57.8)	(61.8)	-	4.0	0.3
Capitalized interest	(12.0)	(15.4)	-	3.4	1.2
Loan fees	-	-	-	-	0.3
Fair value adjustment on acquisition of subsidiaries	(35.8)	(49.1)	-	13.3	8.0
Other	(24.0)	(13.5)	(10.9)	0.4	(2.2)
Deferred tax liabilities (before offset)	**(129.6)**	**(139.8)**			
To be offset against deferred tax asset	105.9	109.2			
Deferred tax liabilities (after offset)	**(23.7)**	**(30.6)**			
Deferred tax income / (expense)				**(40.4)**	**19.8**
Deferred tax assets, net	**231.1**	**282.9**			

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.

	Statement of financial position		Catch up IFRS 15/ IFRS 9	Income statement	
COMPANY	2018	2017	2018	2018	2017
Voluntary leave schemes	35.4	40.5	-	(5.1)	(0.2)
Staff retirement indemnities	38.2	54.8	-	(16.7)	1.5
Youth account	16.7	20.9	-	(3.7)	(2.5)
Employee benefits	13.0	16.6	-	(3.6)	(0.8)
Provisions	53.9	60.4	-	(6.5)	(12.1)
Deferred income	2.1	1.0	-	1.1	(0.3)
Deferred tax assets (before offset)	**159.3**	**194.2**			
Offset of deferred tax liabilities	(71.0)	(77.2)			
Deferred tax assets (after offset)	**88.3**	**117.0**			
Property, plant and equipment	(51.6)	(55.3)	-	3.7	1.3
Capitalized interest	(12.0)	(15.4)	-	3.4	1.2
Loan fees	-	-	-	-	0.3
Other	(7.4)	(6.5)	(1.9)	1.0	(1.8)
Deferred tax liabilities (before offset)	**(71.0)**	**(77.2)**			
To be offset against deferred tax assets	71.0	77.2			
Deferred tax liabilities (after offset)	**-**	**-**			
Deferred tax income / (expense)				**(26.4)**	**(13.4)**
Deferred tax assets, net	**88.3**	**117.0**			

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Deferred tax asset (net) – beginning of the year	282.9	266.2	117.0	133.3
Deferred tax charged to the income statement	(40.4)	19.8	(26.4)	(13.4)
Deferred tax through other comprehensive income	(0.5)	(3.1)	(0.4)	(2.9)
Catch up IFRS 15 / IFRS 9	(10.9)	-	(1.9)	-
Deferred tax asset (net) - end of the year	**231.1**	**282.9**	**88.3**	**117.0**

The recoverability of deferred tax is analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Deferred tax assets (before offset) to be recovered:				
After more than 12 months	316.3	380.3	142.3	176.0
Within 12 months	44.4	42.4	17.0	18.2
Deferred tax liabilities (before offset) to be recovered:				
After more than 12 months	(112.5)	(126.2)	(70.7)	(73.3)
Within 12 months	(17.1)	(13.6)	(0.3)	(3.9)
Deferred tax asset (net)	**231.1**	**282.9**	**88.3**	**117.0**

The Group does not recognize deferred tax asset on the following accumulated tax losses of its 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
2019	30.2
2020	9.5
2021	4.2
2022	2.5
2023	31.1
2024 and onwards	97.7
TOTAL	175.2

23. OTHER CURRENT LIABILITIES

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Employer contributions	30.2	31.5	18.3	18.7
Payroll	72.6	75.4	34.2	38.4
Other taxes - duties	123.9	144.6	66.2	60.6
Interest payable	22.1	36.7	19.7	26.3
Provisions for litigation and other liabilities	145.9	124.1	127.4	109.3
Customer advances	6.7	8.0	-	-
Unpaid portion for spectrum licenses	-	13.5	-	-
Provisions related to the disposal of assets / subsidiaries	22.1	28.7	-	6.6
Other	40.8	30.1	26.2	15.9
TOTAL	**464.3**	**492.6**	**292.0**	**275.8**

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Balance at January 1	124.1	125.7	109.3	111.6
Addition during the year	24.1	3.0	18.1	1.4
Utilized	-	(4.0)	-	(3.7)
Unused amounts reversed	(2.3)	(0.6)	-	-
Balance at December 31	**145.9**	**124.1**	**127.4**	**109.3**

24. OTHER OPERATING INCOME

Other operating income is analyzed as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Gain from disposal of property, plant and equipment	49.1	19.2	2.1	1.9
Income from contract penalties	13.8	9.9	5.9	0.3
Income from investment property	6.7	7.6	-	-
Income from related parties (see Note 28)	0.2	0.4	3.5	3.0
Other	13.2	14.3	2.5	2.9
TOTAL	**83.0**	**51.4**	**14.0**	**8.1**

25. EARNINGS PER SHARE

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

Earnings per share are analyzed as follows:

GROUP	2018	2017
Profit attributable to owners of the parent	**175.0**	**67.2**
Profit for the year from continuing operations (attributable to owners of the parent)	256.5	169.3
Loss for the year from discontinued operations (attributable to owners of the parent)	(81.5)	(102.1)
Weighted average number of shares for basic earnings per share	485,358,850	488,815,769
Weighted average number of shares adjusted for the effect of dilutions	485,358,850	488,815,769
Basic earnings / (losses) per share	**0.3606**	**0.1375**
From continuing operations	0.5285	0.3464
From discontinued operations	(0.1679)	(0.2089)
Diluted earnings / (losses) per share	**0.3606**	**0.1375**
From continuing operations	0.5285	0.3464
From discontinued operations	(0.1679)	(0.2089)

(Earnings / (losses) per share are in absolute amounts)

26. CONTRACT BALANCES

The following table provides information about contract costs, contract assets and contract liabilities from contract with customers:

	GROUP		COMPANY	
	31/12/2018	01/01/2018	31/12/2018	01/01/2018
Contract costs (short-term portion)	32.1	31.0	2.5	2.7
Contract costs (long-term portion)	18.1	9.9	1.5	1.7
Total contract costs	**50.2**	**40.9**	**4.0**	**4.4**
Contract assets (short-term portion)	25.0	24.7	1.9	2.2
Contract assets (long-term portion)	11.4	8.3	-	0.2
Total contract assets	**36.4**	**33.0**	**1.9**	**2.4**
Total assets	**86.6**	**73.9**	**5.9**	**6.8**
Contract liabilities (short-term portion)	122.0	130.1	73.4	75.1
Contract liabilities (long-term portion)	50.8	22.3	110.9	116.5
Total liabilities	**172.8**	**152.4**	**184.3**	**191.6**

The revenue recognized in the current reporting period that was included in the contract liability balance at the beginning of the period amounts to Euro 130.1 for the Group and Euro 75.1 for the Company.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the current reporting period and will be recognized as revenues in the future periods (2019 and onwards) amounts to Euro 172.8 for the Group and Euro 184.3 for the Company.

27. 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, 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 and Romania.
- TELEKOM ROMANIA is a provider of fixed-line services, internet access services, ICT services and TV services in Romania.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Intersegment revenues are generally reported at values that approximate third-party selling prices. Management evaluates segment performance based on operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, 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:

2018	OTE	COSMOTE Group – Greece	COSMOTE Group - Romania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Retail services revenues (fixed business)	915.5	-	-	247.1	-	1,162.6	-	1,162.6
Service revenues (mobile business)	-	925.6	281.9	39.8	-	1,247.3	-	1,247.3
Revenue from the sale of goods and merchandise	36.5	143.3	72.9	37.3	2.6	292.6	-	292.6
Other revenues	517.4	5.1	28.2	225.3	320.2	1,096.2	-	1,096.2
External revenue	**1,469.4**	**1,074.0**	**383.0**	**549.5**	**322.8**	**3,798.7**	**-**	**3,798.7**
Revenues from discontinued operations	0.1	4.2	-	-	1.2	5.5	(5.5)	-
Intersegment revenue	113.1	148.0	90.0	30.0	130.4	511.5	(511.5)	-
Total revenues	**1,582.6**	**1,226.2**	**473.0**	**579.5**	**454.4**	**4,315.7**	**(517.0)**	**3,798.7**
Operating profit before financial and investing activities, depreciation, amortization and impairment	651.3	427.2	27.9	87.0	58.2	1,251.6	(0.7)	1,250.9
Costs related to voluntary leave schemes	(39.1)	(4.8)	(1.0)	(5.8)	(0.3)	(51.0)	-	(51.0)
Other restructuring costs and non-recurring litigations	(0.3)	-	(14.6)	-	-	(14.9)	-	(14.9)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	690.7	432.0	43.5	92.8	58.5	1,317.5	(0.7)	1,316.8
Depreciation, amortization and impairment	(312.5)	(218.2)	(96.4)	(103.4)	(26.2)	(756.7)	1.0	(755.7)
Operating profit / (loss) before financial and investing activities	338.8	209.0	(68.5)	(16.4)	32.0	494.9	0.3	495.2
Dividend income	30.0	24.9	-	-	-	54.9	(54.9)	-
Interest income	3.0	39.2	0.1	0.3	56.6	99.2	(96.8)	2.4
Interest and related expenses	(64.0)	(22.9)	(38.1)	(2.5)	(55.4)	(182.9)	96.8	(86.1)
Interest expenses from discontinued operations	(2.5)	(1.4)	-	-	-	(3.9)	3.9	-
Income tax	(111.9)	(24.0)	(2.8)	(0.3)	(26.8)	(165.8)	-	(165.8)
Profit / (loss) for the year from continuing operations	196.3	224.5	(109.8)	(19.6)	6.9	298.3	(50.7)	247.6
Purchase of property plant and equipment and intangible assets	345.8	176.7	46.4	130.2	20.8	719.9	-	719.9

2018	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets from continuing operations	2,591.0	2,623.1	717.4	875.3	2,228.9	9,035.7	(2,404.3)	6,631.4
Segment liabilities from continuing operations	2,831.4	1,173.4	323.7	354.8	1,807.5	6,490.8	(2,404.3)	4,086.5

2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Retail services revenues (fixed business)	903.1	-	-	288.1	-	1,191.2	-	1,191.2
Service revenues (mobile business)	-	941.9	299.6	34.8	-	1,276.3	-	1,276.3
Revenue from the sale of goods and merchandise	34.0	107.0	75.2	25.9	1.4	243.5	-	243.5
Other revenues	516.0	14.2	18.7	228.4	308.6	1,085.9	-	1,085.9
External revenue	**1,453.1**	**1,063.1**	**393.5**	**577.2**	**310.0**	**3,796.9**	**-**	**3,796.9**
Revenues from discontinued operations	0.1	3.6	-	-	1.4	5.1	(5.1)	-
Intersegment revenue	130.6	135.6	71.4	30.5	140.2	508.3	(508.3)	-
Total revenues	**1,583.8**	**1,202.3**	**464.9**	**607.7**	**451.6**	**4,310.3**	**(513.4)**	**3,796.9**
Operating profit before financial and investing activities, depreciation, amortization and impairment	645.7	398.5	55.2	85.3	56.9	1,241.6	(5.0)	1,236.6
Costs related to voluntary leave schemes	(27.7)	(5.5)	(1.7)	(15.3)	(1.5)	(51.7)	-	(51.7)
Other restructuring costs and non-recurring litigations	(4.2)	-	(1.3)	(1.3)	-	(6.8)	-	(6.8)
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes and other restructuring costs and non-recurring litigations	677.6	404.0	58.2	101.9	58.4	1,300.1	(5.0)	1,295.1
Depreciation, amortization and impairment	(324.9)	(223.5)	(91.8)	(174.8)	(25.2)	(840.2)	0.3	(839.9)
Operating profit / (loss) before financial and investing activities	320.8	175.0	(36.6)	(89.5)	31.7	401.4	(4.7)	396.7
Dividend income	126.6	-	-	-	-	126.6	(126.6)	-
Interest income	2.5	43.7	0.1	0.1	101.7	148.1	(146.5)	1.6
Interest and related expenses	(86.5)	(49.1)	(45.6)	(6.0)	(98.4)	(285.6)	146.5	(139.1)
Interest expenses from discontinued operations	(2.7)	(1.0)	-	-	(0.8)	(4.5)	4.5	-
Income tax	(92.2)	(52.7)	11.3	0.2	(14.2)	(147.6)	-	(147.6)
Profit / (loss) for the year from continuing operations	226.6	115.7	(72.9)	(96.0)	18.5	191.9	(66.8)	125.1
Purchase of property plant and equipment and intangible assets	409.9	278.6	53.3	139.4	23.0	904.2	-	904.2

2017	OTE	COSMOTE Group - Greece	COSMOTE Group - Romania	COSMOTE Group - Albania	TELEKOM ROMANIA	OTHER	TOTAL	Elim.	GROUP
Segment assets	2,498.0	2,391.0	813.6	570.1	885.1	2,592.0	9,749.8	(2,647.6)	7,102.2
Segment liabilities	2,966.5	1,455.8	359.5	53.0	359.1	1,966.5	7,160.4	(2,647.6)	4,512.8

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 1,679.0 (2017: Euro 1,831.5) which is eliminated at Group level.

GEOGRAPHIC INFORMATION

Geographic information for the Group's revenues and operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations is as follows:

2018	Greece	Romania	Elim.	TOTAL
Total revenues	2,887.6	933.2	(22.1)	3,798.7
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	1,180.5	136.3	-	1,316.8

2017	Greece	Romania	Elim.	TOTAL
Total revenues	2,845.9	972.0	(21.0)	3,796.9
Operating profit before financial and investing activities, depreciation, amortization and impairment, costs related to voluntary leave schemes, other restructuring costs and non-recurring litigations	1,135.0	160.1	-	1,295.1

28. 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 45.00% 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, provides services and delivers goods 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:

	2018		2017	
	Sales OTE	Purchases OTE	Sales OTE	Purchases OTE
COSMOTE Group - Greece	93.5	149.4	101.0	127.5
COSMOTE Group - Albania	0.1	-	0.1	-
COSMOTE TV PRODUCTIONS	-	1.7	0.2	0.4
COSMO-ONE	0.1	0.5	-	0.6
OTESAT-MARITEL	0.4	0.2	0.1	0.2
OTE PLUS	-	1.6	-	2.0
OTE ESTATE	0.1	46.3	0.3	46.2
OTE INSURANCE	0.1	-	-	-
OTE GLOBE	15.2	48.0	13.6	55.9
OTE ACADEMY	-	2.5	0.2	4.2
TELEKOM ROMANIA	0.2	0.2	0.2	0.2
OTE RURAL NORTH	1.5	1.6	4.3	1.1
OTE RURAL SOUTH	2.0	3.5	10.7	1.6
DEUTSCHE TELEKOM group of companies (except for OTE Group)	19.3	4.3	11.2	4.1
TOTAL	**132.5**	**259.8**	**141.9**	**244.0**

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

	2018		2017	
	Group's sales	Group's purchases	Group's sales	Group's purchases
DEUTSCHE TELEKOM group of companies (except for OTE Group)	48.4	36.0	45.7	36.8
TOTAL	**48.4**	**36.0**	**45.7**	**36.8**

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

	Other operating income OTE	
	2018	2017
COSMOTE Group - Greece	2.9	2.6
OTE ESTATE	0.3	0.3
OTE ACADEMY	0.3	0.1
TOTAL	**3.5**	**3.0**

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	
	2018	2017
DEUTSCHE TELEKOM group of companies (except for OTE Group)	0.2	0.4
TOTAL	**0.2**	**0.4**

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

	2018		2017	
	Finance income OTE	Finance expense OTE	Finance income OTE	Finance expense OTE
OTE PLC	-	42.3	-	58.2
COSMOTE Group - Greece	0.3	-	0.1	-
COSMOTE Group - Albania	-	2.5	-	2.7
OTE RURAL NORTH	0.3	-	0.4	-
OTE RURAL SOUTH	0.5	-	0.6	-
TOTAL	**1.1**	**44.8**	**1.1**	**60.9**

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

	Dividend income OTE	
	2018	2017
OTESAT-MARITEL	-	0.6
OTE GLOBE	-	21.0
OTE ESTATE	30.0	105.0
TOTAL	**30.0**	**126.6**

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

	31/12/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
COSMOTE Group - Greece	64.0	183.7	77.8	181.6
COSMOTE Group - Romania	0.3	-	0.2	-
COSMOTE Group - Albania	0.2	-	0.1	-
COSMOTE TV PRODUCTIONS	-	1.3	0.2	0.2
COSMO-ONE	0.1	0.2	-	0.2
OTESAT-MARITEL	4.0	-	4.0	0.1
OTE PLUS	-	1.6	-	2.1
OTE ESTATE	122.0	1.5	51.7	1.2
OTE INSURANCE	0.1	-	-	-
OTE GLOBE	4.6	11.4	23.4	8.8
OTE ACADEMY	0.5	0.9	0.7	1.9
TELEKOM ROMANIA	1.3	0.1	0.9	0.1
OTE RURAL NORTH	2.0	0.3	11.1	0.1
OTE RURAL SOUTH	3.1	0.2	16.5	-
DEUTSCHE TELEKOM group of companies (except for OTE Group)	9.6	5.1	8.7	6.3
TOTAL	**211.8**	**206.3**	**195.3**	**202.6**

Amounts owed to OTE by OTE ESTATE include receivable from its share capital reduction amounted to Euro 120.6 (December 31, 2017: include dividends receivable amounting to Euro 50.0).

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:

	31/12/2018		31/12/2017	
	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)	26.3	70.9	29.8	83.7
TOTAL	**26.3**	**70.9**	**29.8**	**83.7**

Amounts owed to and by the Group from DEUTSCHE TELEKOM group of companies include Euro 0.9 and Euro 1.6, respectively, relating to discontinued operations.
Amounts owed to and by OTE relating to loans granted and received, are analyzed as follows:

	31/12/2018		31/12/2017	
	Amounts owed to OTE	Amounts owed by OTE	Amounts owed to OTE	Amounts owed by OTE
OTE PLC	-	1,322.2	-	1,239.5
COSMOTE Group - Greece	0.3	-	-	-
COSMOTE Group - Albania	-	115.9	-	72.1
OTE RURAL NORTH	6.2	-	10.6	-
OTE RURAL SOUTH	8.5	-	18.5	-
TOTAL	**15.0**	**1,438.1**	**29.1**	**1,311.6**

Amounts owed by OTE to OTE PLC and COSMOTE Group - Albania (TELEKOM ALBANIA) relating to loans include interest payable amounting to Euro 17.5 and Euro 0.9 respectively as of December 31, 2018 (December 31, 2017: OTE PLC Euro 22.5 and TELEKOM ALBANIA Euro 1.1).

Amounts owed to OTE by OTE RURAL NORTH and OTE RURAL SOUTH relating to loans include interest receivable amounting to Euro nil as of December 31, 2018 (December 31, 2017: Euro 0.1).

Key Management Personnel and those closely related to them are defined as related parties 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 6.9 and Euro 7.0 for the years 2018 and 2017, 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.

OTE PLUS
OTE PLUS provides consulting services of technical nature 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. COSMOTE Group invoices OTE with commissions for fixed connections made through sales channels of COSMOTE Group. 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 grants / receives loans to / from OTE and its subsidiaries.

OTE RURAL NORTH
OTE invoices OTE RURAL NORTH for broadband infrastructure development and has granted loans 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 loans 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).

29. 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 reliably estimated.

The most significant outstanding legal cases as at December 31, 2018, 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 following several postponements took place on April 26, 2018 and the Court's decision that was issued ordered the submission of an expert opinion on the matter.

Teledome S.A.: Teledome S.A. filed various lawsuits against OTE before the Athens Multimember Court of First Instance.

1. A 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 plus interest. OTE appealed against this decision. The hearing was held on May 3, 2018 and a decision was issued, which rejected OTE's appeal and made the decision of the Multimember Court of First Instance final.

2. A lawsuit claiming an amount of 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 an amount of 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. The hearing took place on September 27, 2018 and a decision was issued, which accepted OTE's appeal and rejected Teledome S.A. lawsuit.

3. A lawsuit claiming an amount of 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 claiming an amount of Euro 5.0 due to OTE's alleged tort. The case was heard on November 2, 2016 and a court decision was issued rejecting DEP INFO's lawsuit.
2. Evros Telecommunications S.A. filed a lawsuit against OTE claiming an amount of Euro 2.0 for alleged damages and customer base compensation. The case was heard on May 10, 2017 and was rejected by the court.

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 10.4 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 an amount of 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 a decision was issued, which dismissed the lawsuit as indeterminate. On October 18, 2018, FLT HELLAS METAFORIKH S.A. filed a new lawsuit with the same demands. The hearing 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.

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 hearing took place on November 8, 2018 and the decision is pending.

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 was scheduled to be heard, after a postponement, on October 25, 2018, however, on September 4, 2018, a declaration was served to OTE notifying the withdrawal of the said lawsuit.

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 an amount of 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 was scheduled to be heard, after a postponement, on November 15, 2018, however, on September 4, 2018, a declaration was served to OTE notifying the withdrawal of the said lawsuit.

Fines of HTPC against OTE (over Euro 0.5): HTPC has imposed various fines against OTE (an initial amount Euro 45.9 reduced through appeals to an amount of Euro 24.6) with a wide variety of thematic claims, as part of the Company's routine activity. OTE has appealed for the annulment of these fines.

On April 16, 2014, WIND had filed a complaint to HTPC against CYTA, OTE and COSMOTE upon the implementation by the said companies of telecommunications legislation in respect of the maintenance of the Registry provided for in Article 11 of Law 3471/2016. On November 16, 2016, a call to a hearing was notified to COSMOTE and OTE. HTPC referred the case to the Authority for the Protection of Personal Data ("PDPA"). On March 16, 2016, the PDPA issued a decision, according to which, inter alia: a) it ruled that the companies OTE and COSMOTE did not apply and still continue not to apply properly the provision of article 11, par.2 of Law 3471/2006, b) launched the administrative sanction of a warning to OTE and COSMOTE, in order to amend the subscriber Registry registration process that these companies follow. In addition, PDPA forwarded the case file to HTPC. In the meantime FORTHNET and MEDIATEL submitted similar complaints against OTE and COSMOTE before HTPC. VODAFONE intervened in the proceedings against OTE and COSMOTE. The hearing was held on February 21, 2017 and a memorandum and additional information was submitted. Due to a change in the composition of HTPC, HTPC invited the parties to a new repeat hearing on July 18, 2018, when it was held. The decision is pending.

On December 11, 2018, OTE and COSMOTE were notified of HTPC's request at a hearing to recalculate a sanction for violation of telecoms legislation regarding the failure to notify COSMOTE's subscription offer to subscribers who activated certain fixed-line packages. Following the appeals filed by WIND, VODAFONE and FORTHNET, the Athens Administrative Court of Appeal annulled the decision of HTPC and accepted that OTE had to seek approval from HTPC and not simply to make a prior announcement of the relevant offer. The hearing is scheduled for January 14, 2019.

WIND, VODAFONE and FORTHNET have been filed against the decisions of HTPC concerning the allocation of the net cost of universal service for the years 2010 and 2011. With these decisions of HTPC, The total cost for the universal service has been determined for the year 2010 at an amount of Euro 24.8 (Euro 15.8 relates to OTE) and for the year 2011 at an amount of Euro 22.0 (Euro 14.0 relates to OTE). OTE will take additional action in favor of the validity of HTPC's decisions. The hearing is pending.

COSMOTE

Fines of HTPC against COSMOTE (over Euro 0.5): HTPC has imposed various fines against COSMOTE (an initial amount Euro 7.2 reduced through appeals to an amount of Euro 3.1) 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. Due to a change in the composition of HTPC, HTPC invited the parties to a new repeat hearing on September 17, 2018, when it was held. The decision is pending.

On July 20 2016, HTPC notified COSMOTE about a complaint filed by 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. COSMOTE submitted the requested information. Due to a change in the composition of HTPC, HTPC invited the parties to a new repeat hearing on June 4, 2018, when it was held. The decision is pending.

TELENOR: In April 2014, TELENOR notified COSMOTE that after thorough examination it had 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 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. Babis Vovos International Construction S.A. filed an appeal against the aforementioned final decision, the hearing of which before the Supreme Court has been set for April 5, 2019. 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 Court accepted the appeal and eliminated the payment order.

TELEKOM ALBANIA

On December 12, 2005, the Albanian Competition Authority ("ACA") imposed a fine on TELEKOM ALBANIA of an amount 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 ACA, 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 ACA. 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 of 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. On

May 22, 2018 the Albanian Administrative Court of Appeals rejected TELEKOM ALBANIA's claim. TELEKOM ALBANIA proceeded to the payment of the relevant amount but appealed against this execution to High Court of Tirana.

Mobal Albania sh.p.k.: Mobal Albania sh.p.k., a commercial partner of TELEKOM ALBANIA, raised a claim of 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 16.6. 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 December 30, 2014, HCC imposed a fine of Euro 10.3 to GERMANOS for breaching Article 1 of Law 3959/2011 and Article 101 of Treaty on the Functioning of the EU, during period 1990 to 2012, 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 20, 2019. In October 2016, GERMANOS was informed of the new decision of the HCC which imposed a fine separately for each violation, namely an amount of Euro 6.2 for designastion of resale prices, an amount of Euro 3.1 for prohibition of cross-supplies between distributors - franchisees and an amount of 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 December 10, 2019.

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 Five Member Athens Court of Criminal Appeals, issued its decision, according to which a former Minister of Transportation and Communication, was convicted to 5 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 Court decided that the penalty will be bailed out and the former minister will pay the total amount of Euro 140,000 (absolute amount) in 32 installments. A former SIEMENS employee (also being a defendant in the below second case) has been convicted to 11 years of imprisonment for the crime of bribery and money laundering. The penalty was suspended because he filed an appeal before the Supreme Court.
Although OTE was not a civil party in the appeal trial, the Court decided that the amount of Euro 230,000 (absolute amount) in the former minister's bank account that had been freezed, will be paid to OTE (after the issuance of the decision of the Supreme Court).

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	
	2018	2017	2018	2017
Capital commitments	147.1	141.6	85.6	98.2
TOTAL	**147.1**	**141.6**	**85.6**	**98.2**

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	
	2018	2017	2018	2017
Up to 1 year	114.2	117.9	53.0	55.4
1 to 5 years	226.3	255.2	180.2	196.2
Over 5 years	285.0	277.4	128.0	174.9
TOTAL	**625.5**	**650.5**	**361.2**	**426.5**

The lease payment recognized as an expense during 2018 for the Group and the Company amounted to Euro 88.0 and Euro 54.9 respectively.

Other operating commitments

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Up to 1 year	280.7	291.7	158.3	123.3
1 to 5 years	136.2	152.4	92.5	64.3
Over 5 years	2.5	3.1	3.9	8.5
TOTAL	**419.4**	**447.2**	**254.7**	**196.1**

30. 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	**2018**	**2017**	**2018**	**2017**
Financial Assets				
Trade receivables	606.0	719.7	606.0	719.7
Loans to pension funds	86.2	89.5	116.9	121.7
Loans and advances to employees	55.6	53.4	55.6	53.4
Guarantees	5.9	5.9	5.9	5.9
Guaranteed receipt from Grantor (Financial asset model)	15.3	38.0	15.3	38.0
Contract assets	36.4	-	36.4	-
Restricted cash	2.9	4.3	2.9	4.3
Cash and cash equivalents	1,084.7	1,297.7	1,084.7	1,297.7
Financial Liabilities				
Long-term borrowings	1,280.6	1,276.2	1,318.1	1,345.1
Short-term portion of long-term borrowings	548.0	764.5	560.9	771.6
Trade accounts payable	1,034.0	1,154.3	1,034.0	1,154.3
Interest payable	22.1	36.7	22.1	36.7
Unpaid portion for spectrum licenses	-	13.5	-	13.5
Liability for TV broadcasting rights (long-term)	61.3	76.4	61.3	76.4

	Carrying Amount		Fair value	
COMPANY	**2018**	**2017**	**2018**	**2017**
Financial Assets				
Trade receivables	294.5	357.1	294.5	357.1
Loans to pension funds	86.2	89.5	116.9	121.7
Loans and advances to employees	53.9	52.9	53.9	52.9
Guarantees	0.5	0.4	0.5	0.4
Other receivables from related parties	131.6	79.1	131.6	79.1
Loans to group companies	14.7	29.0	16.1	31.7
Contract assets	1.9	-	1.9	-
Cash and cash equivalents	292.9	185.6	292.9	185.6
Financial Liabilities				
Long-term borrowings	1,270.4	1,004.4	1,309.2	1,060.8
Short-term borrowings and short-term portion of long-term borrowings	278.6	541.4	284.4	545.2
Trade accounts payable	425.3	392.3	425.3	392.3
Interest payable	19.7	26.3	19.7	26.3
Liability for TV broadcasting rights (long-term)	55.8	75.3	55.8	75.3

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, 2018, the Group and the Company held the following financial instruments measured at fair value:

	Fair value		
GROUP	**2018**	**2017**	**Fair value hierarchy**
Financial Assets			
Investments in mutual funds	3.7	4.1	Level 1
Investments in mutual funds	1.4	1.8	Level 3

	Fair value		
COMPANY	**2018**	**2017**	**Fair value hierarchy**
Financial Assets			
Investments in mutual funds	2.3	2.5	Level 1

FINANCIAL RISK MANAGEMENT

Macroeconomic conditions in Greece – Capital controls

The macroeconomic and financial environment in Greece is showing continuous signs of stability, evidenced by the official exit from the international bailout programme on August 20, 2018. However uncertainties continue to exist, since the country is under a “post-programme surveillance” programme where it will have to show its progress in meeting budget and reform targets, while economy remains very sensitive to fluctuations in the external environment. The capital controls initially imposed on June 28, 2015 continue to be in place but have been eased over time. The most recent related amendment came into force on October 1, 2018. To the extent that the agreed primary surplus targets will be achieved in the future 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, 2018.

The Group is assessing potential implications from the exit of United Kingdom from the European Union (Brexit) and taking measures to mitigate any disruption. From the analysis performed up to date, Brexit is not expected to have a material adverse effect on the operations of the Group.

Financial Risks

The below stated risks are significantly affected by 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 fair value through profit or loss 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 recognizes 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 business group their credit risk characteristics, aging profile and existence of previous financial difficulties, also adjusted for forward-looking factors specific to the customers and the economic environment.

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 the pension fund related to prior years voluntary leave schemes. The latter loans are exposed to credit risk related to the debt servicing capacity of the pension fund.

Impairment of financial assets

The Group and the Company have the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Contract assets
- Loans to group companies measured at amortised cost
- Loans to pension funds
- Loans and advances to employees

- Other financial assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified loss was immaterial.

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

The following tables demonstrate the credit risk exposure on gross carrying amount of trade receivables and contract assets for the Group and the Company:

GROUP (simplified approach)				
December 31, 2018	**Performing**	**Underperforming**	**Non-Performing**	**Total**
Trade receivables	611.8	113.9	772.8	**1,498.5**
Contract assets	36.5	-	5.8	**42.3**
TOTAL	**648.3**	**113.9**	**778.6**	**1,540.8**

COMPANY (simplified approach)				
December 31, 2018	**Performing**	**Underperforming**	**Non-Performing**	**Total**
Trade receivables	312.5	37.6	440.0	**790.1**
Contract assets	1.9	-	0.1	**2.0**
TOTAL	**314.4**	**37.6**	**440.1**	**792.1**

The remaining financial assets are considered to have low credit risk, therefore the Group applies the IFRS 9 general approach and the loss allowance was limited to 12 months expected losses. The outstanding balances of these financial assets are considered as performing.

Financial assets which have a low risk of default and a strong capacity to meet contractual cash flows are considered as performing, while financial assets for which there is a significant increase in credit risk since initial recognition but there is no objective evidence of a credit loss event are treated as underperforming. Non-performing financial assets are those that have objective evidence of impairment at the reporting date and there is limited expectation of recovery.

The split of trade receivables and contract assets within the above categories and the assessment of whether there has been an increase in credit risk on a Group level is assessed based on each Group company's best estimates taking into account its specific facts and circumstances.

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, 2018 amount to Euro 1,089.8 and Euro 295.2 respectively and their short-term portion of long-term borrowings amount to Euro 548.0 and Euro 278.6, 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, 2018	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Global Medium-Term Note Programme	399.3	734.0	419.0	-	1,552.3
Bank loans (EBRD and BSTDB) OTE	133.0	-	-	-	133.0
Bank loans (EBRD and EIB) COSMOTE	75.8	73.8	87.9	35.6	273.1
TELEKOM ROMANIA facility	1.3	0.8	-	-	2.1
Trade accounts payable and long-term liability for TV broadcasting rights	1,034.0	48.4	19.0	-	1,101.4
TOTAL	**1,643.4**	**857.0**	**525.9**	**35.6**	**3,061.9**
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	1,154.3	35.2	49.0	-	1,238.5
TOTAL	**2,008.8**	**606.8**	**833.2**	**-**	**3,448.8**

Guarantees

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

- As at December 31, 2018: Euro 1,666.8
- As at December 31, 2017: Euro 1,804.6

COMPANY					
December 31, 2018	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 Years**	**Total**
Intercompany loans (OTE PLC)	193.8	912.8	419.6	-	1,526.2
Bank loans (EBRD and BSTDB)	133.0	-	-	-	133.0
Trade accounts payable and long-term liability for TV broadcasting rights	425.3	42.9	19.0	-	487.2
TOTAL	**752.1**	**955.7**	**438.6**	**-**	**2,146.4**
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	392.3	34.4	48.7	-	475.4
TOTAL	**987.8**	**349.4**	**804.6**	**-**	**2,141.8**

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, 2018, the ratio of fixed-rate borrowings to floating-rate borrowings for the Group was 87.1%/12.9% (2017: 80.0%/20.0%). The analysis of borrowings by type of the interest rate is as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
Floating interest rate	235.4	407.8	129.3	257.8
Fixed interest rate	1,593.2	1,632.9	1,419.7	1,288.0
TOTAL	**1,828.6**	**2,040.7**	**1,549.0**	**1,545.8**

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	
	2018	2017	2018	2017
Profit before tax	0.9	0.4	(0.3)	(1.3)

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Profit before tax	(2.7)	(3.2)	(0.7)	(0.5)

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 1.0% increase in interest rates is assumed to increase interest income by only 0.25% and similarly a 1.0% 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 and the Ron (Romania).

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	2018	2017
-10%	(20.2)	(16.7)
+10%	20.2	16.7

The impact on the Group's profit before tax for the year 2017 has been adjusted to exclude the effect of the group of assets classified as held for sale.

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	
	2018	2017
Long-term borrowings	1,280.6	1,276.2
Short-term portion of long-term borrowings	548.0	764.5
Cash and cash equivalents	(1,084.7)	(1,297.7)
Net debt	**743.9**	**743.0**
Total equity	2,574.7	2,589.4
Gearing ratio	**0.29x**	**0.29x**

COMPANY	December 31	
	2018	2017
Long-term borrowings	1,270.4	1,004.4
Short-term borrowings	-	163.0
Short-term portion of long-term borrowings	278.6	378.4
Cash and cash equivalents	(292.9)	(185.6)
Net debt	**1,256.1**	**1,360.2**
Total equity	2,888.9	2,958.2
Gearing ratio	**0.43x**	**0.46x**

31. RECLASSIFICATIONS

In the consolidated and separate statement of financial position of 2017, an amount of Euro 5.2 and Euro 3.5 respectively, has been reclassified from “Deferred revenue” to “Other current liabilities”, as the then outstanding balance of “Deferred revenue” following the implementation of IFRS 15 is not material.

In the consolidated and separate statement of financial position of 2017, an amount of Euro 8.1 has been reclassified from “Trade accounts payable” to “Other current liabilities” for better presentation.

In the consolidated income statement of 2017, an amount of Euro 6.8 has been reclassified from “Third party fees and services“ to “Other sundry operating expenses” for better presentation.

32. AUDIT AND OTHER FEES

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

(Absolute amounts)	GROUP		COMPANY	
	2018	2017	2018	2017
Fees for auditing services	1,658,200	1,433,200	490,000	482,000
Audit fees for the Annual Tax Certificate	640,000	630,000	265,000	265,000
Other assurance services	476,200	141,500	336,500	32,000
Other fees	275,000	163,000	249,000	163,000
Total audit and all other fees	**3,049,400**	**2,367,700**	**1,340,500**	**942,000**

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	
	2018	2017
Fees for auditing services	967,500	938,000
Audit fees for the Annual Tax Certificate	640,000	630,000
Other assurance services	454,500	51,500
Other fees	275,000	163,000
Total audit and all other fees	**2,337,000**	**1,782,500**

33. EVENTS AFTER THE FINANCIAL POSITION DATE

The most significant events after December 31, 2018 are as follows:

OTE

Cancellation of Own Shares

On December 19, 2018 the Extraordinary General Meeting of Shareholders decided the cancellation of the total of 10,211,070 own shares. After completion of publicity formalities, as per applicable legislation, on February 05, 2019 and following notification to the Corporate Actions Committee of the Athens Exchange, the shares were canceled and delisted from the Athens Exchange on February 19, 2019, date on which trading of the aforementioned shares on the Athens Exchange has ceased.

COSMOTE

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

On January 14, 2019, COSMOTE repaid principal of Euro 23.0 under the syndicated facility with EBRD, along with the accrued interest.

Principal repayment under the Euro 150.0 term loan facility with European Investment Bank (EIB)

On January 23, 2019, COSMOTE repaid principal of Euro 11.5 under the term loan facility with EIB, along with the accrued interest.

V. FINANCIAL DATA AND INFORMATION

HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.

OTE GROUP OF COMPANIES

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

REGISTERED OFFICE: 99 KIFISSIAS AVE - 15124 MAROUSSI, ATHENS

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM JANUARY 1, 2018 TO DECEMBER 31, 2018

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 20, 2019
The Certified Auditor: Fotis Smirnis (RN ICA(GR): 52861)
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. Panagiotis Tabourlos, Vice-Chairman, Independent, Non-Executive Member
3. Srinivasan Gopalan, Non - Executive Member
4. Robert Hauber, Non - Executive Member
5. Kyra Orth, Non - Executive Member
6. Michael Wilkens, Non - Executive Member
7. Vasiliki Kouforizou, Non - Executive member
8. Charalampos Mazarakis - Executive Member
9. Panagiotis Skevofylax, Non - Executive Member
10. Andreas Psathas, Independent, Non - Executive Member

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

	GROUP		COMPANY	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
ASSETS				
Property, plant and equipment	2,741.1	2,740.9	1,296.4	1,239.2
Intangible assets	1,327.6	1,474.9	228.1	259.9
Other non current assets	500.1	508.2	3,493.7	3,699.2
Inventories	82.0	91.3	11.5	12.4
Trade receivables	606.0	719.7	294.5	357.1
Other current assets	289.9	269.5	219.1	171.3
Cash and cash equivalents	1,084.7	1,297.7	292.9	185.6
Assets of disposal group classified as held for sale	68.5	-	-	-
TOTAL ASSETS	**6,699.9**	**7,102.2**	**5,836.2**	**5,924.7**
EQUITY AND LIABILITIES				
Share capital	1,387.1	1,387.1	1,387.1	1,387.1
Other equity items	946.1	957.3	1,501.8	1,571.1
Equity attributable to shareholders of the parent (a)	2,333.2	2,344.4	2,888.9	2,958.2
Non-controlling interests (b)	241.5	245.0	-	-
Total equity (c) = (a) + (b)	**2,574.7**	**2,589.4**	**2,888.9**	**2,958.2**
Long-term borrowings	1,280.6	1,276.2	1,270.4	1,004.4
Provisions / Other non-current liabilities	470.1	515.6	452.6	526.9
Short-term borrowings	548.0	764.5	278.6	541.4
Other current liabilities	1,787.8	1,956.5	945.7	893.8
Liabilities of disposal group classified as held for sale	38.7	-	-	-
Total liabilities (d)	**4,125.2**	**4,512.8**	**2,947.3**	**2,966.5**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**6,699.9**	**7,102.2**	**5,836.2**	**5,924.7**

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

	GROUP		COMPANY	
	01.01-31.12.2018	01.01-31.12.2017	01.01-31.12.2018	01.01-31.12.2017
Total revenues	3,798.7	3,796.9	1,582.6	1,583.8
Profit before taxes, investment and financial activities	**495.2**	**396.7**	**338.8**	**320.8**
Profit before tax	413.4	272.7	308.2	318.8
Profit for the year from continuing operations	**247.6**	**125.1**	**####**	**226.6**
Profit / (loss) from discontinued operations	(81.7)	(102.3)	-	-
Profit after tax (A)	**165.9**	**22.8**	**196.3**	**226.6**
Attributable to:				
- Owners of the parent	175.0	67.2	196.3	226.6
- Non-controlling interests	(9.1)	(44.4)	-	-
Other comprehensive income / (loss) after tax (B)	**34.6**	**(6.9)**	**(1.2)**	**7.1**
Total comprehensive income after tax (A) + (B)	**200.5**	**15.9**	**195.1**	**233.7**
Attributable to:				
- Owners of the parent	211.4	66.6	195.1	233.7
- Non-controlling interests	(10.9)	(50.7)	-	-
Basic earnings per share (in €) from continuing operations	**0.5285**	**0.3464**	**-**	**-**
Proposed dividend per share (in €)			0.46	0.35288
Profit before taxes, investment, financial activities and depreciation, amortization and impairment	**1,250.9**	**1,236.6**	**651.3**	**645.7**

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

	GROUP		COMPANY	
	2018	2017	2018	2017
Total equity at the beginning of the year (01.01.2018 and 01.01.2017)	**2,589.4**	**2,651.7**	**2,958.2**	**2,802.7**
Impact of implementation of IFRS 15 and IFRS 9	**51.0**	**-**	**0.8**	**-**
Total comprehensive income after tax	200.5	15.9	195.1	233.7
Costs for share capital increase	(0.9)	-	-	-
Dividend distribution	(171.6)	(78.2)	(171.5)	(78.2)
Acquisition of treasury shares	(94.2)	-	(94.2)	-
Share option plans	0.5	-	0.5	-
Total equity at the end of the year (31.12.2018 and 31.12.2017)	**2,574.7**	**2,589.4**	**2,888.9**	**2,958.2**

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

	GROUP		COMPANY	
	01.01-31.12.2018	01.01-31.12.2017	01.01-31.12.2018	01.01-31.12.2017
Cash flows from operating activities				
Profit before tax	413.4	272.7	308.2	318.8
Adjustments for:				
Depreciation, amortization and impairment	755.7	839.9	312.5	324.9
Costs related to voluntary leave schemes	51.0	51.7	39.1	27.7
Provision for staff retirement indemnities	(30.2)	9.8	(28.1)	9.0
Provision for youth account	2.3	2.1	2.3	2.1
Foreign exchange differences, net	0.3	5.5	(0.5)	0.8
Interest income	(2.4)	(1.6)	(3.0)	(2.5)
Dividend income	-	-	(30.0)	(126.6)
(Gains) / losses from investments and other financial assets - Impairment	(2.2)	(19.0)	(2.4)	41.1
Interest and related expenses	86.1	139.1	66.5	89.2
Working capital adjustments:				
Decrease / (increase) in inventories	6.6	1.6	0.9	11.1
Decrease / (increase) in receivables	85.9	9.7	36.9	4.5
(Decrease) / increase in liabilities (except borrowings)	(42.4)	(115.2)	38.6	(44.1)
Plus / (Minus):				
Payment for voluntary leave schemes	(60.9)	(65.2)	(50.5)	(38.6)
Payment of staff retirement indemnities and youth account, net of employees' contributions	(12.3)	(12.6)	(11.9)	(12.2)
Interest and related expenses paid	(88.0)	(131.8)	(64.6)	(92.5)
Income tax paid	(178.4)	(211.9)	(85.1)	(129.7)
Net cash flows from operating activities of discontinued operations	11.0	25.8	-	-
Net cash flows from operating activities (a)	**995.5**	**800.6**	**528.9**	**383.0**
Cash flows from investing activities				
Investment in subsidiary	-	-	(0.4)	-
Return on capital invested in subsidiary	-	-	61.5	-
Sale or maturity of financial assets	0.4	0.2	-	-
Repayment of loans receivable	7.1	6.2	21.4	7.3
Purchase of property, plant and equipment and intangible assets	(719.9)	(904.2)	(345.8)	(409.9)
Movement in restricted cash	1.2	(0.8)	-	-
Interest received	2.5	1.6	3.0	2.5
Dividends received	-	-	101.6	55.6
Net cash flows from investing activities of discontinued operations	(12.6)	(15.7)	-	-
Net cash flows used in investing activities (b)	**(721.3)**	**(912.7)**	**(158.7)**	**(344.5)**
Cash flows from financing activities				
Share option plans	-	(0.3)	-	(0.3)
Acquisition of treasury shares	(94.2)	-	(94.2)	-
Other payments for subsidiary's share capital increase	(0.9)	-	-	-
Proceeds from loans granted and issued	570.3	150.0	925.0	193.6
Repayment of loans	(784.1)	(242.7)	(922.6)	(479.7)
Dividends paid to Company's owners	(171.1)	(78.1)	(171.1)	(78.1)
Net cash flows used in financing activities (c)	**(480.0)**	**(171.1)**	**(262.9)**	**(364.5)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**(205.8)**	**(283.2)**	**107.3**	**(326.0)**
Cash and cash equivalents, at the beginning of the year	**1,297.7**	**1,585.6**	**185.6**	**511.6**
Net foreign exchange differences	0.3	(4.7)	-	-
Cash and cash equivalents of disposal group classified as held for sale	(7.5)	-	-	-
Cash and cash equivalents, at the end of the year	**1,084.7**	**1,297.7**	**292.9**	**185.6**

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 9 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 of December 31, 2018 for litigations and other risks, as well as for unaudited tax years or pending tax cases are as follows: a) for the Group € 145.9 million and € 27.8 million respectively and b) for the Company € 127.4 million and € 16.1 million respectively. The most significant outstanding legal cases are presented in Note 29 of the financial statements.
4) Number of employees at the end of the year: Group 19,343 (31.12.2017: 20,386), Company 8,203 (31.12.2017: 8,470).
5) Other comprehensive income / (loss) after tax for the year 2018 which was recognized directly in equity for the Group, relates to actuarial losses € (1.3) million (net of deferred taxes), foreign currency translation € 35.9 million. As for the Company, it relates to actuarial losses € (1.2) million (net of deferred taxes).
6) Effective February 6, 2009, the financial statements are included in the consolidated financial statements of DEUTSCHE TELEKOM AG (full consolidation method), which has its registered office in Germany and holds a 45.00% interest in OTE as of December 31, 2018.
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 2018, amounted to € 132.5 million and € 259.8 million, respectively. Other operating income for the year 2018 amounted to € 3.5 million. Finance income and expense for the year 2018 amounted to € 1.1 million and € 44.8 million respectively. Dividend income from related parties amounted to € 30.0 million. The outstanding balance of receivables and payables from / to related parties as of December 31, 2018 deriving from current transactions amounted to € 211.8 million and € 206.3 million, respectively. The outstanding balance of loans receivable from and payable to related parties amounted to € 15.0 million and € 1,438.1 million respectively. Fees to the members of the Board of Directors and the Company's key management personnel for the year 2018 amounted to € 6.9 million. At Group level, sales and purchases of goods and services between related parties which are not eliminated, for the year 2018 amounted to € 48.4 million and € 36.0 million, respectively. Other operating income, between related parties which is not eliminated, for the year 2018 amounted to € 0.2 million. The outstanding balance of receivables and payables, resulting from operating transactions between related parties which are not eliminated, as of December 31, 2018 amounted to € 26.3 million and € 70.9 million, respectively.
8) Basic earnings per share were calculated based on the weighted average number of shares outstanding.
9) The impact of adopting IFRS 15 and IFRS 9 on the Group's and Company's annual financial statements is presented in Note 4 of the financial statements.
10) 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 31 of the financial statements.
11) Significant events after December 31, 2018 are disclosed in Note 33 of these financial statements.

Maroussi, February 20, 2019

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