AkerBP

ANNUAL REPORT

2020

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COMPANY PROFILE

Aker BP is an independent exploration and production company conducting exploration, development and production activities on the Norwegian continental shelf (NCS). Measured in production, Aker BP is one of the largest independent oil and gas companies in Europe. Aker BP is the operator of Alvheim, Ivar Aasen, Skarv, Valhall, Hod, Ula and Tambar, a partner in the Johan Sverdrup field and holds a total of 135 licences, including non-operated licences. As of 2020, all the company's assets and activities are based in Norway and within the Norwegian offshore tax regime.

Aker BP is headquartered at Fornebu outside Oslo and has offices in Stavanger, Trondheim, Harstad and Sandnessjøen. Aker BP ASA is owned by Aker ASA (40%), bp p.l.c. (30%) and other shareholders (30%).

The company is listed on the Oslo Stock Exchange with ticker "AKRBP".

OUR ASSETS AND OFFICES

ESG IN AKER BP

Aker BP's Sustainability report 2020 describes the company's management approach and performance to environment, social and governance.

The report can be found here

LETTER FROM THE CEO

UNIQUELY POSITIONED FOR VALUE CREATION

2020 proved a more challenging year than any of us could have imagined. The COVID-19 pandemic shut down the world and oil prices plummeted. We all had to deal with unprecedented uncertainty and fast-paced change. I am immensely proud to say that the Aker BP team rose to the challenges. We enter 2021 stronger than we were a year ago, with a robust balance sheet and a solid investment portfolio, poised for further value creation.

Strong performance in a challenging year

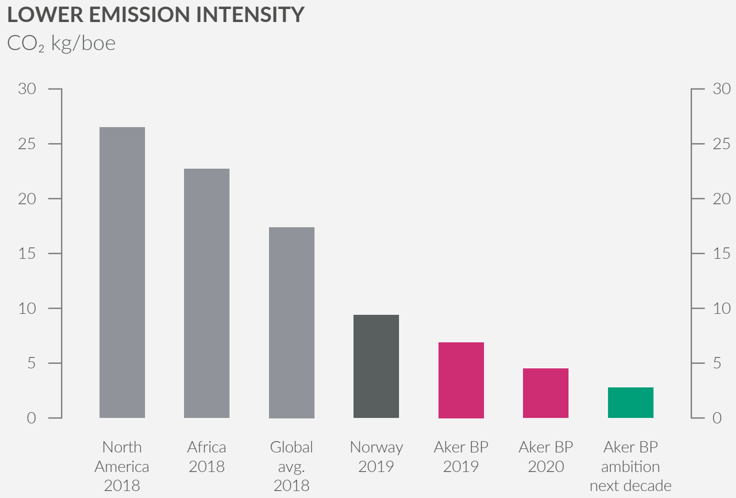
Operating our assets safely, efficiently, and with low costs is the cornerstone of Aker BP's value creation. Despite challenges, we delivered strong operational performance in 2020.

Protecting our people and operations was our immediate priority in response to the COVID-19 outbreak. We moved swiftly to establish a comprehensive regime of personnel transport, quarantine hotels, and testing stations. Our measures proved effective: By year-end, our operations had not experienced any COVID-19 disruptions.

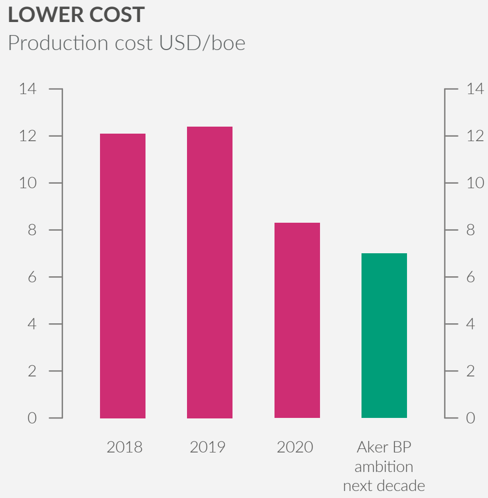
Protecting our financial strength was another initial key priority in our pandemic response. We adapted to macro uncertainties and put all new investment decisions on hold, postponed exploration wells, and reduced quarterly dividend payments by two thirds.

We delivered on our production guidance for 2020 and our costs came in below projections for the year. Production costs amounted to USD 8.3 per barrel, a significant reduction compared with the corresponding 2019 figure. Factors that contributed to this cost reduction include top-quartile production efficiency of 92 percent, and new low-cost production from the Johan Sverdrup field. Our ambition is a production cost below USD 7 per barrel.

Our CO_2 emissions intensity for 2020 was 4.5 kg per barrel of oil equivalent (boe), which is approximately one-third of the world average for our industry. Nevertheless, our ambition is not only to remain below 5 kg/boe, but to further reduce emission intensity.



Source: NOROG/IOGP



Pure-play oil and gas company with industry-leading low emissions

The energy transition the world is facing will require the most carbon and cost efficient barrels of oil that can be produced. Low-cost, low-carbon-emission production is an integral part of Aker BP's business strategy.

Aker BP is and will continue as a pure-play oil and gas company. For the world to maintain an affordable, secure, and sustainable energy system throughout the energy transition, oil and gas must remain an essential part of the global energy mix in coming years. The climate challenge can only be resolved if oil and gas companies mobilise the full range of their technological and commercial capabilities. Thus, Aker BP's dedication as a pure-play oil and gas company remains firm.

We will maximise the value creation from our assets and activities. In so doing, we will not only grow the profits we can distribute to our shareholders, but also make important contributions through the taxes we pay. Such profits and taxes can then be redeployed, wherever economic and environmental returns are most beneficial.

We are committed to minimising emissions from our operations. Reducing emissions is important, and not only from an environmental perspective. As the cost of emitting carbon dioxide rises, CO_2 emissions have a direct financial impact.

We will share our data, know-how and technology with other industries. Aker BP's role in the energy transition is not limited to how we produce energy. It is also about developing innovative industries and generating new business opportunities.

Efficient low-cost operations enabled by digitalisation

Digitalisation remains one of the pillars of Aker BP's improvement program, and we have made significant progress in this area over the last several years.

Through the Cognite Data Fusion we are aggregating all our operational data in one single platform, available 24/7 with exceptionally low latency. We utilise the data gathered to improve our business and decision-making processes. We have established our own digital organisation, EurekaX, tasked with managing all our digital projects and driving the necessary digital transformation at Aker BP.

I am convinced that digitalisation can deliver radical improvements in project execution time, cost, and quality. Such improvements will result in greater returns on Aker BP's investments. Our long-standing collaboration with Aker Solutions has led to the establishment of Aize, an industrial software company in which Aker BP has a 10 percent ownership interest. Aize helps customers make fundamental, data-driven changes to the planning and execution of complex, capital-intensive projects and operations.

Our next big digitalisation initiative is within subsurface, where we already have enormous amounts of data. Once we liberate these data and make them available on one platform, I believe we will experience a revolution in data-driven automation, innovation, and insight, which will in turn facilitate further value creation.

Project execution through world-class alliances

Aker BP has formed strategic partnerships with key suppliers. Collaborating under our One Team approach in the Aker BP alliance model, we have established eight alliances, and have made great advances. Our subsea tieback projects are executed significantly faster than before, our drilling operations have become more efficient, and we are constructing platforms faster and cheaper than ever.

On 12 November 2020, Aker BP and our partners Equinor, Wintershall DEA, and PGNiG announced production start-up at Ærfugl Phase 1 in the Norwegian Sea. This alliance project was delivered on time and budget. Ærfugl, which is a tie-in to the Skarv FPSO, has become one of the most profitable development projects on the Norwegian continental shelf with a break-even price below USD 15 per barrel.

From concept selection in 2017 to production start the Ærfugl development has recorded a 20 percent CAPEX reduction and an improvement in the per-barrel break-even price of more than 50 percent. Moreover, execution time has been cut by 40 percent compared with a more traditional project execution model. The Subsea Alliance, Semi Alliance, and Modification Alliance have all played a vital role in these achievements.

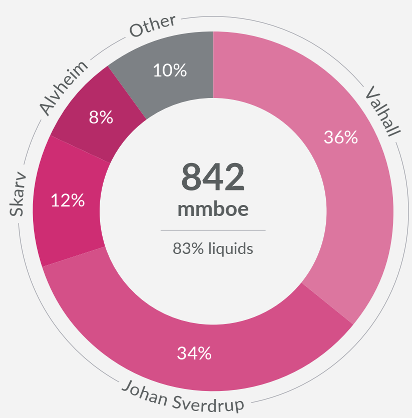
To me the Ærfugl development project is a manifest of our strategy aiming to maximise value and reduce carbon footprint. Ærfugl has contributed to an increase in production from the Skarv FPSO and up to 30 percent cut in CO_2 emissions per barrel of oil equivalent. We have demonstrated top-class teamwork. Together with our alliance partners, Aker BP has introduced new technology, such as a full digital twin of the topsides, wells and subsea, and a high level of automation that will fast-track Skarv into the future.

Strong production growth from investing in high-return barrels

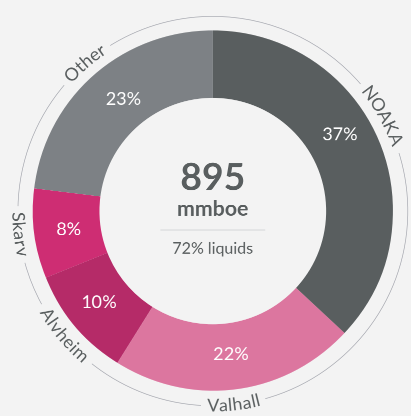
In June 2020, the Norwegian parliament introduced temporary changes to Norway's petroleum tax regime. These changes were made in response to a sharp decline in investment activity. The purpose of the time-limited changes is to stimulate companies to resume investing, thus protecting jobs, and preserving expertise and industry capacity and capabilities. The tax regime is also intended to support value creation and generate additional long-term tax revenues for Norway.

The temporary tax regime applies to all CAPEX in 2020 and 2021, and all CAPEX up until production start for new projects where a field development plan is submitted to the relevant authorities by year-end 2022. Aker BP has prepared a list of 11 prioritised projects that we intend to fit within the temporary tax system. Collectively, these projects represent more than 500 million barrels of net oil and gas resources with an average break-even price of USD 27 per barrel.

2P OIL AND GAS RESERVES
in production and under development



2C CONTINGENT RESOURCES
oil and gas discoveries



Under the temporary tax regime, the capital required to fund these projects is reduced by more than half.

Aker BP cut the first steel for the Hod project just hours after the tax changes were introduced by parliament. Five Aker BP alliances will collaborate in redeveloping the Hod field, which is a near replica of the Valhall Flank West project, with the same team performing the same job, based on identical blueprints. The development is possible through efficiency gains and cost reductions using our alliance model.

In June 2020, Aker BP, Equinor, and LOTOS announced a coordinated development of the licences Krafla, Fulla, and North of Alvheim (NOAKA). The goal is to have a development plan ready for submission in 2022, before the deadline set forth in the temporary tax regime. NOAKA is one of the largest remaining field developments on the Norwegian continental shelf. Total field resources are estimated at more than 500 million barrels of oil equivalent. NOAKA will be developed with a processing hub operated by Aker BP, an unmanned processing platform operated by Equinor, three unmanned wellhead platforms, and four subsea tiebacks.

With NOAKA and other developments, plus contributions from smaller projects and infill wells, we target a daily production goal in excess of 350,000 barrels in 2028. That figure corresponds to organic growth of more than 70 percent compared with 2020, creating substantial value for Aker BP and its shareholders.

Robust free cash flow and attractive returns

With USD 4.5 billion in available liquidity, no debt maturities before 2024, and an investment-grade credit rating, Aker BP enjoys a strong financial position. Furthermore, we expect to generate significant positive cash flow in the period leading up to 2028. These factors give us strong financial capabilities, allowing for a lower debt level and sustainable, rising dividends to our shareholders.

Our net profit for the full year 2020 amounted to USD 45 million, compared with USD 141 million in 2019. The main reason for the decrease in net profit was a 36 percent drop in realised oil and gas prices from 2019 to 2020. Dividends paid in 2020 totaled USD 425 million, a 50 percent reduction compared to our original plan for dividend distribution.

Our guidance for 2021 is a net production of 210-220 thousand barrels of oil equivalent per day (mboepd), and production costs of between USD 8.5-USD 9.0 per boe, the latter figure representing a reduction in the underlying cost level in Norwegian kroner. We expect increased investments in profitable growth in 2021, with capital spend of USD 2.2-2.3 billion. For 2021, dividend payments of USD 450 million are proposed.

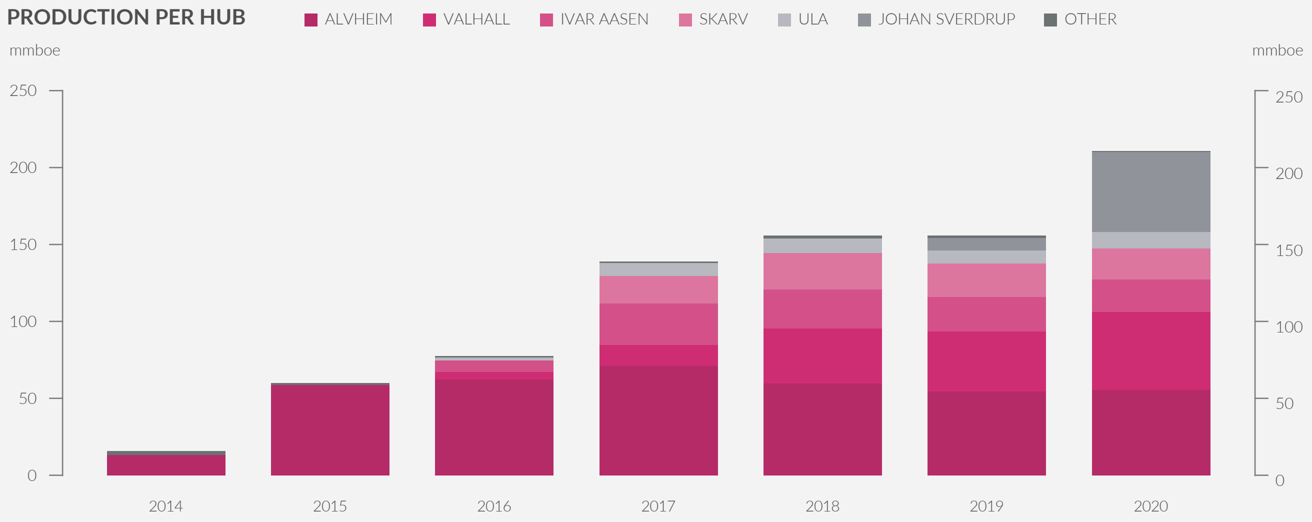
Prepared for volatile future

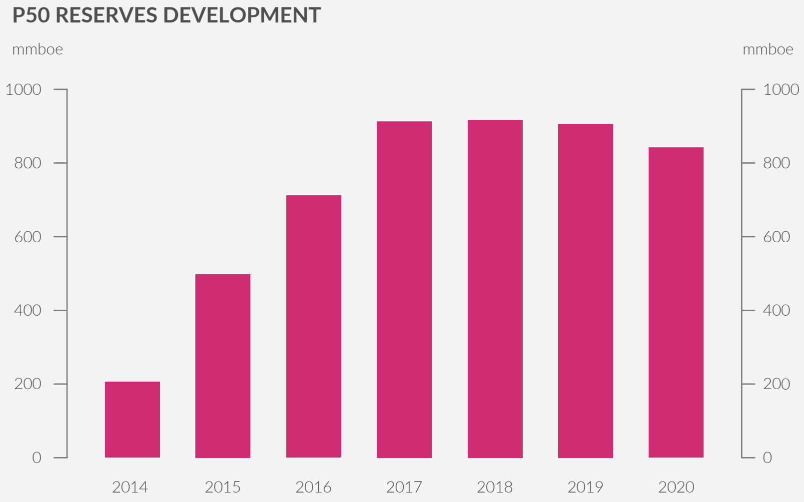
"Now is the time to show what we are made of." This was my message to the Aker BP team in a March digital town hall, after the COVID-19 pandemic became a fact. Looking back at 2020, the Aker BP team delivered strong performance despite extreme conditions in a year of great uncertainty, rapid change, and continuous challenges.

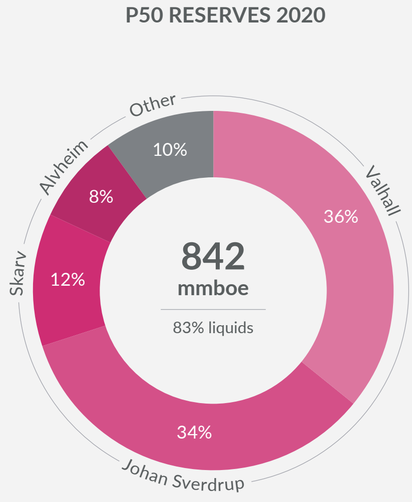
Oil and gas companies that will thrive in the future must be increasingly adaptive, efficient, and sustainable. In 2020, Aker BP demonstrated that we have what it takes to meet an increasingly volatile future. I am extremely proud to lead this fantastic team, and I would like to express my sincere thanks to every one of you. You truly proved what you are made of!

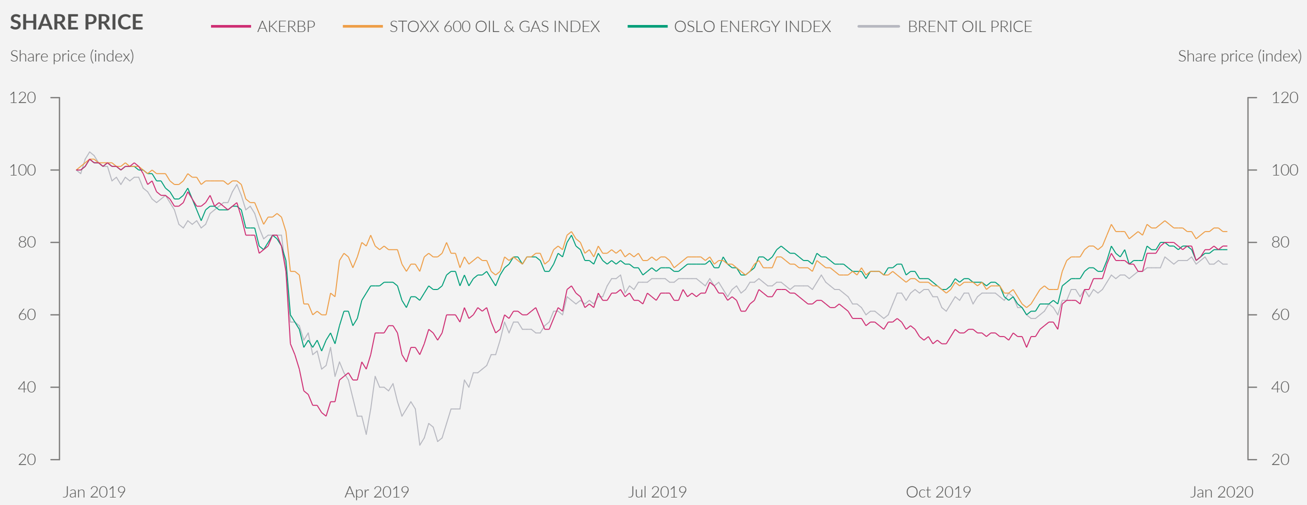
Karl Johnny Hersvik
CEO, Aker BP ASA

KEY FIGURES 2020









SUMMARY OF FINANCIAL RESULTS

Key figures	Units	2020	2019	2018*
Total income	USDm	2 979	3 347	3 752
EBITDA	USDm	2 128	2 286	2 745
Net profit/loss	USDm	45	141	476
Earnings per share (EPS)	USD	0,12	0,39	1,32
Capex	USDm	1 306	1 667	1 202
Exploration spend	USDm	246	501	359
Abandonment spend	USDm	178	109	243
Production cost	USD/boe	8,3	12,4	12,1
Taxes paid	USDm	-181	619	606
Net interest-bearing debt**	USDm	3 647	3 493	1 973
Leverage ratio		1,5	1,2	0,6

SUMMARY OF PRODUCTION

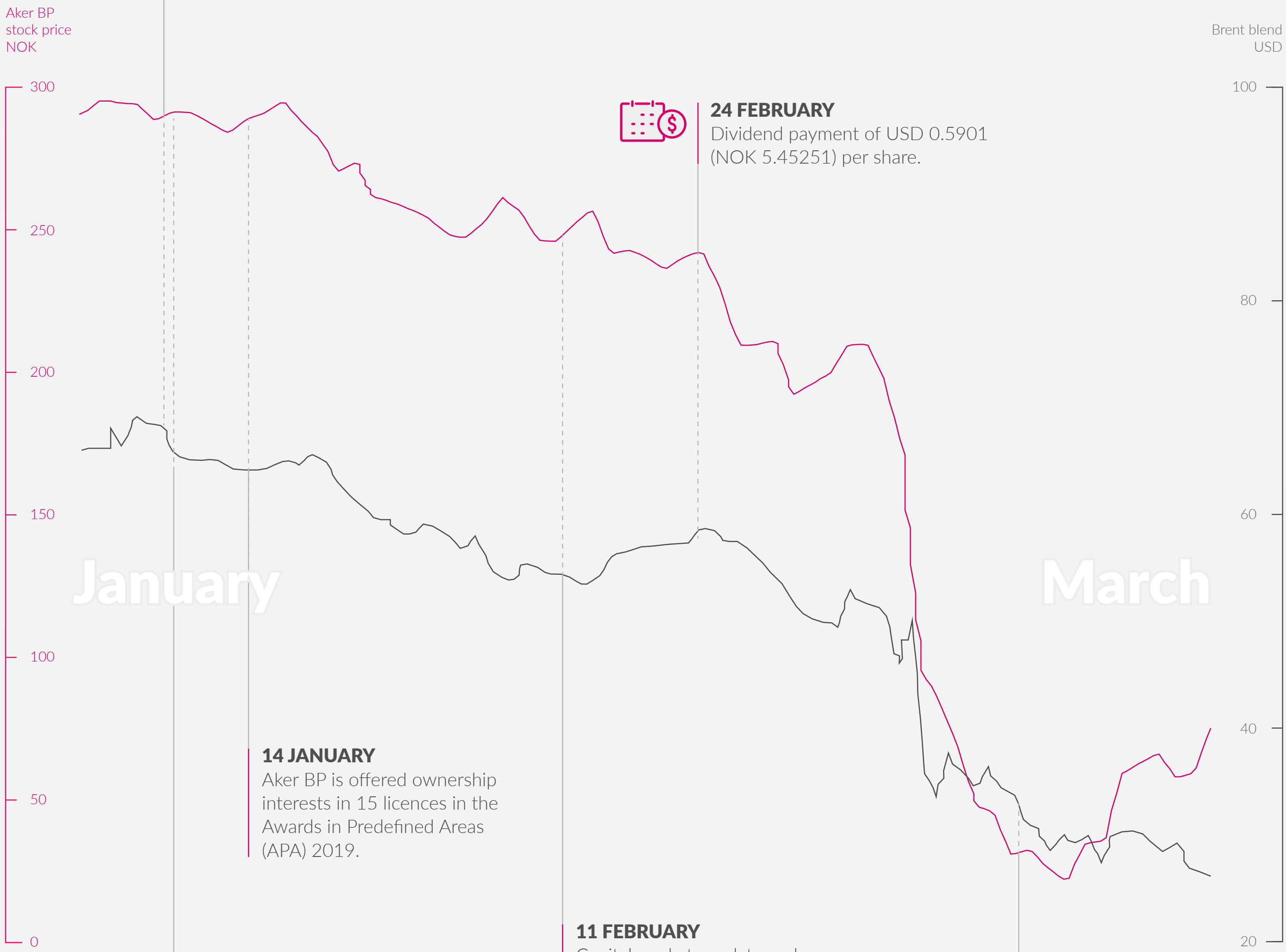
Key figures	Units	2020	2019	2018*
Alvheim area	boepd	55 351	54 438	59 513
Ivar Aasen	boepd	20 123	21 810	23 523
Johan Sverdrup	boepd	51 916	7 945	-
Skarv	boepd	21 018	22 260	25 344
Ula area	boepd	10 976	8 530	9 433
Valhall area	boepd	50 748	39 005	35 979
Other	boepd	526	1 865	1 866
SUM	**boepd**	**210 658**	**155 852**	**155 658**
Liquids price	USD/boe	40,0	64,8	70,8
Gas price	USD/scm	0,14	0,18	0,29

* Total income, EBITDA, EPS, net profit and realized prices figures for 2018 are restated, see note 1 in the 2019 Financial Statements.

** The definition of net interest-bearing debt includes Lease debt, which is recognized from Q1 2019 following the implementation of IFRS 16 Leases. The comparative figures for previous periods have not been restated. See also the description of "Alternative performance measures" at the end of the Financial Statements for definitions.

HIGHLIGHTS 2020

7 JANUARY
Official opening of Johan Sverdrup by Prime Minister Erna Solberg. The field started production on 5 October 2019 and produces an average of 300,000 barrels per day.



24 FEBRUARY
Dividend payment of USD 0.5901 (NOK 5.45251) per share.

14 JANUARY
Aker BP is offered ownership interests in 15 licences in the Awards in Predefined Areas (APA) 2019.

11 FEBRUARY
Capital markets update and Q4 2019 presentation.

8 JANUARY
The company strengthens its liquidity by issuing USD 1.5 billion in new long-dated bonds at attractive terms.

11 FEBRUARY
Aker BP increases its ownership and becomes development operator for the Shrek discovery near Skarv.

16 MARCH
Production start-up from the Skogul field.

21 APRIL
Alvheim reaches a production of 500 million barrels of oil. Production started on 8 June 2008.

19 JUNE
Drilling program completed on Valhall Flank West with world-class results.
In 11 months, the drilling rig set 12 conductors, drilled nine wells including 22,000 metres of reservoir.

6 MAY
Aker BP presents its first quarter results. The company reports a new production record despite the COVID-19 pandemic.

8 JUNE
Due to the COVID-19 downturn, the Norwegian government announces temporary changes to the Norwegian petroleum tax system to increase investment activity in the industry.

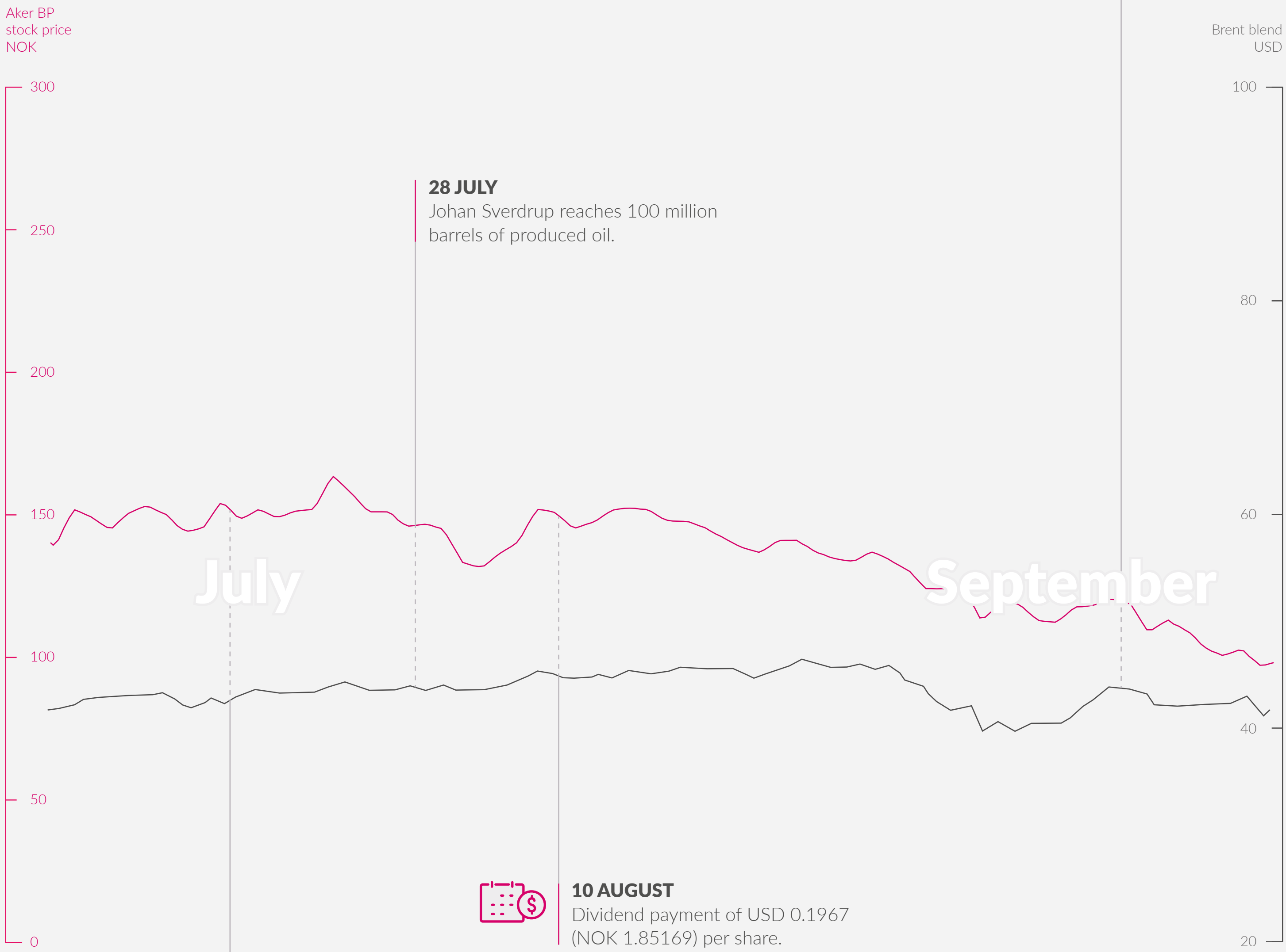
22 MAY
Dividend payment of USD 0.1967 (NOK 2.02683) per share.

22 APRIL
Accelerated production start-up from Ærfugl Phase 2 – three years ahead of the original plan.

11 JUNE
Aker BP and Equinor agree on the way forward for development of the Krafla, Fulla and North of Alvheim (NOAKA) licences. The development will have a significant impact on the Norwegian supplier industry.

24 JUNE
Aker BP submits Plan for Development and Operation for Hod.

23 SEPTEMBER
The company issues USD 1,250 million in new long-dated bonds. This further strengthens Aker BP's liquidity, extends its maturity profile, and reduces the average interest rate on the company's debt.



28 JULY
Johan Sverdrup reaches 100 million barrels of produced oil.

10 AUGUST
Dividend payment of USD 0.1967 (NOK 1.85169) per share.

14 JULY
Aker BP presents results from the second quarter and announces a new production record for the company.

8 OCTOBER
Disposal of Valhall QP, the old living quarters platform, at Kvaerner Stord. At least 95 percent of the steel is recycled.

27 OCTOBER
Aker Offshore Wind and Aker BP sign a collaboration agreement to drive down CO_2 emissions on the Norwegian continental shelf.
The agreement aims to accelerate the process of decarbonising oil and gas assets and realising large-scale offshore wind in Norway.

29 OCTOBER
Aker BP presents results from the third quarter and announces plan for maturing over 500 mmboe of resources to a final investment decision by end 2022.

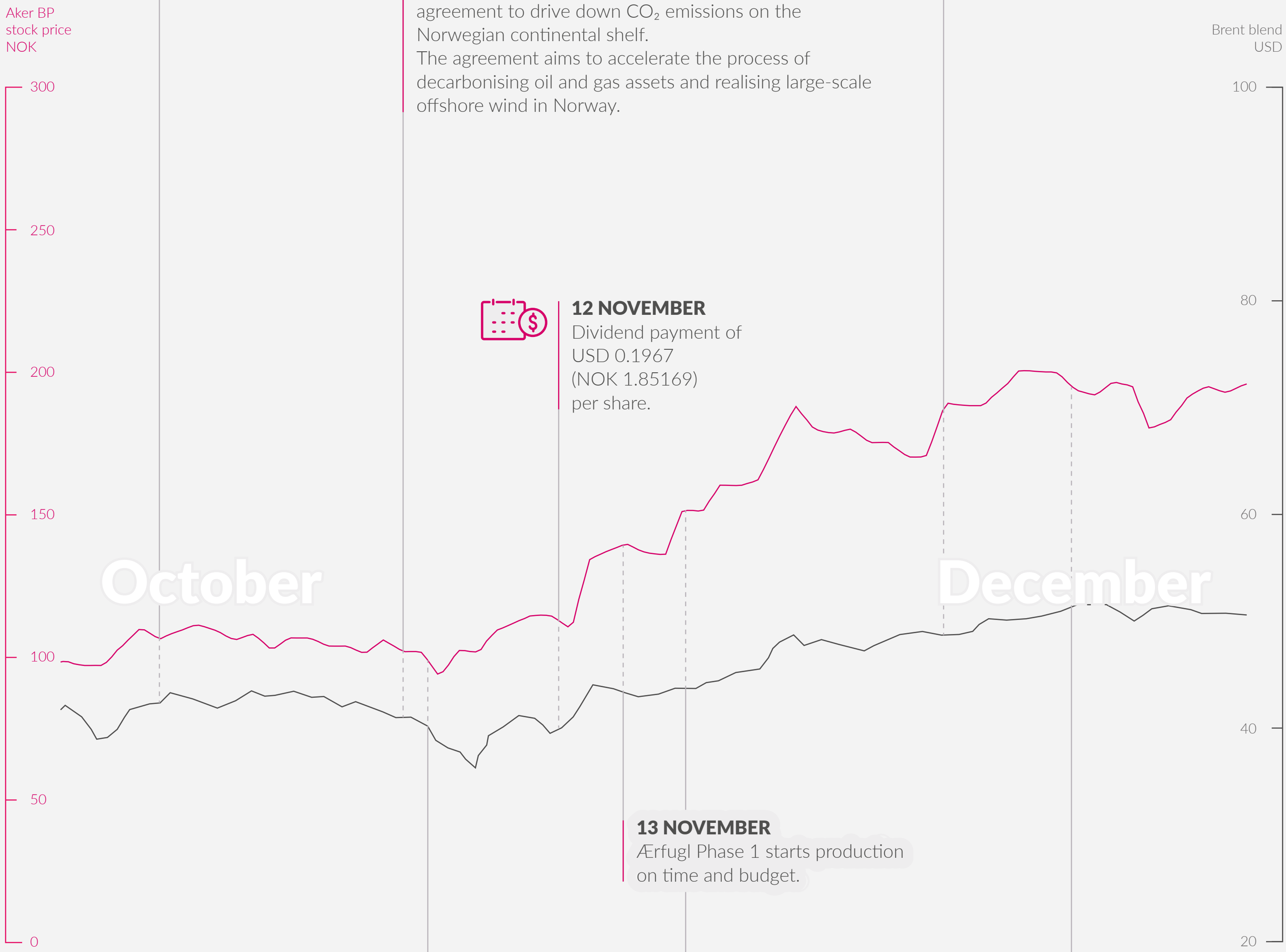
12 NOVEMBER
Dividend payment of USD 0.1967 (NOK 1.85169) per share.

13 NOVEMBER
Ærfugl Phase 1 starts production on time and budget.

18 NOVEMBER
Operator Equinor announces an estimated increase in production on Johan Sverdrup, where Aker BP holds 11.5733 percent of the licence, from 470,000 to 500,000 barrels per day.

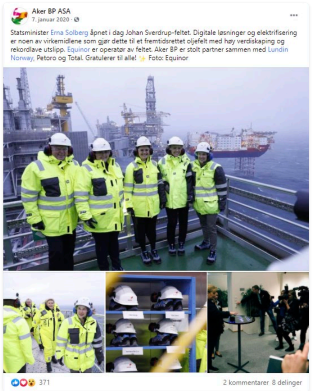
8 DECEMBER
Plan for Development and Operation for Hod is approved.

17 DECEMBER
Aker BP and partners make investment decision for Gråsel.



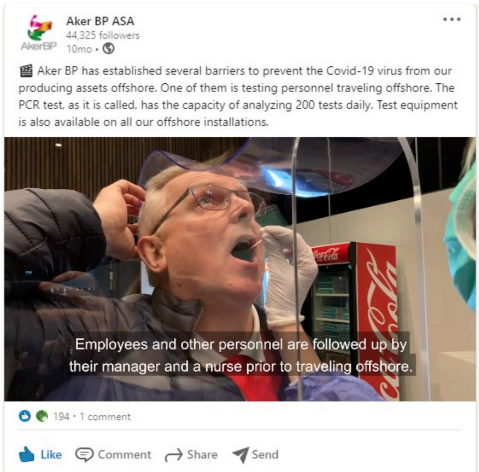
2020

SOCIAL MEDIA HIGHLIGHTS



January – Prime Minister Erna Solberg opened the Johan Sverdrup field. Digital solutions and electrification are some of the tools that make this a future-oriented oil field with high value creation and record-low emissions. Equinor is the operator of the field. Aker BP is a proud partner with Lundin Norway, Petoro and Total.

March – Norway was in lock-down for six weeks starting March 12. Most onshore employees in Aker BP have worked from home since then.



May – As the first operator on the Norwegian continental shelf, Aker BP established departure testing as part of the offshore travel procedure. More than 12,000 tests were conducted in 2020. Six people tested positive and were prevented from travelling offshore.

JANUARY MARCH MAY

FEBRUARY APRIL JUNE

March – Kristin Alne, leader for digitalisation and technology in the business area operations and field development, is voted among Norway's foremost tech women by the Abelia and Oda networks.

March – Aker BP starts to stream digital townhalls to employees weekly. The executive managmenet team shares information and answers questions from the employees.

April – Aker BP starts to book a hotel as a quarantine venue. After sufficient time at the hotel without symptoms, people were allowed to travel offshore. Departure interviews were conducted by nurses for every single person travelling offshore. More than 200 people were "held back" because they disclosed respiratory symptoms or exposure.

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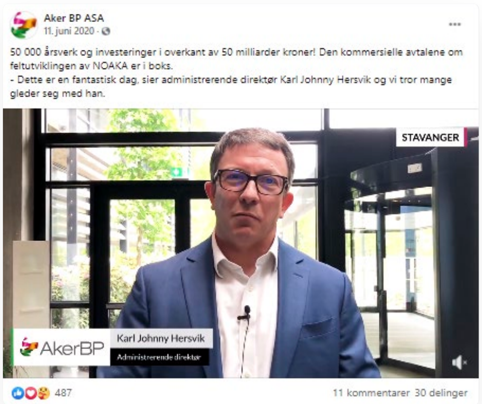
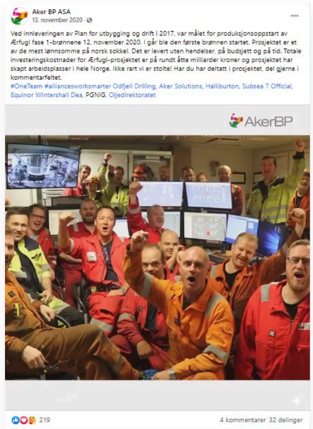


June – The commercial agreement on the field development of NOAKA was signed. The project will provide 50,000 full-time equivalents and investments in excess of NOK 50 billion.

September – Aker BP welcomed eight new apprentices who will work in a offshore rotation for the next 18-32 months as part of their education. After completion they will be able to do a trade examination and qualify for a trade certificate.



November – When the plan for development and operation was submitted in 2017, the goal for the start-up of production of Ærfugl phase 1 wells was 12 November 2020. The project was delivered on time and budget, and without incidents. The project is one of the most profitable on the Norwegian shelf. Total investment costs for the Ærfugl project are around NOK 8 billion and the project has created jobs throughout Norway.

JULY

SEPTEMBER

NOVEMBER

AUGUST

OCTOBER

DECEMBER

July – Up to 150 different suppliers are involved in the Hod project that Aker BP and partner Pandion are developing. Many of the major contracts are Norwegian. Of the cost share for construction and infrastructure, 70 per cent is resident in Norway. On 1 July, one of the suppliers, CRE8 Systems, celebrated that employees could return to work due to the Hod-project.

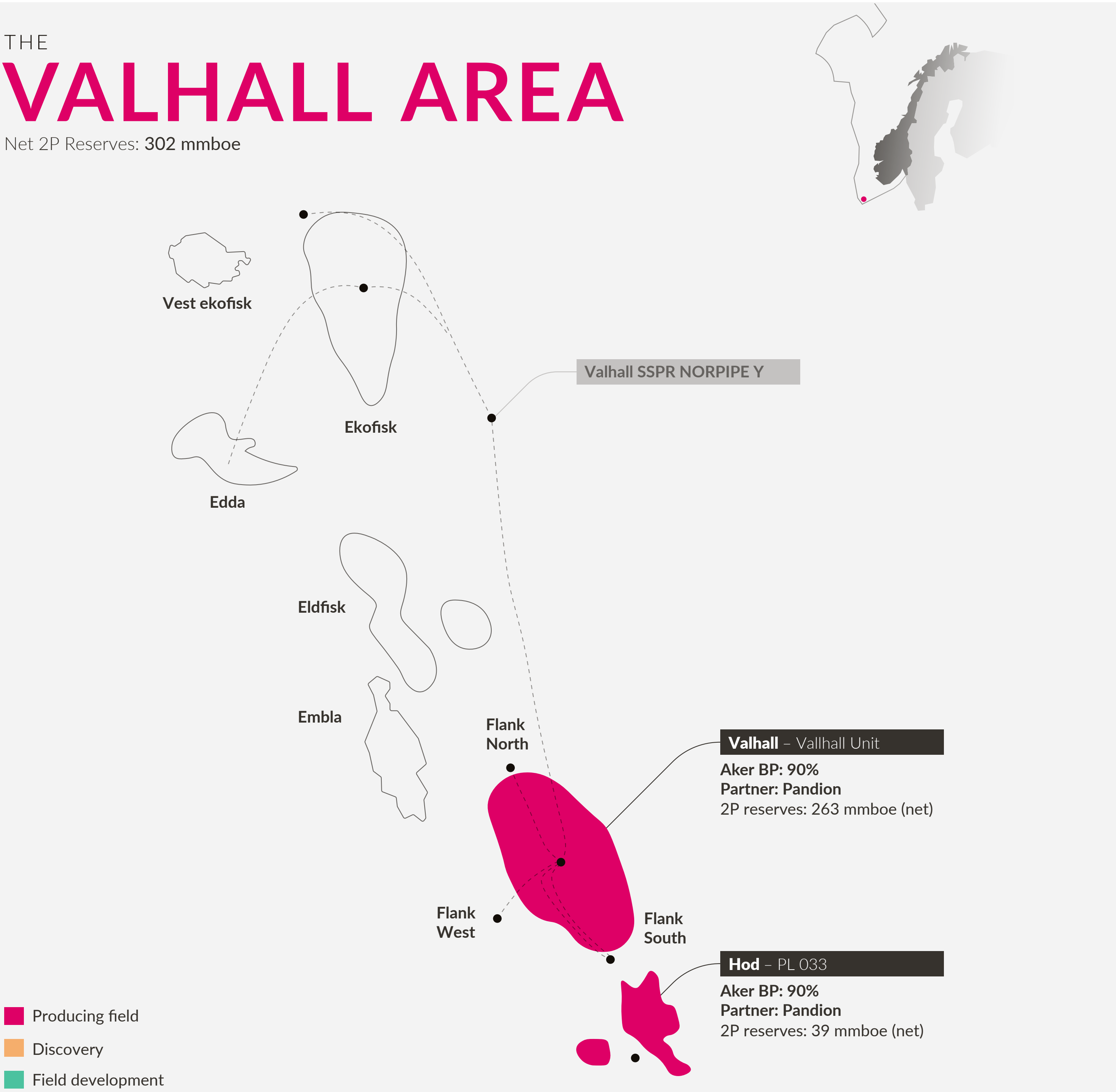
October – All career fairs went digital in 2020. Aker BP posted a film to present the company and ran an online advertising campaign to recruit graduates. This resulted in 1,375 applications for 10 available graduate positions.

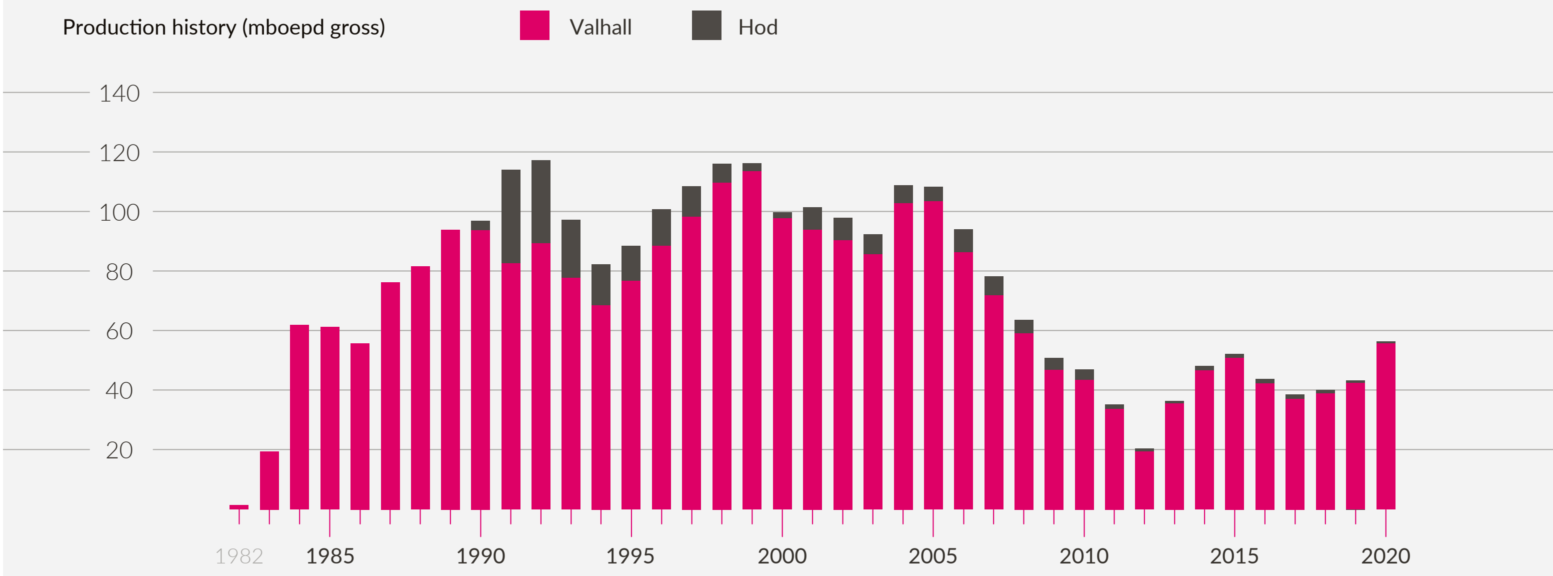
December – Aker BP advertised apprenticeship positions in December, a unique opportunity for vocational students curious about the oil and gas industry and who would like to pursue a career offshore. The company received 786 applications for 10 positions.

THE

VALHALL AREA

Net 2P Reserves: 302 mmboe





FULL SPEED AHEAD

The Valhall modernisation path was further accelerated in 2020 with the decision to redevelop Hod, to launch the New Central Platform project, and the approval of further infill drilling.

This was achieved while delivering strong underlying operations, exemplified by reaching 700+ days without self-induced shutdown.

Game-changer

2020 started with a high activity level, with two simultaneous drilling operations and ramping up new wells on Valhall Flank West. However, the activity was significantly reduced early in the year due to COVID-19 and the aim of minimising activities, most significantly the drilling hiatus at the Valhall field center.

Aker BP and the alliance partners' handling of the COVID-19 threat to our operations, combined with the temporary petroleum tax system, was a complete game-changer and has further accelerated the Valhall modernisation path in 2020.

Production start:

Valhall:	1982
Hod:	1990
Valhall Flank West:	2019

Production 2020:

50.7 mboepd (net)

Production efficiency 2020:

86%

Hod

The first major factor was the Hod redevelopment project. The Ministry of Petroleum and Energy approved the Plan for Development and Operation (PDO) for Hod in December.

The Hod field will be developed with a normally unmanned installation remotely operated from the Valhall field centre, with very low CO_2 emissions due to power from shore. Hod is among the first projects to be realised under the recently introduced temporary changes to the Norwegian petroleum tax system.

Production start is scheduled for the first quarter of 2022. Recoverable reserves for Hod are estimated at around 40 million barrels of oil equivalent.

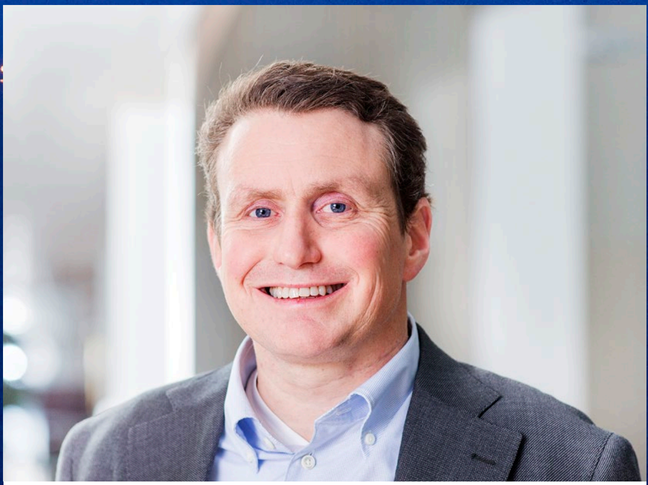
New central platform

The second major factor was the start-up of a new early-phase field development project, New Central Platform, to replace the current Wellhead Platform installation. This project is well under way and the goal is to submit a PDO by year-end 2022.

Infill wells

The third major factor was approving two new infill wells to be drilled in 2021 with the drilling rig Maersk Invincible.

The latest plugging and abandonment campaign with Maersk invincible is ahead of schedule at Drilling Platform (DP), laying the foundation for removing the old Valhall complex platforms Quarters Platform jacket, Production Platform and DP in 2021 and 2022.

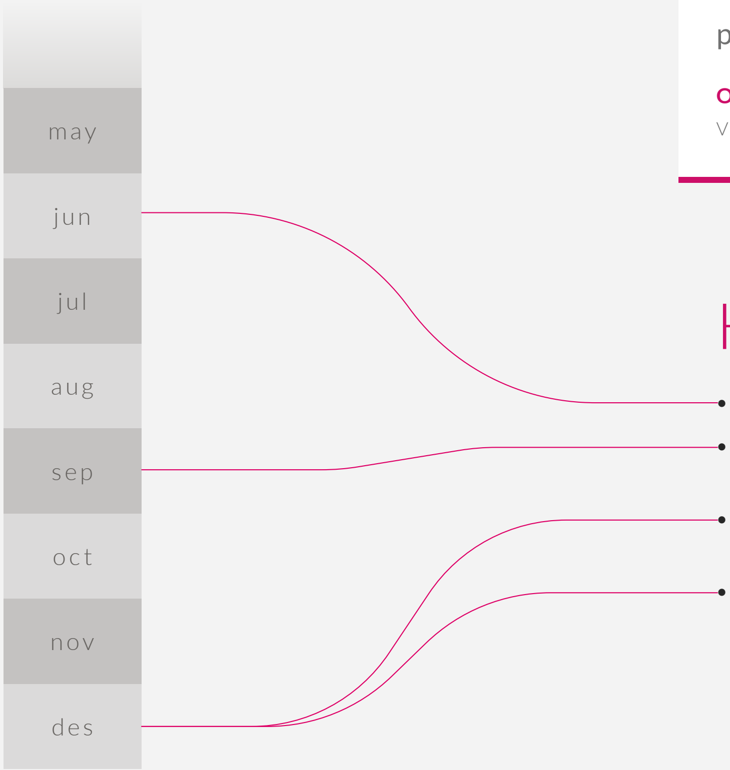


The way the team has handled the significant changes in the activity set, influenced by COVID-19 and low oil prices, stands out as a 2020 highlight for Valhall. At the same time, we also succeeded in maturing the Hod project and further infill wells for approval within the temporary tax system. This lays the foundation for a promising future for the Valhall asset.

Ole Johan Molvig

Vice President Operations and Asset Development - Valhall Asset

2020

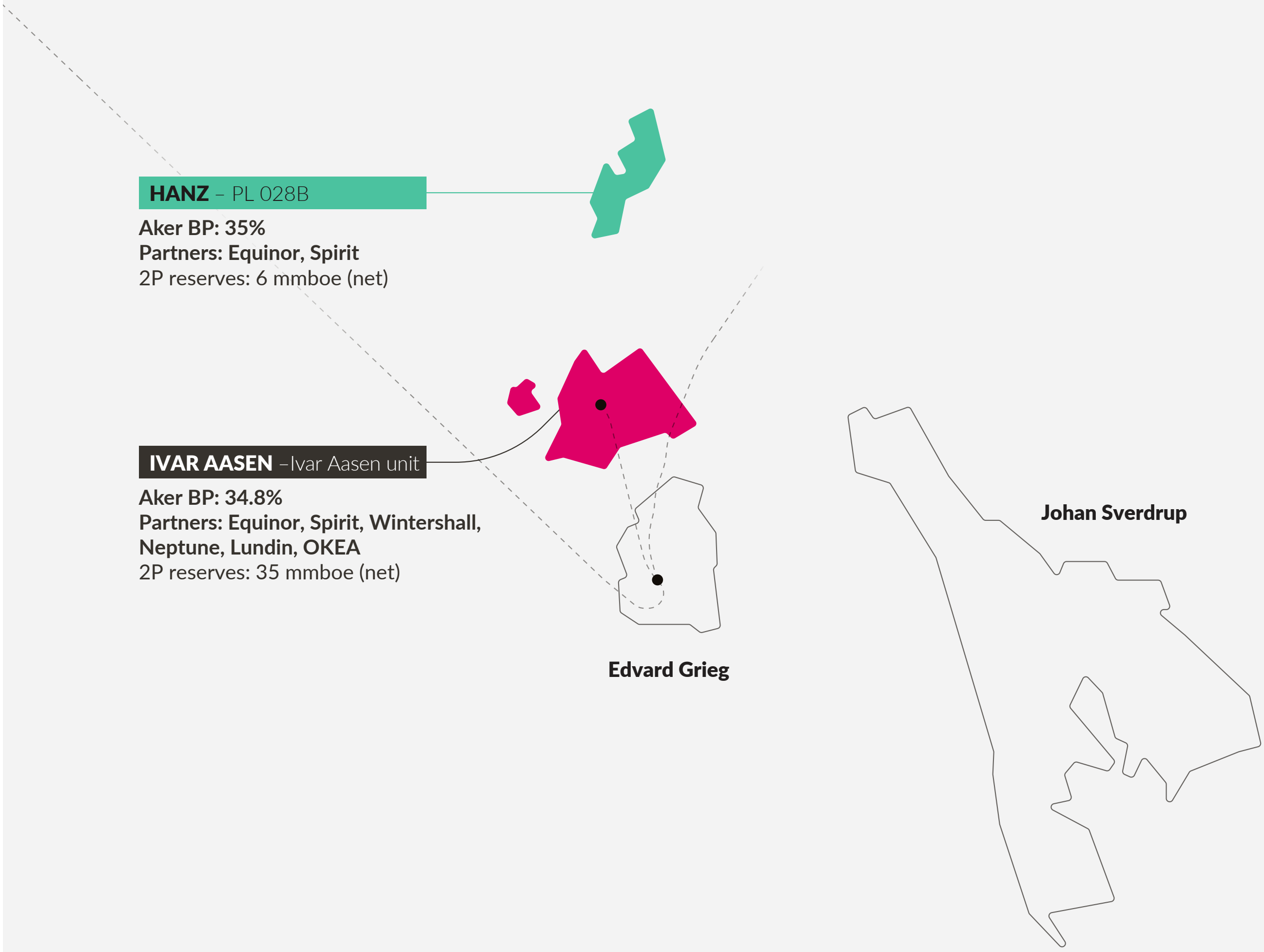


Highlights 2020

- **June**: Hod redevelopment fabrication start.
- **September**: Started final plugging and abandonment campaign from the drilling platform (DP).
- **December**: Hod redevelopment project - PDO approval.
- **December**: Approval of two new infill wells.

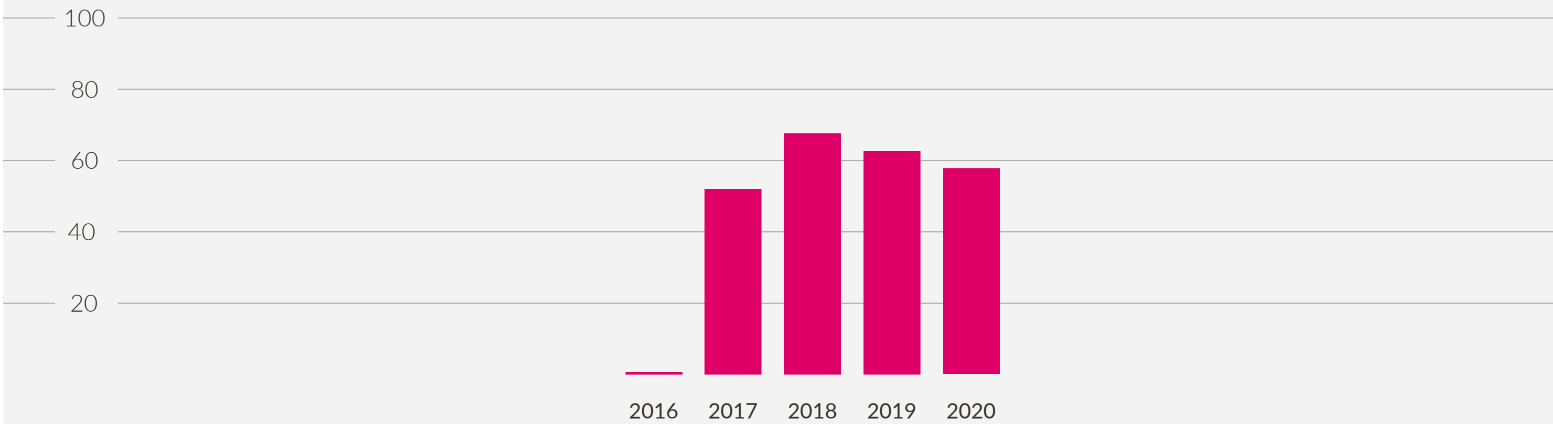
IVAR AASEN

Net 2P Reserves: **41 mmboe**



- Producing field
- Discovery
- Field development

Production history (mboepd gross)



BUSY YEAR – STRONG PERFORMANCE

Ivar Aasen delivered strong health, safety and environment performance and high production efficiency in 2020. Two new production wells were drilled late 2020 and a new drilling campaign was approved for 2021.

Ivar Aasen continues to deliver world-class performance at 90 percent production efficiency, including a two-week planned maintenance shutdown. This is expected to improve even more starting in 2022, when the platform will receive power from shore via the Johan Sverdrup field.

All non-critical activities were postponed to minimise the risk of COVID-19 offshore. The first planned maintenance shutdown since the field came on stream was scheduled for June. Due to COVID-19, the decision was made to postpone these maintenance activities to 2021 in cooperation with Edvard Grieg. Ivar Aasen and Edvard Grieg decided to re-mobilise and perform the maintenance activities in August/September. Ivar Aasen approved two new production wells before the summer and the drilling campaign also started in August. The simultaneous activities of drilling wells and executing our first planned maintenance shutdown, in combination with COVID-19, were challenging. However, the team coordinated the activities in an excellent way and the maintenance activities were executed with no incidents and completed one day ahead of schedule.

Production start:

2016

Production 2020:

20.1 mboepd (net)

Production efficiency 2020:

90%

Two new production wells

Two new production wells were drilled at Ivar Aasen in 2020 and were put on production in first quarter 2021. These wells provide additional drainage points in the reservoir and were drilled with good performance. After this, a total of eleven wells are producing oil on Ivar Aasen, supported by eight water injection wells.

Improvement and digitalisation

Ivar Aasen is Aker BP's digital pilot, where the company implements new technology to create the digital oil field of the future. This technology reduces costs over a facility's lifecycle through performance analytics and optimisation in the virtual environment. It also enables campaign-based maintenance supported by predictive algorithms. All operators are equipped with personal digital devices, which enables easy communication and paperless access to technical documentation, as well as live equipment data. The handheld devices make the work more efficient, more productive, and safer.

The Ivar Aasen team continues to strive for improved efficiency and reduced emissions. The Hanz project is considering re-use of subsea equipment from Jette and water injection support from a water reservoir formation. This will reduce power and chemical consumption from the platform and shrink the environmental footprint.

Future opportunities

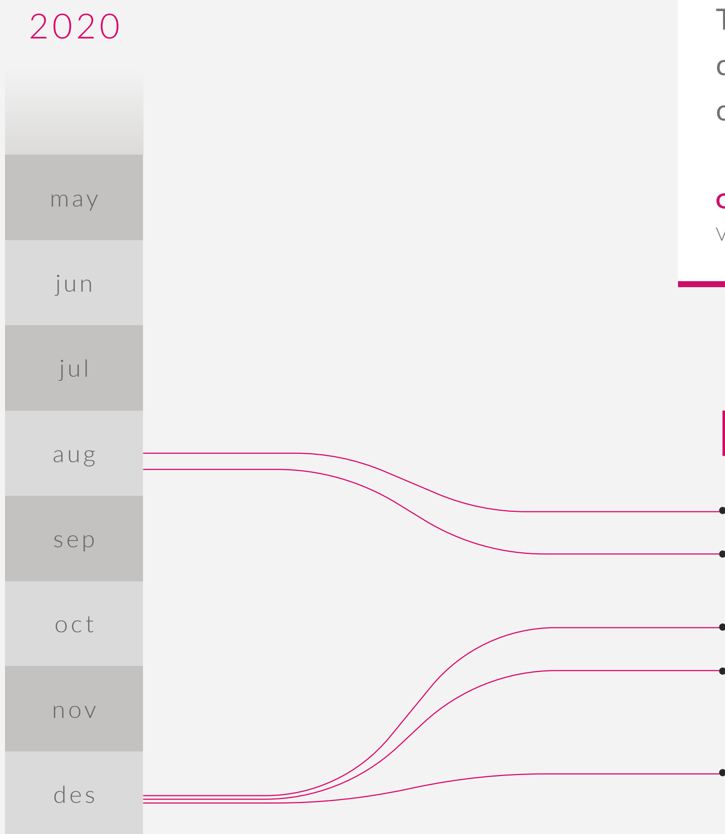
Aker BP has worked persistently throughout 2020 to mature the Hanz project and new improved oil recovery targets for future campaigns. A decision was made to drill two new wells in the second half of 2021 and an investment decision for the Hanz-project is planned for late 2021.

Aker BP acquired a 10 percent ownership interest in the nearby Lille Prinsen discovery in PL 167, which is operated by Equinor. This could be a potential subsea tie-back to Ivar Aasen.

Aker BP will continue its exploration activities in the area in the coming years, targeting new possible tiebacks to Ivar Aasen.

Production from Ivar Aasen fell during the summer from the plateau after more than three years of production. To utilise the maximum capacity, we decided to drill two new production wells in 2020. Both wells were drilled with good performance and production started in first quarter 2021. This goal was reached thanks to One team collaboration and avoiding COVID-19 offshore.

Gudmund Evju
Vice President Operations and Asset Development – Ivar Aasen



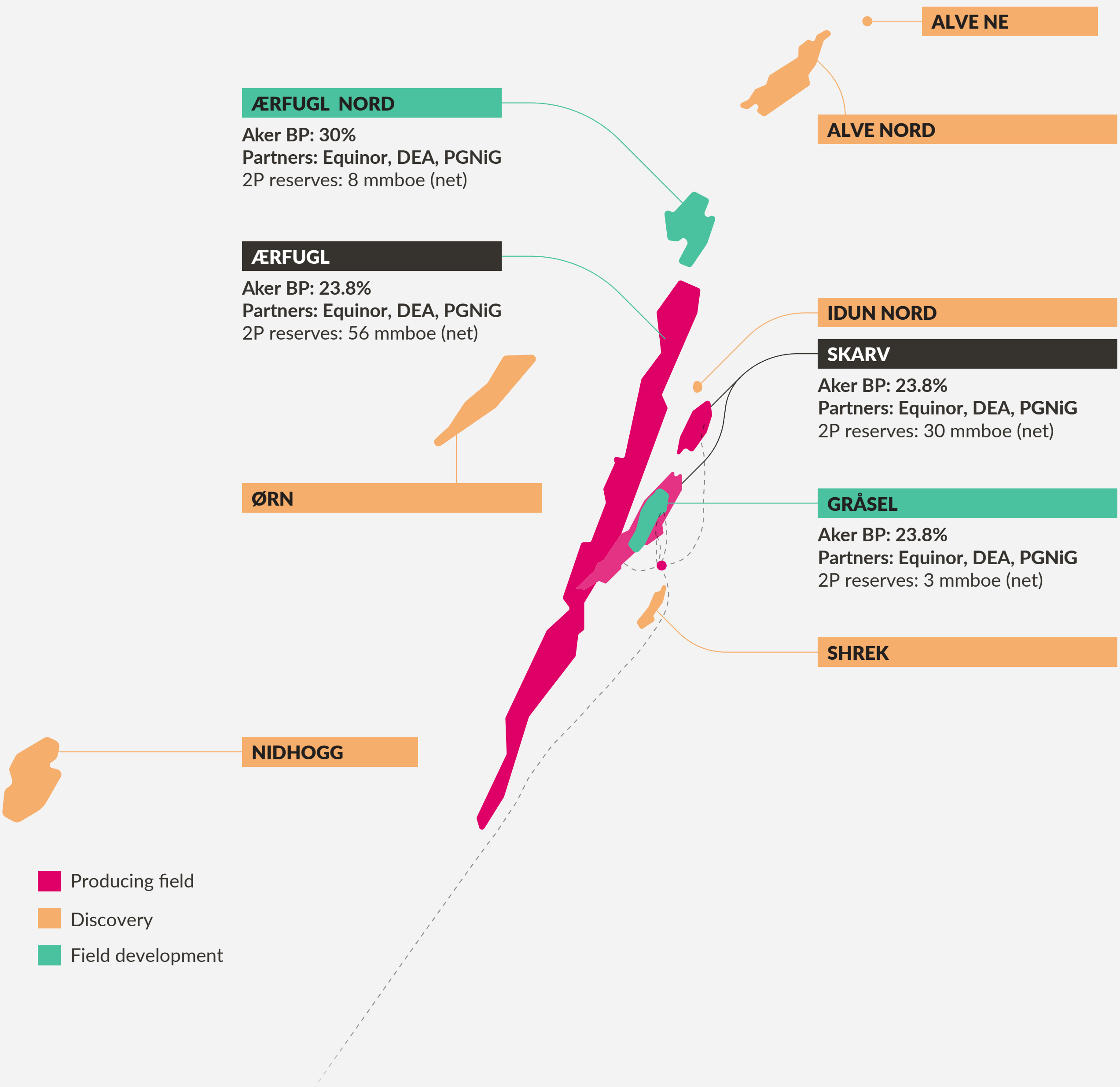
Highlights 2020

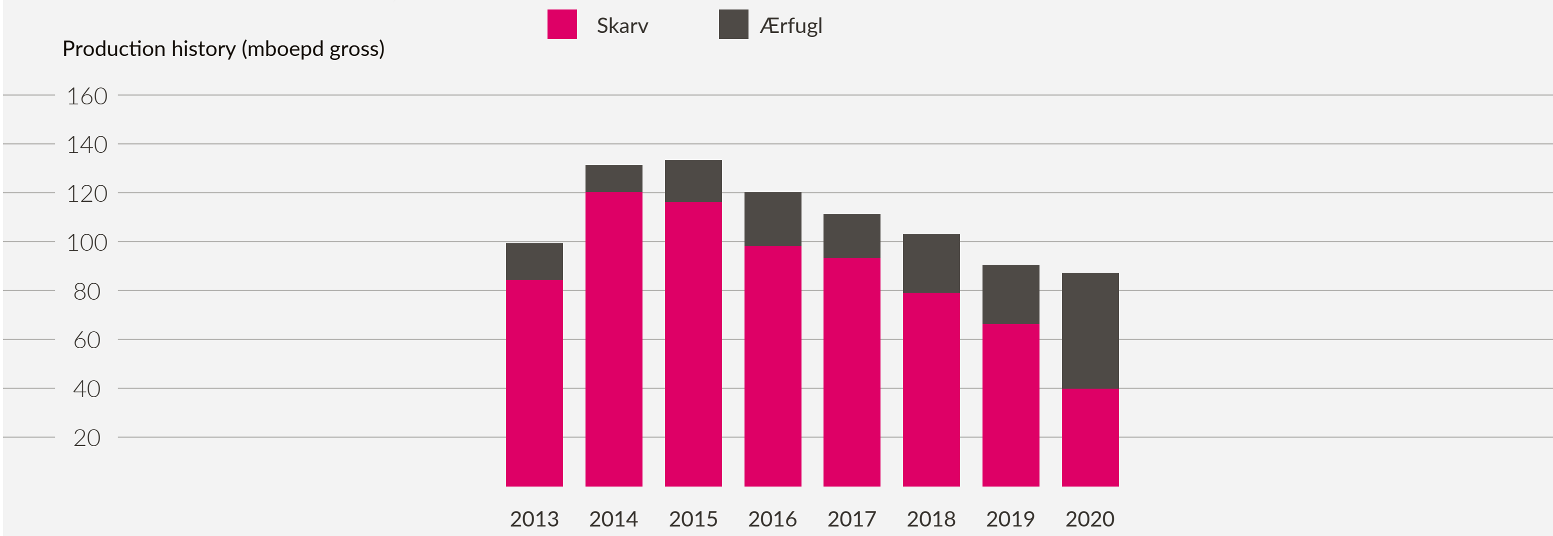
- **August**: Rig intake for two new production wells.
- **September:** Successfully executed 2020 maintenance shutdown.
- **December**: Approved IOR 2021 drilling campaign.
- **December**: Acquired 10 percent ownership in nearby Lille Prinsen discovery in PL 167, which is operated by Equinor.
- **December**: Maersk Integrator demobilized from Ivar Aasen.

THE

SKARV AREA

Net 2P Reserves: **97 mmboe**





GROWING INTO A MAJOR HUB

Skarv delivered historically good results in 2020 despite a volatile year; zero serious injuries, production efficiency of 95 percent, and reduced operating cost.

On 19 April 2020, Ærfugl Phase 2 started production from the first of a total of three wells in the Ærfugl Phase 2 program. The well came on stream just 166 days after the project was sanctioned, made possible by excellent performance from and cooperation between the Aker BP alliances. The two remaining wells in Phase 2 are expected to come on stream in fourth quarter 2021. Production started from Ærfugl Phase 1 on 12 November 2020. This was on the same date as promised in the PDO submitted three years earlier. The Ærfugl project was completed safely, efficiently, on time and within budget during a time with a "black swan"; COVID-19 and a substantial decline in the price of oil. The project has achieved significant improvements since concept selection and PDO approval, which has made Ærfugl one of the most profitable development projects on the Norwegian continental shelf.

Ærfugl plays a crucial role. It returns Skarv to its initial production plateau, reduces CO_2 emissions per barrel by up to 30 percent during 2022, and extends the Skarv field lifetime by five years. Overall, the Ærfugl project brought significant ripple effects for local suppliers in the Helgeland region and throughout Norway. This supports the expectations associated with the tax regime implemented in 2020.

Production start:

Skarv: 2012
Ærfugl: 2020*

*Test production from Ærfugl A-1H 2013

Production 2020:

21.0 mboepd (net)

Production efficiency 2020:

95%

Production record

With the start-up of Ærfugl and the upgrade of the gas processing plant, Skarv has set a production record for gas with processing up to 24.5 MCM per day. Total production is now almost 140 thousand barrels of oil equivalent per day through the Skarv plant. In gross terms this makes Skarv the most productive operated asset in the Aker BP portfolio.

Gråsel

Operator Aker BP and the Skarv partners, Equinor, Wintershall Dea and PGNiG have decided to develop the Gråsel discovery. The partners approved the final investment decision for the Gråsel development on 17 December 2020. The Gråsel reservoir is situated above the Skarv reservoir. Gråsel holds a total of approximately 13 million barrels of oil equivalent. The oil and gas production will utilise available capacity on the existing production vessel (FPSO) on the Skarv field. First oil from Gråsel is planned for the fourth quarter of 2021 with option to accelerate.

Developing satellites

The transaction with PGNiG that brought the Shrek discovery into Aker BP's operated portfolio in the Skarv area enabled us to start maturing the "Skarv Satellites Project", consisting of several smaller discoveries around Skarv clustered together. The intention is to ensure optimal utilisation of the FPSO capacity, through the development of the discoveries in parallel and have them on stream within 2025. By organising the projects as a portfolio, synergies, dependencies and interfaces across the developments are optimised in all phases for maximum value creation.

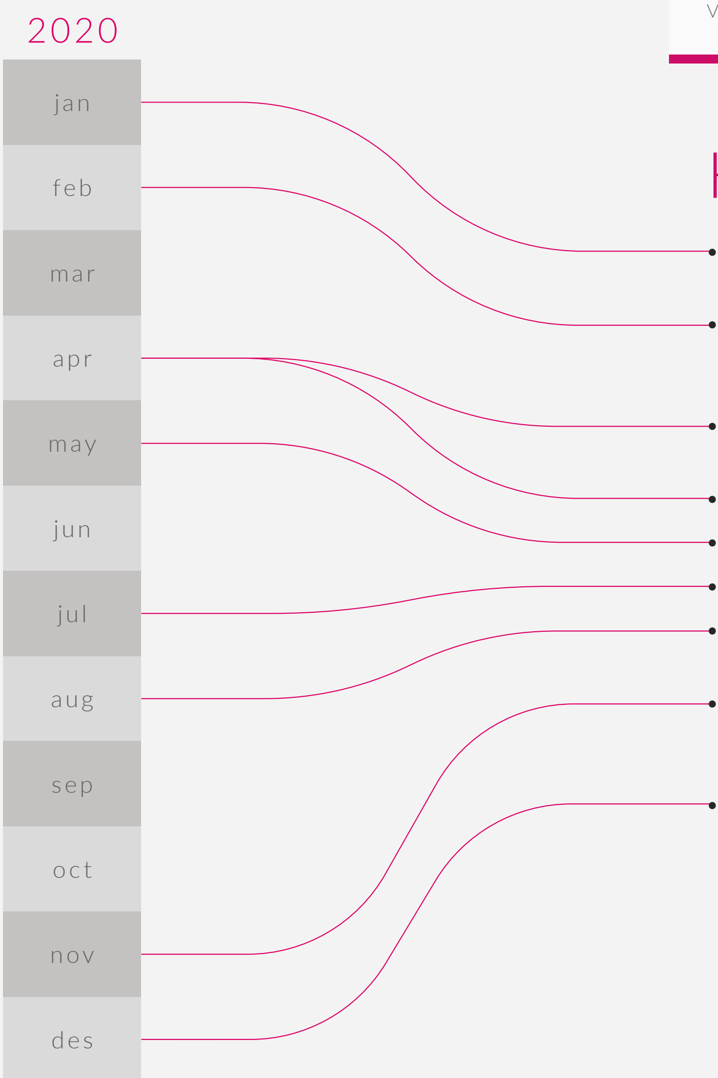
Innovative maintenance

Skarv has significantly increased its use of digital remote support by working with vendors and third parties to address work opportunities that can be executed with onshore support. One example is DNV, which carried out remote crane verifications from onshore. This was done both for periodic verification of the offshore pedestal crane and verification following a modification on a local crane offshore needed for the turbine replacement.

«The Skarv team has yet again demonstrated that we are capable of safely delivering world-class results, both from an operational, field development and project delivery point of view. We are transforming the Skarv facilities into a major hub for surrounding discoveries. The Skarv journey has only just begun.

Sverre Isak Bjørn

Vice President Operations and Asset Development - Skarv

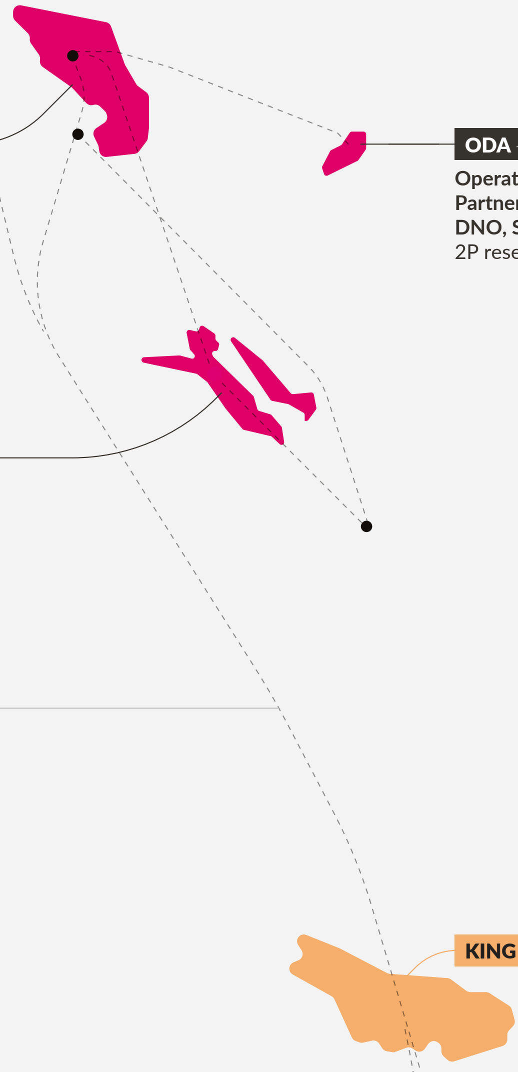


Highlights 2020

- **January**: Five new digital tools successfully implemented, including a new ERP system.
- **February**: Transaction with PGNiG to transfer operatorship of Shrek and farm-down in Alve North (PL127C) licence.
- **April**: Production started from Ærfugl Phase 2 – more than three years ahead of the original schedule.
- **April**: Completed the drilling of four Ærfugl wells.
- **May**: Pull in of umbilicals for Ærfugl project.
- **July**: Five new Xmas trees in place for Ærfugl project.
- **August**: Turnaround on critical maintenance and modifications to enable Ærfugl start-up.
- **November**: Start-up of Ærfugl Phase 1 on time and within budget. Gas production record of up to 24.5 million MCM per day processed over the Skarv FPSO.
- **December**: Sanctioning of the Gråsel development.

THE
ULA AREA

Net 2P Reserves: **40 mmboe**



ULA – PL 019
Aker BP: 80%
Partner: DNO
2P reserves: 29 mmboe (net)

ODA – PL 405
Operator: Spirit
Partners: Aker BP (15%), DNO, Suncor
2P reserves: 4 mmboe (net)

TAMBAR – PL 065
Aker BP: 55%
Partner: DNO
2P reserves: 7 mmboe (net)

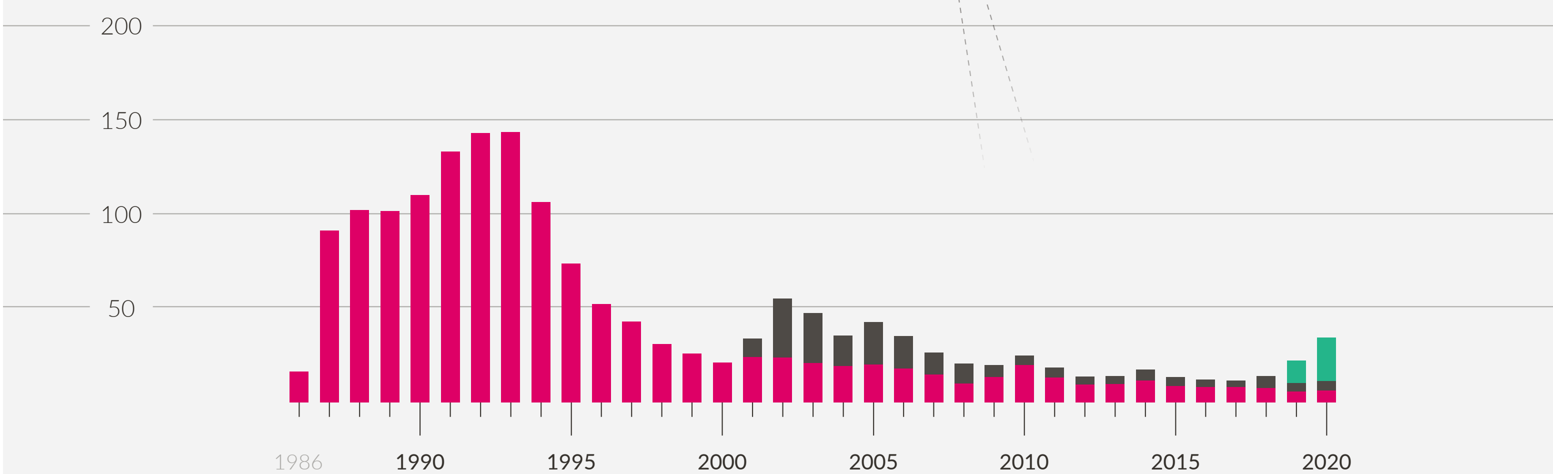
ULA Pipeline to Ekofisk

KING LEAR

- Producing field
- Discovery
- Field development

Production history (mboepd gross)

Ula Tambar Oda



THE COURSE IS SET

A late-life strategy is established for Ula. The main priorities now are to build a robust operation and further enhance the opportunities in a field that has more resources left to produce.

In recent years, Aker BP and its partners have undertaken a significant effort to understand the resource potential and business opportunities in the Ula area. In 2020, this resulted in a clear recommendation to continue focusing on Ula as-is, and to develop an updated depletion strategy aimed at producing well into the 2030s. This work will continue and will be matured in the asset subsurface teams. Submitting the Tambar lifetime extension in 2020 will also support the longevity of the Ula Hub, consisting of tie-backs from the Tambar, Blane and Oda fields.

Host options

The King Lear project has been matured into a selection phase. Aker BP considers this asset to be an important part of our portfolio. With the strategy work and subsurface evaluations in the King Lear project and Ula strategy projects complete, we will now look at other host options continuing into the selection phase. As for Ula, other exploration opportunities will be evaluated and pursued in the years to come, such as the Mugnetind field.

Production start:

Ula:	1986
Tambar:	2001
Tambar East:	2007
Oda:	2019

Production 2020:

11.0 mboepd (net)

Production efficiency 2020:

82%

Stable production

Production efficiency was significantly improved from 69 percent in 2019 to 82 percent in 2020, driven by systematic implementation of LEAN principles in the front line, and an integrated effort across the technical functions. The work to manage, optimise, and improve the maintenance programs has yielded great results so far and will continue as part of the implementation of the new Aker BP operating model. COVID-19 has affected offshore operations and measures have been implemented to prevent the virus from spreading to the offshore installations. So far, no cases have been detected, all critical work has been executed, and production from the field has not been negatively affected by this situation.

Infill drilling

Aker BP believes there is further resource potential in the Ula area, mainly from improved oil recovery from the Ula and Tambar fields.

The Maersk Integrator rig finalised drilling on Ula in June 2020. Four wells were successfully completed during the campaign, which started in July 2019. The completed well scope consists of two water alternating gas injectors, two producers (one re-drill, one workover) and pilots. In August 2020, the Ula and Tambar licence approved a new rig commitment with the Maersk Integrator to drill an infill well, Ula Unit F Producer 1, and a sidetrack in the K2 Tambar well, both in 2021.

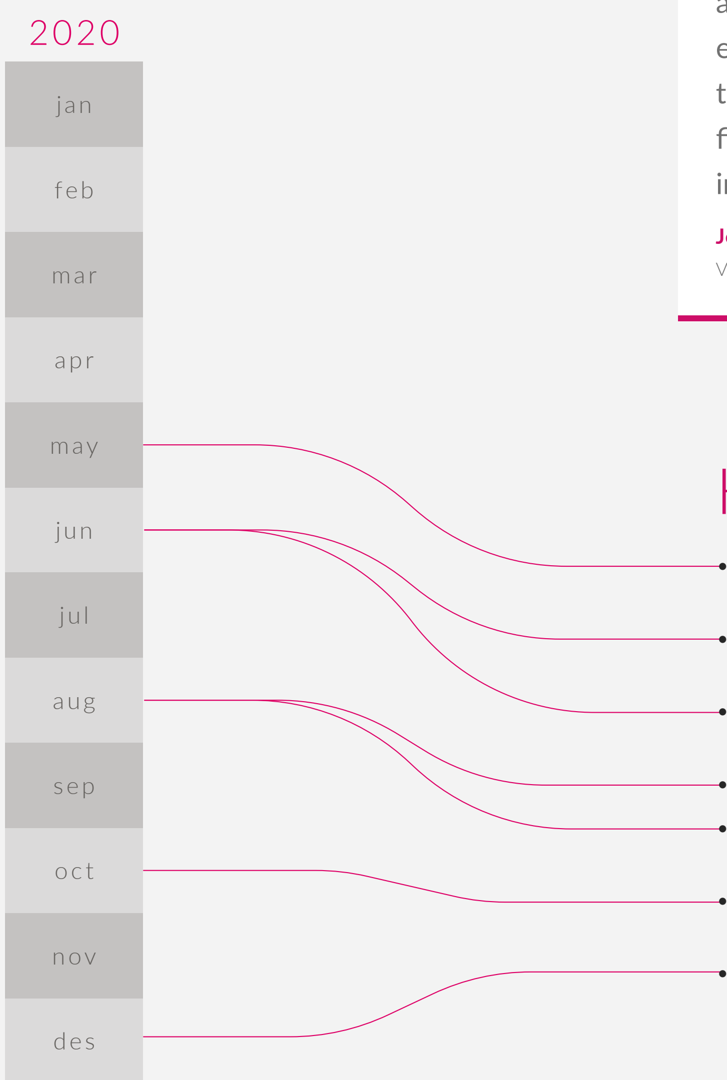
Facility upgrades

The Ula licence period expires in 2028. The resource potential extends beyond the licence period and cessation of production will be determined by the technical life of the facilities and the economic cut-off. For the Tambar installation, an application to extend the lifetime to 2028 was prepared in 2020 and submitted to the authorities.

More work will be done next year to understand the technical conditions and build a plan for technical upgrades to ensure stable production on a facility with the barriers and technical integrity required for the lifetime of Ula.

> Deliver a robust late-life business for the Ula hub! This new ambition will set a steady course for Ula for the future, ensuring robust operations while striving towards world-class recovery at the Ula field enabled by the water alternating gas injection scheme.

Jorun Kvåle
Vice President Operations and Asset Development - Ula



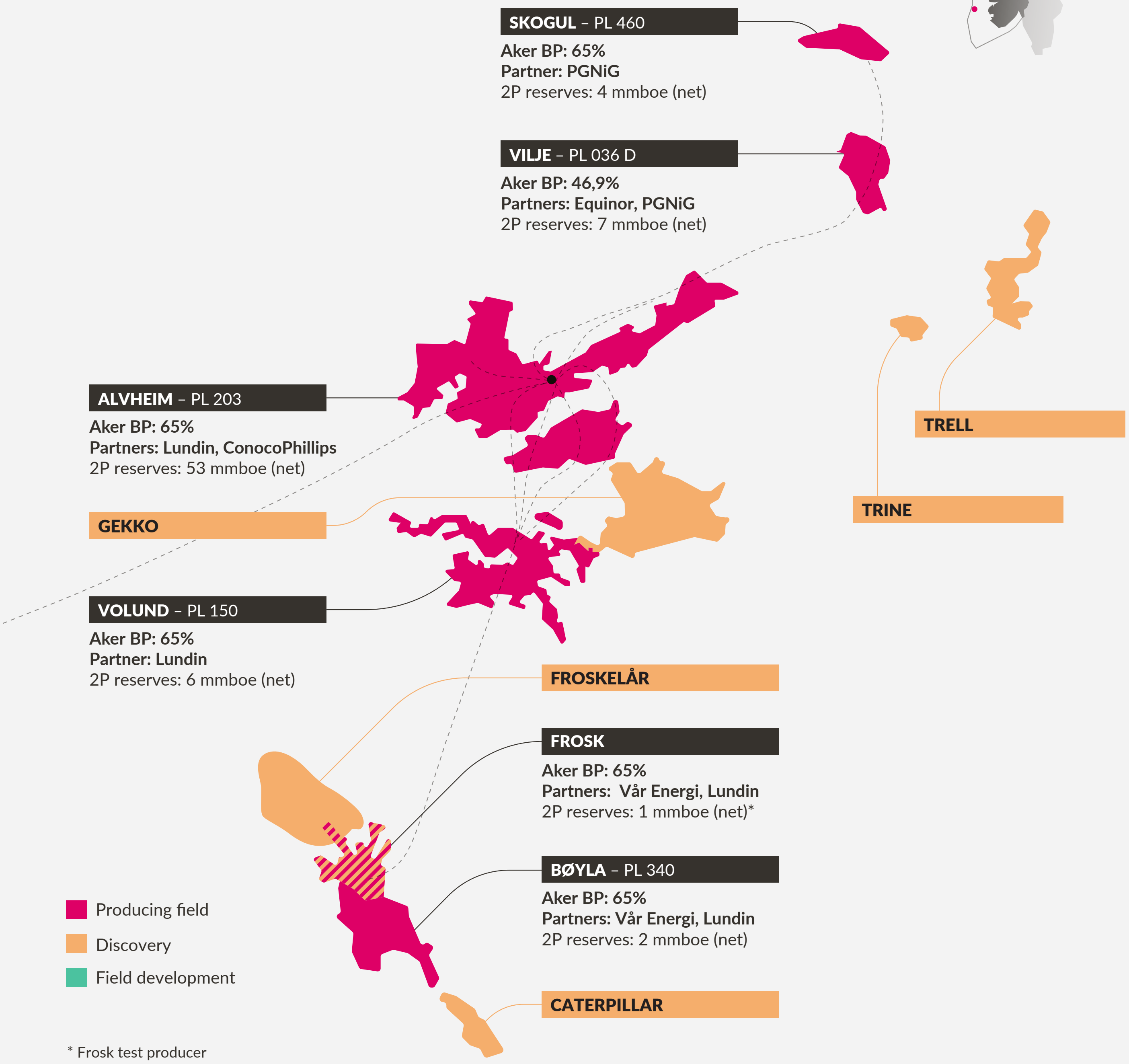
Highlights 2020

- **May**: One new turbine in operation from the power upgrade project.
- **June**: New field strategy establishing the direction for late-life.
- **June**: Drilling campaign on Ula completed; two producers, two injectors.
- **August**: New Tambar reservoir model.
- **August**: Rig commmittment for 2021 drilling campaign approved: one well on Ula and one well on Tambar.
- **October**: King Lear field moved forward to selection phase.
- **December**: Tambar lifetime extension application submitted to the Petroleum Safety Authority.

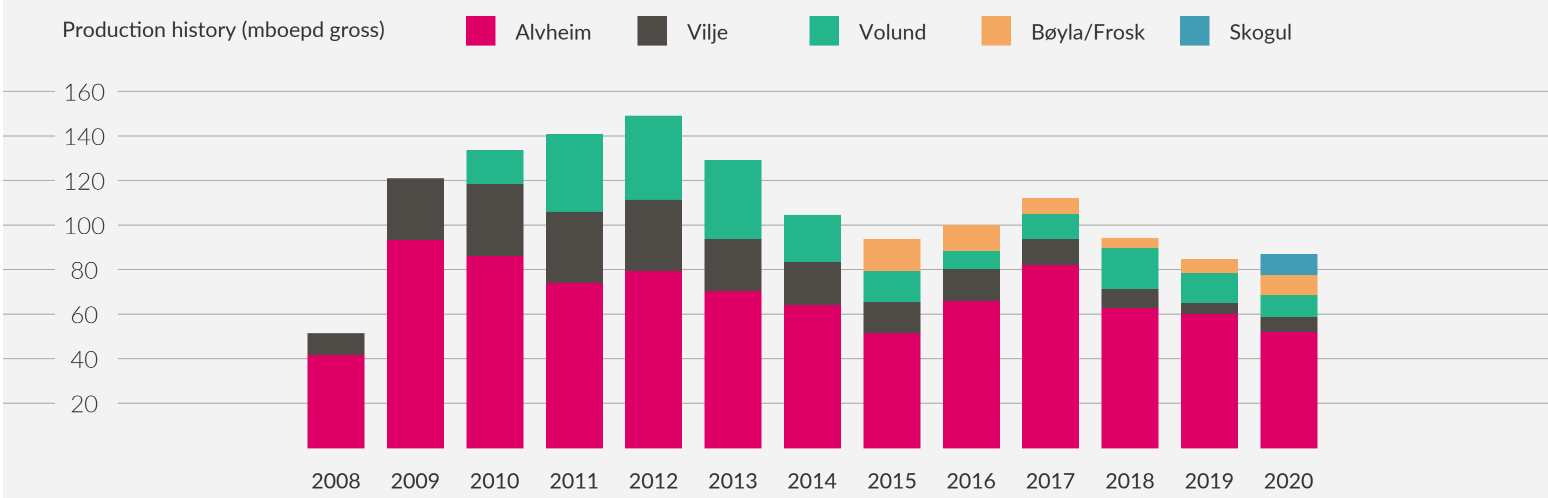
THE

ALVHEIM AREA

Net 2P Reserves: **71 mmboe**



* Frosk test producer



EXCEEDING TARGETS

Alvheim continued to deliver safe and reliable operations in 2020. Optimal use of gas handling facilities and deferred water breakthrough in several of the fields led to production delivery exceeding the target with more than 15 percent.

At the end of 2020 Alvheim had delivered 500+ days without any unplanned breakdowns or complete shutdowns. Production has been stable through 2020 with high production efficiency at 96 percent.

Net production from the Alvheim Area, including Boa, Vilje, Volund, Bøyla and Skogul, was 55.4 mboepd in 2020. This was significantly above target and was achieved through high uptime for the production facilities, reduced shutdown scope related to the East Mid Water Arch incident, which occurred in 2019, and better performance from the Alvheim and Volund wells.

HSE results from operations have been positive with no serious incidents or spills. Energy optimisation initiatives have been high on the agenda throughout 2020 and led to changes in flare settings, which reduced CO_2 emissions by 1,120 tonnes.

Asset development

The maturation of the Alvheim asset development plan continued in 2020, which emphasised the strategic direction of removing capacity constraints on the FPSO, extending facility lifetimes and adding new production.

As for all offshore activity, COVID-19 impacted operations and led to a reduced activity level. All non-critical activities were postponed to minimise the risk of COVID-19 offshore.

Another Alvheim infill well, Boa Attic South (BAS) was approved in the first quarter of 2020. The drilling of this well started in November 2020, and production is expected to start in early second quarter 2021. Production started on Skogul in March (in line with the PDO) and contributed as expected to high and stable production on Alvheim.

Production start:	Production 2020:	Production efficiency 2020:
2008	55.4 mboepd (net)	96%

The Kameleon Infill Mid (KIM) well came on stream in the fourth quarter after a challenging drilling operation.

Digital oilfields

Alvheim is also part of Aker BP's digitalisation story, and has benefitted from a production optimisation initiative called Digital Oil Field, in addition to installing Wi-Fi offshore and implementing handheld devices developed by the user for the user.

Future opportunities

The continued focus on increased oil recovery in the Alvheim area delivered in line with the track record, which supports Aker BP's strategy. We continued to mature opportunities in 2020, with a potential of approving two new wells for drilling as early as 2021. This will enable us to take advantage of the temporary tax regime and add valuable production to arrest base decline. These wells will be in addition to the already mentioned KIM and BAS wells.

In 2020, Aker BP continued to mature both the Kobra East Gekko (KEG), Frosk and Trell and Trine developments. KEG is the most mature of these projects. The KEG discoveries are located approximately 10 km south-east of the Alvheim FPSO. The plan is to develop these discoveries with four multilateral wells and a subsea tie-back to Alvheim through the Kneler B manifold.

The Frosk development project is a close second with a similar decision gate in February 2021, while Trell and Trine will come later in the year.

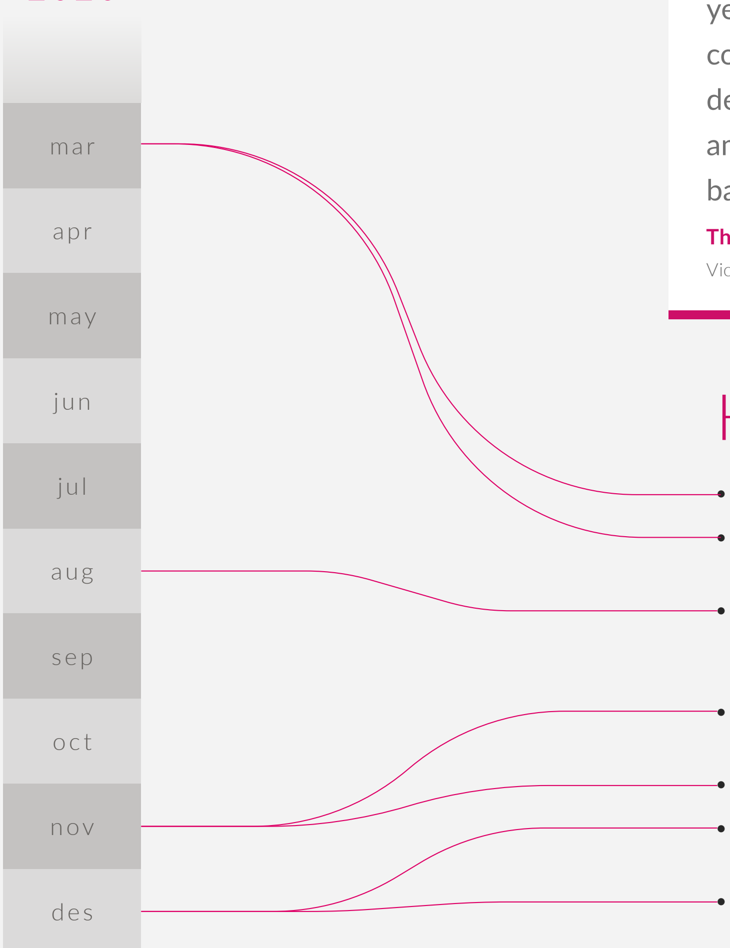
The Alvheim FPSO has limited capacity to handle produced water and gas. Two projects will mitigate this limitation; gas de-bottlenecking and produced water capacity, with offshore execution in 2021. These projects are important in securing capacity for new tie-back projects to Alvheim. Lifetime extension beyond 2033 has also been evaluated, and a work program has been developed.

> Despite a demanding year with the COVID-19 pandemic, Alvheim has again delivered great operational performance. The organisation has really been put to the test and I'm proud to see what they've delivered. In 2020, we've successfully completed tie-in and start-up of the Kameleon Infill Mid and Skogul. Towards the end of 2020, we spudded BAS for completion in early 2021. Throughout the year, the Alvheim team has been working continuously to further mature future development options and support our ambition to produce more than a billion barrels from the Alvheim FPSO.

Thomas Hoff Hansen

Vice President Operations and Asset Development - Alvheim

2020

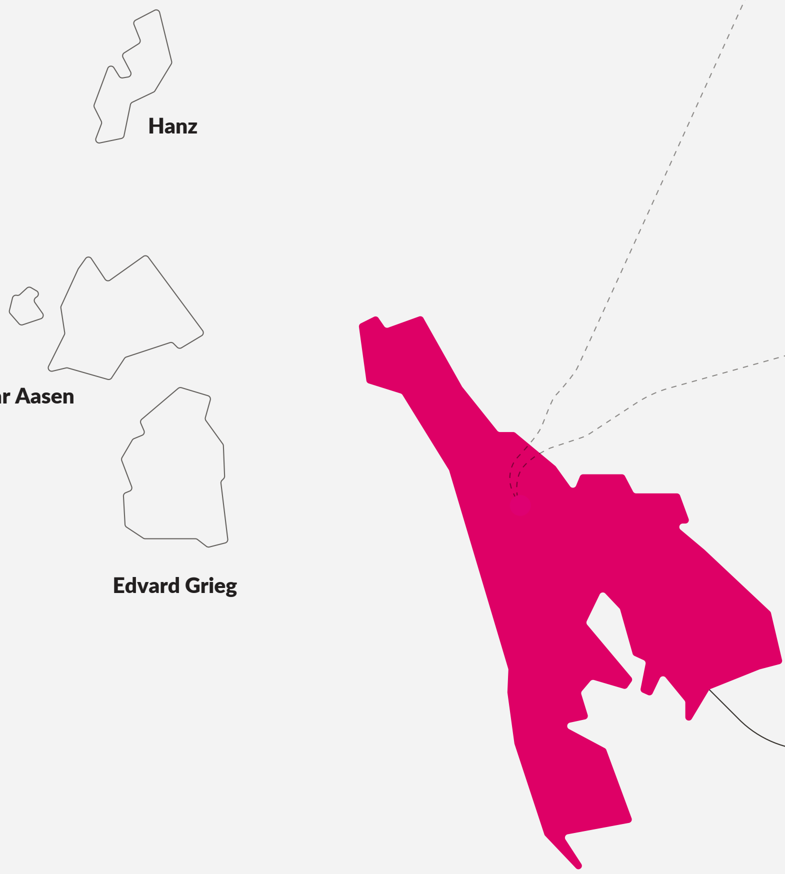


Highlights 2020

- **March**: Skogul field started production.
- **March**: Drilling started on Alvheim Kameleon Infill Mid (KIM).
- **August**: Ministry of Petroleum and Energy approval received for continued Frosk test production up to August 2021.
- **November**: Drilling started on the Boa Attic South (BAS) well.
- **November**: Production started from the KIM well.
- **December**: Project approved to handle increased produced water capacity.
- **December**: Decision to mature Kobra East Gekko (KEG) towards investment decision in summer 2021.

JOHAN SVERDRUP

Net 2P Reserves: **290 mmboe**

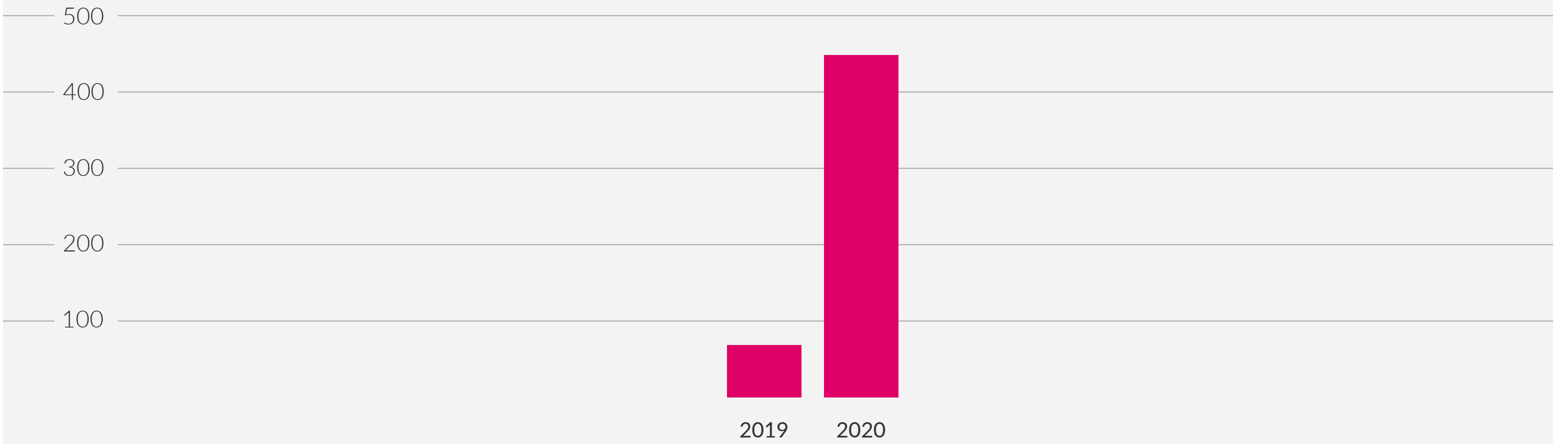


JOHAN SVERDRUP – Johan Sverdrup unit

Operator: Equinor
Partners: Aker BP (11.6%) Lundin, Petoro, Total
2P reserves: 290 mmboe (net)

- Producing field
- Discovery
- Field development

Production history (mboepd gross)



MASSIVE VALUE CREATION

During the first full year of operation, average net daily production from Johan Sverdrup to Aker BP amounted to 51.9 mboepd. The break-even price for the full field development is less than USD 20 per barrel.

Johan Sverdrup, where Aker BP holds an 11.6 percent ownership, Phase 1 delivered strong health, safety and environment performance and high regularity/production efficiency in 2020.

High performance

The first new well was spudded from the fixed drilling platform in early January, and by year-end, four new oil producers had been successfully drilled, completed and put on stream. All wells are performing according to expectations at very high rates. One new water injector was also drilled. Drilling from the fixed drilling platform will continue for the next two to three years.

The production design capacity of 440 mbblpd (thousand barrels per day) was already reached in spring and was increased stepwise to a record-high 500 mbblpd in December to take advantage of the wells' high production capacity, on average above 40 mbblpd.

Production start:	Production 2020:	Production efficiency 2020:
2019	51.9 mboepd (net)	High

Average net daily production to Aker BP in 2020 amounted to 51.9 mboepd (averaged over the full year, including NGL and associated gas), and year-end net reserves are estimated at 290 mmboe, representing 34 percent of Aker BP's total P50 reserves.

Electricity from shore

Powered by electricity from shore, the field has record-low CO_2 emissions of well below one kg per barrel (field life average). During the first year, a barrel of oil produced on Johan Sverdrup emitted just 0.17 kg CO_2 – nearly 100 times lower than the global average. The break-even price is less than USD 20 per barrel and the field will have operating costs below two dollars per barrel at plateau.

Phase 2

Johan Sverdrup Phase 2 is progressing safely and according to plan despite COVID-19 challenges at several construction sites. Phase 2 includes development of a second processing platform, modifications to the riser platform at the field centre, five subsea templates in the periphery of the field with 28 subsea wells (18 oil producers and 10 water injectors), in addition to expanding the power-from-shore supply from 100 to 300 MW.

The power capacity of 300 MW will also serve surrounding fields in the greater Utsira High area, including the Edvard Grieg, Ivar Aasen, Gina Krog and Sleipner fields by 2022 and will save a total of close to 1.2 million tonnes of CO_2 emissions annually.

At year-end, the facilities were two-thirds complete. Contracts awarded so far in Phase 2 are valued at more than NOK 30 billion. Phase 2 will increase production capacity by 220 mbblpd to a full-field plateau capacity of at least 720 mbblpd. Capital expenditures are estimated at NOK 41 billion (nominal terms based on fixed currency). Production start is planned for the fourth quarter of 2022.

> In 2020, Johan Sverdrup confirmed its massive value creation potential for Aker BP and the other partners, as well as for the broader Norwegian society, as Phase 1 has reached record-high production levels and Phase 2 has progressed according to plan, despite COVID-19 challenges. Both the operator, the partners and the contractors deserve praise for their continued excellent achievements.

Odd Ragnar Heum
Vice President Operations and Asset Development - Johan Sverdrup

2020

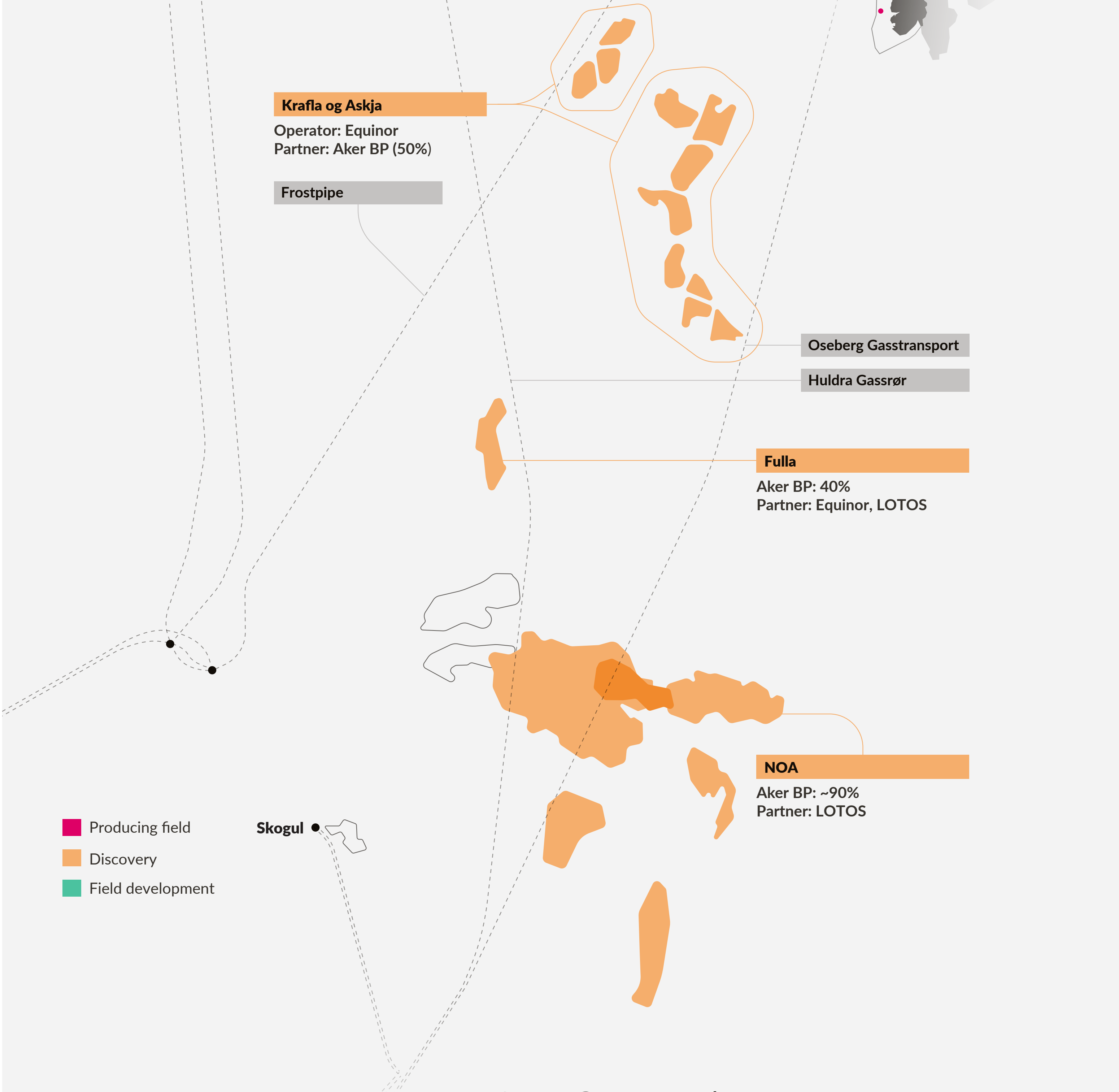
april
may
jun
jul
aug
sep
oct
nov
des

Highlights 2020

- **April**: Production design capacity of 440 mbblpd was reached.
- **July**: 100 million barrels of produced oil equivalents.
- **December**: Production design capacity was stepwise increased to record high 500 mbblpd.
- **December**: Johan Sverdrup Phase 2 (the full field development) progressed safely and according to plan despite COVID-19 challenges at several construction sites. At year end the facilities were 2/3 complete.

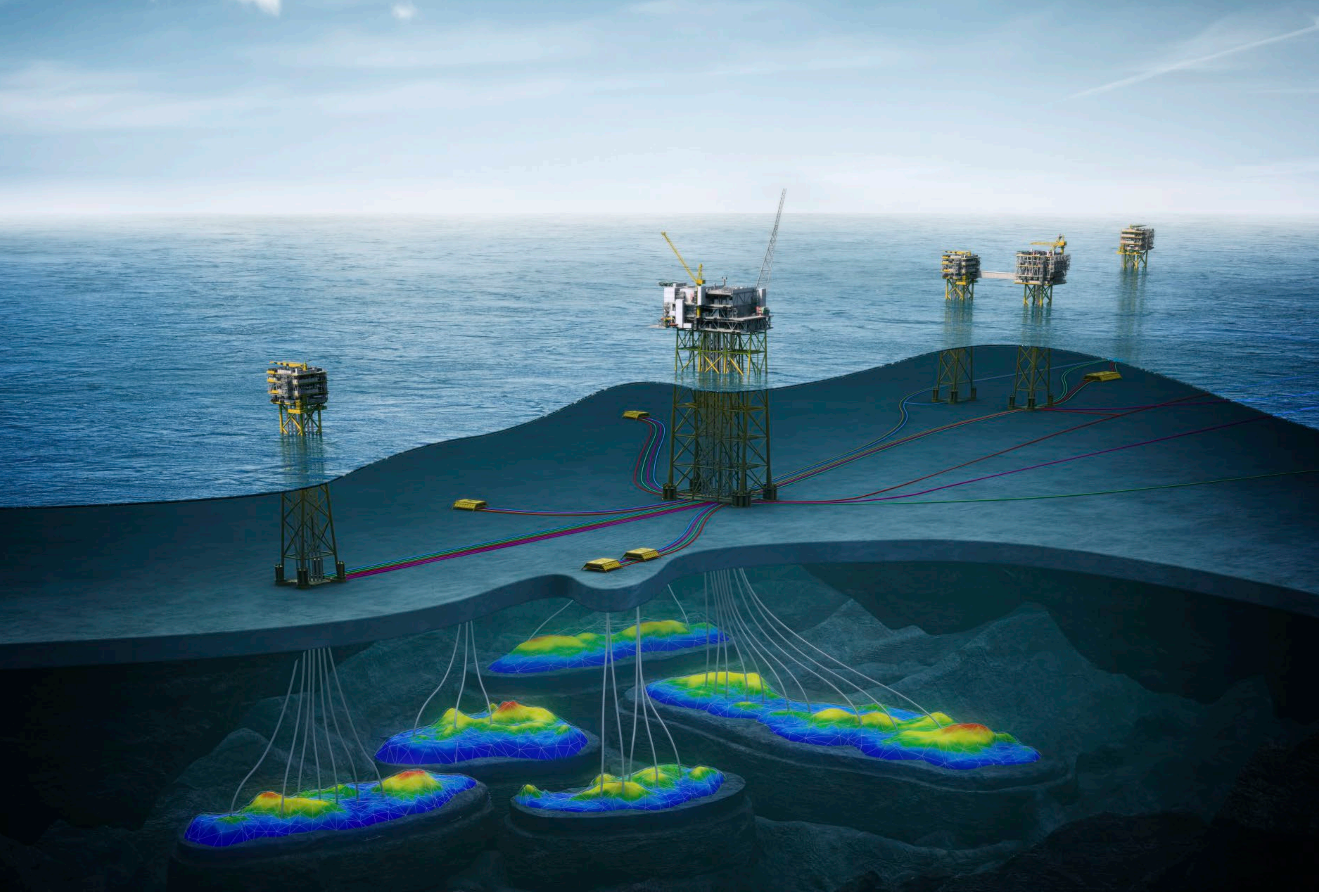
THE
NOAKA AREA

Net 2C contingent volumes: 200–430 mmboe



Aiming for first oil in

2027



THE FIELD OF THE FUTURE

The NOAKA area is located between Oseberg and Alvheim in the Norwegian sector of the North Sea. The area is home to several oil and gas discoveries with gross recoverable resources estimated at more than 500 million barrels of oil equivalent, with further exploration and appraisal potential.

The area represents the next major field development on the Norwegian continental shelf (NCS). The NOAKA area consists of the discoveries Frigg Gamma Delta, Langfjellet, Frøy, Fulla, Frigg, Rind and Krafla-Askja.

In June 2020, Aker BP, LOTOS and Equinor entered into an agreement in principle on commercial terms for a coordinated development of Krafla, Fulla and North of Alvheim (NOA).

Expected production start:

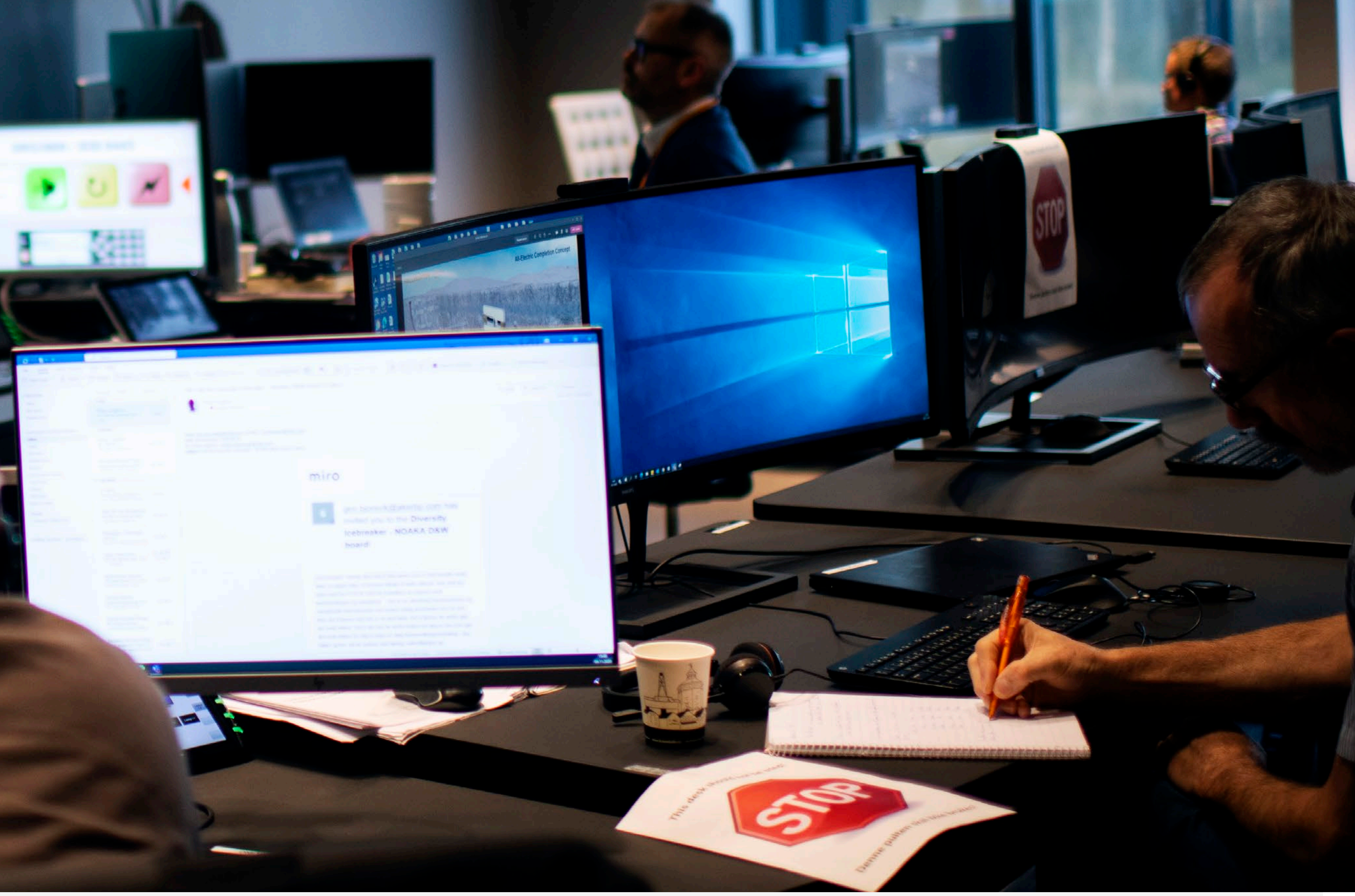
2027

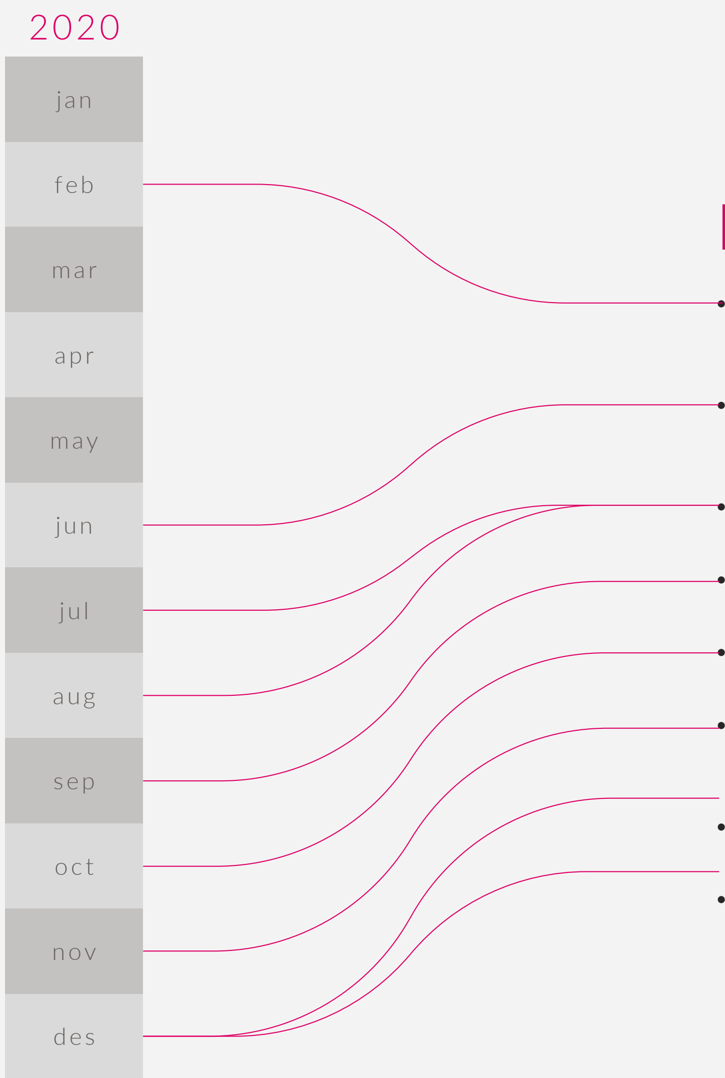
> The NOAKA ambition is to have a field development solution with a minimum environmental footprint. We will apply advanced technological solutions to secure high regularity and low emissions. The field will be fully electrified with power from shore, and extensive digital solutions will be implemented in both the project development and production phases.
>
> **Lars Høier**
> Senior Vice President/Asset Manager - NOAKA

The development plans for the area consist of a process platform in the south operated by Aker BP, an unmanned process platform in the north operated by Equinor and several satellite platforms and tie-backs to cover the various discoveries.

Aker BP is working together with strategic partners in cross-functional teams to further mature and improve the development concept for NOA and Fulla. A concept selection is planned for the third quarter of 2021. Equinor, as the operator of Krafla, is maturing the Krafla concept in close collaboration with Aker BP to optimise the total area development concept

The concept will be further optimised prior to submitting Plans for Development and Operation in the fourth quarter of 2022.





Highlights 2020

- **February**: Agreement on main technical building blocks in area development, between Equinor, LOTOS and Aker BP.
- **June**: Agreement in principle on commercial terms for a coordinated development of Krafla, Fulla and North of Alvheim (NOA).
- **July/August**: Mobilisation of asset and project organisation.
- **September**: Revised design basis and initiation of concept development studies.
- **October**: Value enhancement studies in concept development phase.
- **November**: Subsurface sprints to mature reservoir understanding and optimise drainage strategies.
- **December**: Revised design basis and initiation of studies with strategic partners.
- **December**: Start large-scale digital initiative for NOAKA along with Aker Solutions, aiZe and Cognite, to ensure efficient project execution and optimised production phase through digitalisation.

BOARD OF DIRECTORS

ØYVIND ERIKSEN

SHAREHOLDER-ELECTED CHAIR AND CHAIR OF THE COMPENSATION AND ORGANSATIONAL DEVELOPMENT COMMITTEE

Independent of major shareholders:	No
Aker BP shares*:	None***
Born:	1964
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:
Eriksen has nearly twenty years of experience in the legal industry, as he began his career at the law firm BAHR in 1990. During his time at BAHR, he became a partner in 1996 and a director/chairman in 2003. As a corporate attorney, he worked on projects including strategic and operational development, M&A and negotiations. Eriksen also worked closely with Aker. Eriksen has held several board positions in various industries, including shipping, finance, asset management, offshore drilling, fisheries, media, trade and industry. Eriksen holds a law degree from the University of Oslo.

Key external appointments:
Eriksen is currently chairman of the board of Aker BP ASA, Cognite AS, Aker Capital AS, Aker Kværner Holding AS, Aker Horizons, C4IR Ocean and REV Ocean Inc. He is also a director in several companies, including Aker Solutions ASA, Aker Energy AS, Aker Carbon Capture AS, Mainstream Renewable Power, The Resource Group TRG AS, TRG Holding AS, the Norwegian Cancer Society (Kreftforeningen), and member of the World Economic Forum C4IR Global Network Advisory Board.

ANNE MARIE CANNON

SHAREHOLDER-ELECTED DEPUTY CHAIR AND MEMBER OF THE AUDIT AND RISK COMMITTEE

Independent of major shareholders:	Yes
Aker BP shares*:	12,078
Born:	1957
Family relations BoD/EMT**:	No
Citizenship:	British
Residency:	UK

Experience, skills and education:
Cannon has more than 35 years' experience in the oil and gas industry and investment banking and is an experienced director, holding executive and non-executive roles. She has served as the Deputy Chair of the board since 2013, and is a member of the Audit and Risk Committee at Aker BP. Since 2019, she has been a Senior Advisor in the Strategic Advisory business at PJT Partners and from 2000, was a Senior Advisor at Morgan Stanley focusing on international upstream M&A. Prior to this, Cannon was an executive director on the boards of Hardy Oil & Gas and British Borneo, and earlier in her career was a director in investment banking at J Henry Schroder Wagg and held senior financial roles at Shell UK. Cannon holds a Bachelor of Science (Honours) Degree from Glasgow University and is a Fellow of the Energy Institute.

Key external appointments:
Cannon is currently a non-executive director on the board of Aker Energy AS and STV Group plc. She is the senior independent director on the board of Premier Oil plc.

GRO KIELLAND

SHAREHOLDER-ELECTED MEMBER AND MEMBER OF THE COMPENSATION AND ORGANSATIONAL DEVELOPMENT COMMITTEE

Independent of major shareholders:	Yes
Aker BP shares*:	1,750
Born:	1959
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:
Kielland has held several leading positions in the oil and gas industry both in Norway and abroad, including as CEO of bp p.l.c. Norge. Her professional experience includes work related to both operations and field development, as well as HSE. For the last ten years, she has served in non-executive roles for a number of oil service companies owned by HitecVision. Kielland holds a Master of Science degree and a Diploma of Education from the Norwegian University of Science and Technology.

Key external appointments:
Kielland is currently the non-executive chair of the board of Beyonder and ASCO Norway. She is also a director in a number of companies, including Ulstein Group and PetroNor E&P.

* Number of shares in Aker BP ASA as of 31 December 2020
** Family relations to other members of the Board or members of the Executive Management Team
*** Though exposure to the Aker BP share price through shareholding in Aker ASA

KJELL INGE RØKKE

SHAREHOLDER-ELECTED MEMBER

Independent of major shareholders:	No
Aker BP shares*:	None***
Born:	1958
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Røkke has been a driving force in the development of Aker since the 1990s. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business. In 1996, the Røkke-controlled company RGI purchased enough Aker shares to become Aker's largest shareholder, and later merged RGI with Aker. Røkke owns 68.2 percent of Aker ASA through The Resource Group TRG AS and subsidiaries.

Key external appointments:

Røkke is Aker ASA's primary owner and Chairman. He is currently a director in several companies, including Aker Solutions ASA, Aker BioMarine AS, Aker Horizons AS and Ocean Yield ASA.

TROND BRANDSRUD

SHAREHOLDER-ELECTED MEMBER AND CHAIR OF THE AUDIT AND RISK COMMITTEE

Independent of major shareholders:	Yes
Aker BP shares*:	None
Born:	1958
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Brandsrud serves as a non-executive director and industry advisor. From 2016 to 2019, he held several CEO and CFO roles in the financial services companies Lindorff, Intrum and Lowell, and from 2010 to 2015, he served as the Group Chief Financial Officer of Aker. In the period from 2007 to 2010, he served as the CFO of the Seadrill Group. Prior to these roles, Brandsrud had 23 years of experience from leading finance positions in Royal Dutch Shell plc. Brandsrud holds a Master of Science degree from NHH Norwegian School of Economics.

Key external appointments:

Brandsrud is a non-executive director and board member of PGS ASA and the Lowell Group (Simon Midco Ltd). He also has a part-time executive assignment with Waterise AS.

KATHERINE ANNE THOMSON

SHAREHOLDER-ELECTED MEMBER AND MEMBER OF THE AUDIT AND RISK COMMITTEE

Independent of major shareholders:	No
Aker BP shares*:	None
Born:	1968
Family relations BoD/EMT**:	No
Citizenship:	British
Residency:	UK

Experience, skills and education:

Thomson is the SVP Finance OB&C for the bp p.l.c. Group, having previously held the positions of Group Treasurer and Group Head of Tax. In her current role, she is responsible for commercial financial support, planning and performance for Regions, Cities and Solutions and Innovation and Engineering. She is also accountable for the group risk framework and application of insurance structures for bp p.l.c..

Prior to joining bp p.l.c., Thomson qualified as a chartered accountant with Deloitte. She moved into international tax with Charter plc, where she became Head of Tax in 1998, before joining Ernst & Young in 2001 in M&A tax. Thomson is also a director of several bp p.l.c. Group companies and a member of the Institute of Chartered Accountants in England and Wales.

Key external appointments:

None.

* Number of shares in Aker BP ASA as of 31 December 2020
** Family relations to other members of the Board or members of the Executive Management Team

MURRAY AUCHINCLOSS

SHAREHOLDER-ELECTED MEMBER

Independent of major shareholders:	
Aker BP shares*:	
Born:	1970
Family relations BoD/EMT**:	
Citizenship:	Canadian
Residency:	UK

Experience, skills and education:

Auchincloss joined Amoco Canada in 1992 and bp p.l.c. through the merger in 1999. He has built a career performing a range of commercial and leading roles across the company. Most recently he served as bp p.l.c.'s Upstream CFO (2015 to 2020).

Auchincloss holds a Bachelor of Finance degree from the University of Calgary. He also completed his Chartered Financial Analyst (CFA) certification in 1995.

Key external appointments:

Auchincloss is the Chief Financial Officer of bp p.l.c. He is a member of bp p.l.c.'s Executive Board and serves on the Main Board Audit Committee.

TERJE SOLHEIM

EMPLOYEE-ELECTED MEMBER AND MEMBER OF THE COMPENSATION AND ORGANSATIONAL DEVELOPMENT COMMITTEE

Independent of major shareholders:	Yes
Aker BP shares*:	1,787
Born:	1962
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Solheim is the General Manager of Aker BP's Harstad office. He has been with Aker BP since 2013 and has held several positions with the company.

Solheim has an extensive background from the Norwegian Armed Forces and was one of the founders of Norwegian Petro Services (NPS). He came to Aker BP from Det Norske Veritas (DNV).

Key external appointments:

None.

ANETTE HOEL HELGESEN

EMPLOYEE-ELECTED MEMBER

Independent of major shareholders:	Yes
Aker BP shares*:	1,134
Born:	1987
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Helgesen has been with Aker BP since 2011. She holds the position of HSSEQ Manager Project & Concept Development. Prior to this, Helgesen held various positions in Aker BP and bp p.l.c. Norway, as Operations Engineering Manager for the Ula field, Process Engineer and Onshore Operations Supervisor for the Valhall Field.

Helgesen holds a Master of Science degree in Chemical Engineering from the Norwegian University of Science and Technology in Trondheim.

Key external appointments:

None.

* Number of shares in Aker BP ASA as of 31 December 2020
** Family relations to other members of the Board or members of the Executive Management Team

INGARD HAUGEBERG

EMPLOYEE-ELECTED MEMBER

Independent of major shareholders:	Yes
Aker BP shares*:	1,510
Born:	1962
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Haugeberg serves as a full-time employee representative. Prior to this position, he was the HSSE Site Lead on the Ula field.

Haugeberg has broad experience from the Royal Norwegian Air Force in Bodø as a technical grenadier and as department manager for Safelift A/S. He started in Amoco Norge as a mechanic on the Valhall field in 1991. He has held several positions in bp p.l.c. Norge since 1998. Haugeberg has also held a number of different directorships in bp p.l.c. Norge, Industrimaskiner A/S, Global Clean Energy, I/E Media and trippEl A/S. He was trained as an electro-mechanical repair tech at the Royal Norwegian Air Force technical school at Kjevik and has a company-approved bachelor in mechanics.

Key external appointments:

None.

ØRJAN HOLSTAD

EMPLOYEE-ELECTED MEMBER

Independent of major shareholders:	Yes
Aker BP shares*:	4,384
Born:	1989
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Holstad has been with Aker BP since 2010 and works as a P&O Business Partner for the offshore segment in Operations and Asset Development. He has served as a full-time employee representative in bp p.l.c. Norge and member of the bp p.l.c. Norge AS Board of Directors from 2014 to 2016.

Holstad has a background as an Instrument Technician and has offshore and project experience from the Skarv FPSO.

Key external appointments:

None.

* Number of shares in Aker BP ASA as of 31 December 2020

** Family relations to other members of the Board or members of the Executive Management Team

EXECUTIVE MANAGEMENT TEAM

KARL JOHNNY HERSVIK

CHIEF EXECUTIVE OFFICER

Aker BP shares*:	10,355
Born:	1972
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:
Hersvik has been CEO of Aker BP since May 2014. Prior to joining Aker BP, he served as head of research for Statoil. Hersvik has held a number of specialist and executive positions with Norsk Hydro and StatoilHydro. Hersvik holds an MSc degree in Industrial Mathematics from the University of Bergen.

Key external appointments:
Hersvik is the chairman of the Board of Directors of Aker Energy AS and aiZe. He is a member of the Board of Directors in Cognite, the Norwegian Oil and Gas Association and the Norwegian Church Abroad (Sjømannskirken).

DAVID TORVIK TØNNE

CHIEF FINANCIAL OFFICER

Aker BP shares*:	13,900
Born:	1985
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:
Tønne has been the Chief Financial Officer of Aker BP ASA since January 2019 after advancing from the position of VP Corporate Controlling. Tønne has been with Aker BP since January 2017.

Prior to Aker BP, Tønne worked for the Boston Consulting Group, where he co-led the Nordic Energy Practice Area supporting clients in oil and gas, Private Equity, Shipping and Industrial Goods across a wide range of functional topics in Europe, North America and the Middle East.

Tønne holds a Master's degree in Finance from NHH Norwegian School of Economics.

Key external appointments:
None.

MARIT BLAASMO

SVP HSSEQ

Aker BP shares*:	2,153
Born:	1975
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:
Blaasmo has been the SVP HSSEQ in Aker BP since May 2019. Prior to this, she was responsible for the performance and improvement agenda in Drilling & Wells. Blaasmo has been with the company since August 2017.

She has more than 18 years' experience from Equinor and Baker Hughes INTEQ and has held multiple operational and management positions within Drilling & Wells disciplines.

Blaasmo holds a Master's degree in Petroleum Engineering from the Norwegian University of Science and Technology (NTNU).

Key external appointments:
None.

* Number of shares in Aker BP ASA as of 31 December 2020
** Family relations to other members of the Board or members of the Executive Management Team

INE DOLVE

SVP OPERATIONS AND ASSET DEVELOPMENT

Aker BP shares*:	4,033
Born:	1975
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Dolve has been the SVP Operations and Asset Development since July 2020. She comes from the position of VP Operations & Asset development for Skarv in Aker BP. She has worked with the company since 2010 and been involved in various key projects to develop and improve both company and industry performance.

Before joining Aker BP, she worked in management consulting (PwC) within finance, management of change and digitalisation for oil and gas. She also has several years of experience from the Armed Forces, nationally and internationally.

Dolve holds a Master's degree in Finance and International Management from NHH Norwegian School of Economics/ESADE, Barcelona. She is also educated at the Air Force Officer Candidate School and the Norwegian Naval Academy in Bergen.

Key external appointments:

None.

EVY GLØRSTAD

SVP EXPLORATION

Aker BP shares*:	5,866
Born:	1975
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Glørstad has been SVP Exploration since July 2018. She came from the position of Asset Development Manager for NOAKA. Glørstad has been with the company since 2011.

She has broad experience as a geologist in bp p.l.c. in Norway and the US and has held several managerial positions since joining the company.

Glørstad holds a Master of Science degree from the University of Bergen and a PhD in petroleum geology/sedimentology from the University of Oslo.

Key external appointments:

None.

PER HARALD KONGELF

SVP IMPROVEMENT

Aker BP shares*:	5,546
Born:	1959
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Kongelf is responsible for Aker BP's improvement program.

Prior to joining Aker BP, he served as head of Norwegian operations in Aker Solutions. He has more than 30 years of industrial experience from numerous technical and management positions in Aker Solutions.

Kongelf holds a Master's degree from the Norwegian University of Science and Technology (NTNU).

Key external appointments:

Kongelf is a board member and Aker representative for Eureka Logistics AS, Eureka Pumps AS, FPE Sontum AS and Origo Solutions AS.

* Number of shares in Aker BP ASA as of 31 December 2020

** Family relations to other members of the Board or members of the Executive Management Team

LENE LANDØY

SVP STRATEGY & BUSINESS DEVELOPMENT

Aker BP shares*:	10,122
Born:	1979
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Landøy has been the SVP Strategy & Business Development since January 2019. She advanced from VP Strategy, Portfolio & Analysis and has been with the company since January 2017.

Before joining Aker BP, Landøy led the business development unit on the Norwegian continental shelf in Statoil ASA, now Equinor. She held various positions in Statoil, in Technology and innovation, Finance, Natural gas and infrastructure and Global business development.

Landøy holds a Master's degree in finance from the NHH Norwegian School of Economics and the University of California Los Angeles (UCLA). She also holds a master's degree in international finance from the Skema Business School.

Key external appointments:

None.

LARS HØIER

SVP AND ASSET MANAGER NOAKA

Aker BP shares*:	5,675
Born:	1967
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Høier has been SVP and Asset Manager for NOAKA since August 2020. He joined Aker BP in 2019 as VP for Concept Development and Technology.

Høier has more than 20 years of experience from Equinor, with positions as SVP for R&D, as well as production director for several assets, including the Troll field.

Høier holds a Master of Science degree in Physics from the University in Oslo and a PhD in Petroleum technology from the Norwegian University of Science and Technology (NTNU).

Key external appointments:

None.

KNUT SANDVIK

SVP PROJECTS

Aker BP shares*:	2,577
Born:	1962
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Sandvik has been SVP Projects in Aker BP since July 2019. He has more than 30 years' experience from the oil and gas industry. Throughout his career, Sandvik has held various senior project and leadership positions across Aker Solutions, including four years as a member of the Executive Management Team. Sandvik holds a degree in Mechanical Offshore Engineering from Heriot-Watt University in Scotland.

Key external appointments:

None.

* Number of shares in Aker BP ASA as of 31 December 2020
** Family relations to other members of the Board or members of the Executive Management Team

TOMMY SIGMUNDSTAD

SVP DRILLING & WELLS

Aker BP shares*:	9,418
Born:	1970
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Sigmundstad has been SVP Drilling & Wells in Aker BP since 2016. Prior to this, he was Vice President Wells in bp p.l.c. Asia Pacific.

Sigmundstad has broad experience within the oil and gas industry from companies such as Baker Hughes and Philips, before joining bp p.l.c. in 2000. Within bp p.l.c., Sigmundstad has held various operational, engineering and management positions in Norway, the United Kingdom, Azerbaijan and Indonesia.

Sigmundstad holds a Master's degree in Petroleum Engineering from the University of Stavanger.

Key external appointments:

Sigmundstad is a member of the board of directors in MHWirth.

ØYVIND BRATSBERG

SPECIAL ADVISOR

Aker BP shares*:	54,802
Born:	1959
Family relations BoD/EMT**:	No
Citizenship:	Norwegian
Residency:	Norway

Experience, skills and education:

Bratsberg has been a special advisor reporting to the Aker BP management team since 2014. He joined Aker BP in 2008 as Chief Operating Officer and has more than 30 years' experience from several companies in the areas of marketing, business development and operations. Before taking up his position at Det Norske (Aker BP), he was responsible for early-phase field development on the Norwegian continental shelf for StatoilHydro.

Bratsberg holds an MSc degree in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU).

Key external appointments:

Bratsberg is a member of the Board for Standard Contracts on the Norwegian continental shelf.

* Number of shares in Aker BP ASA as of 31 December 2020
** Family relations to other members of the Board or members of the Executive Management Team

BOARD OF DIRECTORS' REPORT

Aker BP continued to deliver strong operational performance in 2020, with record high production, improved safety record, lower unit production cost, and further reduced CO_2 emissions intensity.

In response to the COVID-19 pandemic and a sharp drop in oil prices, the company quickly reduced its investment activity and dividend payments to preserve its financial flexibility. Following the introduction of temporary changes to the Norwegian petroleum tax system, the company resumed its investment activity. The company has a significant resource base, a strong financial position, proven execution skills, and is well positioned for value creation in the years to come.

Aker BP carries out significant operations related to exploration and production of oil and gas on the Norwegian Continental Shelf (NCS). Environmental, Social and Governance (ESG) issues are of paramount importance to the Board of Directors of Aker BP. Accordingly, the Board recognizes its responsibility for the safety of people and the environment and devotes appropriate time and resources to comply with all regulations and adhere to the highest standards in the oil and gas industry regarding Health, Safety, Security and Environment (HSSE).

To meet the challenges of an uncertain macro environment and to strengthen its long-term competitiveness, Aker BP has established a strong platform for value creation. The company leverages an effective business model built on lean principles, strong technological competence, and industrial cooperation to ensure safe and efficient operations.

Aker BP has a comprehensive improvement agenda with four focus areas. The aim is to reduce cost and improve efficiency across all disciplines to enable sanctioning of new stand-alone projects at break-even prices below USD 30 per barrel of oil equivalent (boe). The focus areas are:

1. Reorganization of the value chain with strategic partnerships and alliances to improve efficiency and increase productivity
2. Digitalization of the Exploration & Production (E&P) business model
3. Development of management systems and culture to build on «Lean» principles by prioritizing flow efficiency over resource efficiency
4. Bringing these together inside one organization and one business model that withstands volatility and has the flexibility to sustain growth.

Managing the risks associated with the COVID-19 pandemic has been a top priority since the beginning in early 2020. In February, Aker BP started monitoring the development in the spread of the coronavirus and a task force was then established to issue company instructions to prevent transmission and procedures for handling confirmed cases onshore as well as offshore.

In March, Aker BP decided to mobilize its Incident Command System (ICS) to further strengthen the response to protect the health and safety of the company's employees and contractors, and to maintain safe and reliable operations. Since then Aker BP has also participated in several committees within the Norwegian Oil and Gas Association, working with issues related to several aspects of the joint industry response including helicopter logistics, medical standards, and communication with regulatory bodies.

Aker BP was the first operator on the Norwegian Continental Shelf to implement mandatory COVID-19 pre-departure testing for all personnel traveling offshore. In May, test facilities were operationalised and by the end of the year close to 13,000 tests had been performed using PCR (molecular) diagnostics. In addition, all our manned installations had PCR testing capabilities on board to be used in case of suspected infection or to verify status of close contacts.

The ICS organization has an experienced team of professionals from different disciplines, including medical, and our intention is to keep this dedicated team operational until the overall situation, both nationally and internationally, is deemed to be sufficiently safe.

The company's policies and procedures to handle the pandemic have proved effective and will remain in place for as long as necessary.

An updated business plan was communicated to the market in March 2020. All non-sanctioned field development projectes were put on hold, exploration spending and production costs were reduced, and the original dividend plan was assessed and later retracted.

Under the extraordinary circumstances affecting the oil market in 2020, Aker BP's main financial priorities have been to secure the company's financial robustness, to protect its investment grade credit profile, and to maintain financial flexibility to pursue value-accretive growth opportunities.

The company's financial situation remains strong and the temporary changes in the Petroleum Tax Law provides Aker BP with a foundation for continued high investment activity to drive further value creation. The Hod development in the Valhall area was the first project to be launched as a direct result of the tax changes. The company is currently maturing a significant part of the resource base for final investment decision by the end of 2022.

Despite the challenges of COVID-19, Aker BP has delivered on its production ambitions for 2020. Aker BP's net production was 210.7 thousand barrels of oil equivalents per day (mboepd), which is a new record in the history of the company. Total net production volume was 77.1 million barrels of oil equivalents (mmboe).

Aker BP continues to be an operator with low carbon emissions intensity. In 2020, Aker BP's CO_2 intensity was below 5 kg CO_2 per barrel of oil equivalents (equity share), in line with the company's goal. This is less than half of the global industry average and significantly below the average for the NCS. In addition, Aker BP methane emissions remain low. The goal for 2021 is to not exceed a methane intensity of 0.1 percent.

The overall HSE performance has been improved throughout 2020 with a reduced number of injuries and serious incidents. The company had zero Process Safety Events in 2020, which is an encouraging result. Three incidents with high potential were reported. These incidents have been thoroughly investigated, and the lessons learned have been shared across all operated assets. Overall, the HSE performance is a strong achievement during a challenging year with regards to the COVID-19 pandemic. Maintaining and further improving the HSE performance requires relentless efforts and continuous attention. Aker BP continues to further strengthen its safety culture based on a strong foundation of systematic learning from incidents and structured risk management.

All field development projects progressed according to plans, including phase 1 and 2 of the Ærfugl development, Johan Sverdrup phase 2 and Hod. The company's project portfolio is expected to contribute significantly to the company's production and profitability in the years to come. First oil from both Ærfugl phase 1 and the Skogul development was achieved during 2020.

The company participated in four exploration wells in 2020. The exploration activities resulted in two small discoveries. The company further expanded its license portfolio through the Awards in pre-defined Areas (APA) 2020. Aker BP was offered interests in ten new production licences on the NCS, of which eight are as operator.

The company has a large resource base, with 2P reserves of 842 (906) mmboe and contingent resources of 895 (931) mmboe. This resource base provides a basis for future organic growth.

The company has a robust and diversified capital structure with USD 4.5 billion in available liquidity as of 31 December 2020. The company paid USD 425 million in dividends to shareholders, representing a 50 percent reduction compared to the original plan, as a response to the weak oil market and high levels of uncertainty in the global economy following the COVID-19 pandemic.

The Board is of the opinion that Aker BP is well positioned for further value accretive growth on the NCS and is conscious of the risks associated with project execution and the changing market conditions in which the company operates. The Board is prioritizing capital discipline and mitigation of risk wherever possible throughout the organization.

Share price performance and ownership structure

In 2020, the share price for Aker BP ended at NOK 216.2 per share, compared to NOK 288 per share at the end of 2019. The total number of shares issued was unchanged through the year at 360.1 million. Aker ASA remains the largest owner with 40 percent, while bp p.l.c. owns 30 percent of the shares. The remaining 30 percent were split among more than 22,000 shareholders. Aker BP is listed on Oslo Børs under the ticker symbol «AKRBP».

BUSINESS DESCRIPTION

Description of the company

Aker BP is an independent E&P company with exploration, development and production activities. At the end of 2020, all the company's assets and activities are based in Norway and within the Norwegian offshore tax regime.

Aker BP remains convinced that the NCS offers attractive opportunities for oil and gas exploration and development. The company plans to continue to be an active industry player in the coming years.

The company's registered address is at Lysaker in Bærum municipality. The company also has offices in Harstad, Sandnessjøen, Stavanger and Trondheim. Karl Johnny Hersvik is Chief Executive Officer. At the end of 2020, the company had 1,748 (1,742) employees. The company has interests in a total of 135 (141) licenses, including non-operated licenses.

Production assets and field developments

Aker BP's oil and gas production in 2020 averaged 210.7 (155.9) mboepd. Of this, 84 percent was oil and liquids, while 16 percent was natural gas. The production comes predominantly from six fields or hubs: Alvheim, Ivar Aasen, Johan Sverdrup, Skarv, Ula, and Valhall.

The Alvheim area consists of the fields Alvheim, Volund, Vilje, Bøyla and Skogul, which are all being produced through the Alvheim FPSO (floating production, storage, and offloading vessel). All these fields are operated by Aker BP. The oil is exported by shuttle tankers, and the produced gas is exported through the SAGE system.

Aker BP's net production from the Alvheim area in 2020 averaged 55.4 (54.4) mboepd. The increase was driven by Skogul which started producing in the first quarter, and by Bøyla where the Frosk test production continued, which contributed to offset the underlying decline from other reservoirs. The operational performance was strong with a production efficiency of 96 percent.

The field development activities in the Alvheim area continued in 2020. The Kameleon Infill Mid well started production in November and was followed by drilling start of the Boa Attic South well, which is planned to start production in the second quarter 2021. Furthermore, a new dual-lateral well, Kameleon Infill West, is being matured and drilling is scheduled to take place during the fourth quarter 2021.

The Frosk development project is being matured towards final investment decision, planned in the second half of 2021.

A concept decision for the development of the Kobra East and the Gekko (KEG) discoveries was made in the fourth quarter 2020, with final investment decision planned for the second half of 2021. These discoveries are located approximately 10 km south-east of the Alvheim FPSO. The plan is to develop these discoveries with four multilateral wells and a subsea tie-back to Alvheim through the Kneler B manifold.

A project to upgrade the water capacity at the Alvheim FPSO was sanctioned in the fourth quarter, with offshore installation planned in 2021. The installation will be done in conjunction with a gas debottlenecking project, increasing the gas capacity by approximately 15 percent. Together, these projects will improve the capacity for future tie-back projects at Alvheim.

The Ivar Aasen field is developed with a production, drilling and quarters (PDQ) platform with a steel jacket, and requires a separate jack-up rig for drilling and completion. The platform has spare slots for possible additional wells. First stage processing is carried out on the Ivar Aasen platform, and the partly processed fluids are transported to the Edvard Grieg field for final processing and export. Ivar Aasen is powered by electricity which is currently supplied from Edvard Grieg. In 2022, this will be replaced with power from shore. The field is operated by Aker BP.

Aker BP's net production from Ivar Aasen in 2020 averaged 20.1 (21.8) mboepd. Production efficiency in 2020 was 90 percent and was negatively impacted by routine activities related to well interventions, drilling operations and planned maintenance.

Two new production wells were drilled at Ivar Aasen in 2020 and started production after the end of the year. Two more wells are planned to be drilled in 2021.

The Johan Sverdrup field came on stream in October 2019 after a successful construction and installation phase. Phase 1 of the project consisted of four large bridge-linked platforms (the field center), Norway's largest oil export pipeline, a gas export pipeline, three subsea water injection templates, 20 pre-drilled production and water injection wells, and 100 MW power from shore. The field is operated by Equinor.

The processing capacity for Johan Sverdrup Phase 1 at startup was 440,000 barrels of oil per day (bblpd). During 2020, it was established that the capacity exceeded the initial assumptions, and by the end of the year it had been increased to 500,000 bblpd. The operator is currently working to expand the water injection capacity at the field and expects to further increase the processing capacity to around 535,000 bblpd during 2021.

Johan Sverdrup Phase 2 is progressing well and according to plan. Phase 2 includes development of a second processing platform, modifications of the riser platform at the field center, five subsea templates in the periphery of the field, in addition to expanding the power-from-shore supply. The increased power capacity will also serve several surrounding fields in the greater Utsira High area, including Ivar Aasen, and will contribute to an annual reduction in total CO_2 emissions of nearly 1.2 million tonnes. Phase 2 will increase the production capacity to a full field plateau capacity of 720 mbblpd. Production start is planned for the fourth quarter 2022.

Average daily production net to Aker BP in 2020 amounted to 51.9 mboepd including associated gas.

Powered with electricity from shore, the Johan Sverdrup field has record-low CO_2 emissions of well below 1 kg per barrel. The break-even oil price is less than USD 20 per barrel and the field will have operating costs below USD 2 per barrel at plateau.

Skarv is an oil and gas field in the northern part of the Norwegian Sea and is developed with an FPSO anchored to the seabed. The oil is offloaded to shuttle tankers, while the gas is transported to the Kårstø terminal in a pipeline connected to the Åsgard Transport System. The field is operated by Aker BP.

Ærfugl is a gas condensate field situated close to the Skarv FPSO and mostly within the Skarv Unit. The PDO for Ærfugl was approved by Norwegian authorities in April 2018 and covers the full field development including the resources in both the Ærfugl and Ærfugl Nord fields. The field is being developed in two phases. The first phase includes three new production wells in the southern part of the field tied into the Skarv FPSO via a trace heated pipe-in-pipe flowline. This phase has been successfully completed, and production started in December 2020.

The second phase of the development is currently in execution. This phase consists of one production well drilled through the existing Idun template, and two production wells in the northern part of the field. The first well through the Idun template was drilled as part of the Ærfugl phase 1 drilling campaign, and production started in the summer of 2020. For the two remaining wells, production start is planned in the fourth quarter 2021.

In December 2020, the Skarv partnership decided to develop the Gråsel discovery which is situated within the Skarv licence area. Gråsel is estimated to contain around 13 mmboe of recoverable resources and will utilize existing capacities in Skarv's FPSO and subsea infrastructure. Several other discoveries in the Skarv area are also being considered for future development as subsea tiebacks to the Skarv FPSO.

Net production from Skarv, including Ærfugl, averaged 21.0 mboepd in 2020. The production efficiency was 95 percent.

The Ula area consists of the fields Ula, Tambar, and Oda, which are all being produced through the Ula field centre. The oil is exported via Ekofisk to Teeside, while the gas is reinjected into the Ula reservoir to enhance recovery.

In recent years, Aker BP has been working to mature a re-development plan for Ula. In 2020, it was concluded that such re-development did not meet the company's investment criteria. Consequently, a late-life strategy has now been adopted for Ula, and production is expected to end in the early 2030's.

Net production for Aker BP from the Ula area averaged 11.0 mboepd in 2020. The production efficiency was 82 percent.

The Valhall area consists of the Valhall and Hod fields in the southern part of the Norwegian North Sea. Valhall started production in 1982. The infrastructure in the area currently consists of the field centre with four separate bridge-connected platforms. In addition, the field has three unmanned flank platforms. The produced oil is exported via pipeline to Ekofisk and further to Teesside in the UK, while the gas is exported via Norpipe to Emden in Germany.

Aker BP's net production from Valhall averaged 50.7 mboepd in 2020. This was an increase of 33 percent from the previous year and was driven by production from Valhall Flank West and new wells at the field centre. Production efficiency was stable at 86 percent.

The original Hod development produced from 1990 to 2012 via a remotely operated wellhead platform tied back to Valhall. Hod currently produces from wells drilled from the Valhall Flank South platform. All wells on the Hod platform are currently shut in and plug and abandon operations are currently ongoing.

In June 2020, Aker BP and its partner Pandion Energy submitted the plan for development and operation (PDO) for the Hod field. Hod will be developed in collaboration with Aker BP's alliance partners with a Normally Unmanned Installation remotely controlled from the Valhall field centre. The project is utilising the same concept, execution model and organisation as the Valhall Flank West project, which was successfully completed in 2019.

Hod will be powered from shore via the Valhall field centre and will hence generate very low CO_2 emissions. Total investments for the development are estimated at around USD 600 million. Production start is planned for first quarter 2022. Recoverable reserves for Hod are estimated at around 40 mmboe (gross). Aker BP is the operator for the field.

The NOAKA area (Krafla, Fulla and North of Alvheim) is located between Oseberg and Alvheim in the Norwegian North Sea. The area holds several oil and gas discoveries with gross recoverable resources estimated at more than 500 million barrels of oil equivalents, with further exploration and appraisal potential. In 2020, Aker BP and Equinor entered into an agreement in principle on commercial terms for a coordinated development of the area.

The development plans for the area consist of a processing platform in the south operated by Aker BP, an unmanned processing platform in the north operated by Equinor and several satellite platforms and tiebacks to cover the various discoveries. Aker BP is working together with its strategic partners in cross-functional teams to further mature and improve the development concept for NOA and Fulla. Equinor, as operator for Krafla, is maturing the Krafla concept in close collaboration with Aker BP. A concept select decision is planned for the third quarter 2021, and the ambition is to submit PDO in the fourth quarter 2022. Production start is targeted in 2027.

The fields Atla, Enoch and Gina Krog produced an average of 0.5 mboepd net to Aker BP in 2020. Aker BP divested its ownership in Gina Krog during the year.

Exploration activities

Aker BP's ambition is to be the leading exploration company on the Norwegian Continental Shelf. The company has delivered strong exploration results in recent years and has exceeded its ambition of discovering 250 mmboe net in the period from 2016 to 2020.

The company continues to seek additional prospect opportunities while improving the available data and technology to create a competitive edge. Aker BP's exploration activity is grouped in two categories; Exploration near own producing fields (Infrastructure led exploration – ILX) and exploration for growth opportunities (new hubs). Over time, the company is seeking an 80/20 balance between ILX and growth exploration targets.

In 2020, Aker BP originally planned to participate in ten exploration wells. Six of these wells were rescheduled to 2021, mainly due to the activity reductions implemented in response to the pandemic. Of the four wells that were completed, two resulted in minor discoveries.

Total investments in exploration in 2020 amounted to USD 246 (501) million. Exploration expenses in the Income statement amounted to USD 174 (306) million, including expensed dry wells of USD 57 (176) million, while new capitalized exploration expenditures amounted to USD 127 (370) million.

In January 2021, Aker BP was awarded ten new licenses, including eight operatorships, through Awards in Predefined Areas (APA 2020). Most of these licenses are located close to the company's existing core areas.

THE ANNUAL ACCOUNTS

The parent and group prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and the Norwegian Accounting Act.

Income statement

The parent and group's total income amounted to USD 2,979 (3,347) million. Total production volume was 77.1 (56.9) mmboe. The average realized liquids price was 40.0 (64.8) USD per barrel, while the realized price for natural gas averaged USD 0.14 (0.18) per standard cubic metre (scm).

Production costs for the oil and gas sold in 2020 were USD 628 (720) million. Production costs per boe produced in 2020 amounted to USD 8.3 (12.4). Exploration expenses amounted to USD 174 (306) million and were mainly related to dry and non-commercial wells, seismic data, field evaluation and general exploration activities. Depreciation amounted to USD 1,122 (812) million.

Impairments amounted to USD 573 (147) million, mainly related to Ula/Tambar and Ivar Aasen, in addition to exploration assets. A breakdown of the impairment charges is included in note 13 to the financial statements.

Other operating expenses amounted to USD 49 (35) million.

The parent and group reported an operating profit of USD 433 (1,327) million. The pre-tax profit amounted to USD 164 (1,084) million, and the tax expense amounted to USD 119 (943) million.

The tax rules and tax calculations are described in notes 1 and 10 to the financial statements.

The net profit was USD 45 (141) million.

Statement of financial position

Total assets at year-end amounted to USD 12,420 (12,227) million.

Equity amounted to USD 1,987 (2,368) million at the end of 2020, corresponding to an equity ratio of 16 (19) percent. Net interest-bearing debt, including leasing obligations, was USD 3,647 (3,493) million.

In January 2020, the company issued a 5-year USD 500 million bond and a 10-year USD 1 billion bond. In September 2020, the company issued a USD 500 million bond due in 2026 and a USD 750 billion bond due in 2031.

At the end of the year, the company had total available liquidity of USD 4.5 (2.7) billion, comprising USD 538 (107) million in cash and cash equivalents and USD 4.0 (2.55) billion in undrawn credit facilities. For information about terms on the credit facilities, see note 23. Financial covenants for the company's debt instruments were comfortably within applicable thresholds. The company has a robust balance sheet and ample financial flexibility.

Aker BP is currently rated by three rating agencies, S&P, Fitch, and Moody's. S&P Global Ratings has assigned a BBB- long-term corporate credit rating with stable outlook. In February 2021, Moody's assigned a Baa3 long-term issuer rating with stable outlook. Fitch has assigned a BBB-rating with stable outlook.

Statement of cash flow

Net cash flow from operating activities amounted to USD 1,857 million, down from USD 1,885 million in 2019.

Net cash flow used in investment activities amounted to USD 1,501 (2,178) million. The main item was investments in fixed assets of USD 1,278 (1,703) million.

Accounting standards

As described in note 1, there have been no changes to accounting standards and interpretations that have a material impact on the financial statements. The accounting principles used for the 2020 annual financial statements are thus consistent with the principles used in the 2019 annual financial statements.

Hedging

The company seeks to reduce the risk related to foreign exchange, interest rates and commodity prices through hedging instruments. The company actively manages its exposures through a mix of forward contracts and options.

At year-end 2020, the company had purchased oil put options with strike prices of around USD 40 per barrel for approximately 40 percent of the expected oil production for the first half of 2021 (after tax).

The going concern assumption

2020 has been significantly impacted by the COVID-19 crisis, with significant drop in oil and gas prices in the first half of the year. Towards the end of the year, and in the beginning of 2021, the market has recovered to levels before COVID-19. The company has a solid financial position, including USD 4.5 billion in available liquidity as of year end 2020.

Therefore, pursuant to the Norwegian Accounting Act section 3-3a, the Board of Directors confirms that the requirements of the going concern assumption are met and that the annual accounts have been prepared on that basis. The Board considers the financial position and the liquidity of the company to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the company's commitments in 2021.

In the Board of Directors' view, the annual accounts give a true and fair view of the company's assets and liabilities, financial position, and results. The Board of Directors is not aware of any factors that materially affect the assessment of the company's position as of 31 December 2020, or the result for 2020, other than those presented in the Board of Directors' Report or that otherwise follow from the financial statements.

Resource accounts

Aker BP complies with guidelines from Oslo Stock Exchange and the Society of Petroleum Engineers' (SPE) classification system for quantification of petroleum reserves and contingent resources. Total net P90/1P reserves are estimated at 641 (666) mmboe, while net P50/2P reserves amounted to 842 (906) mmboe at year-end 2020. See note 31 for a more detailed review of the resource accounts. The reserves have been certified by an independent third party.

Profit for the year

The Board of directors proposes that the profit for the year is transferred to retained earnings.

HSSEQ IN AKER BP'S OPERATIONS

Health, Safety, Security, Environment and Quality (HSSEQ) is always the number one priority in all of Aker BP's activities. The company strives to ensure that all its operations, drilling campaigns and projects are carried out under the highest HSSEQ standards.

Hsseq performance

Aker BP's goal is to prevent any kind of harm and ensure a safe workplace. Everyone who works for the company – our employees, hired personnel and contractors – shall be able to perform their work in an environment where the emphasis is on safety. Our facilities shall be in good condition, and must be planned, designed, and maintained in a manner that ensures their technical integrity.

The company's overall HSSEQ performance displays a positive trend. However, to meet our ambition of no harm to people and the environment we need to maintain our continuous effort to seek improvements in our HSSEQ performance.

During 2020, Aker BP had zero Process Safety Events (PSE), which is an encouraging result we aim to sustain. However, three incidents with high potential were reported. Out of these, one included a helicopter that lost altitude to a level below helideck under night conditions with rain and diminished visibility. The other two concerned dropped objects. These incidents were thoroughly investigated in accordance with the company's established event management processes. The learnings have been shared both locally and, where relevant, across all operating assets.

The Total Recordable Injuries Frequency (TRIF) for 2020 is 1.2 which is significantly lower compared to 2019 TRIF which was 3.5. The Serious Incident Frequency (SIF) for 2020 has also improved from 0.7 to 0.5. In September we experienced unintentional release of deluge with foam from fire water when conducting the annual emergency shutdown test. This resulted in one Loss of Primary Containment (LOPC) incident.

In cooperation with other operating companies, Aker BP has developed quarterly learning campaigns focusing on major accident risk, personnel safety, dropped objects and health/ working environment. This initiative is delivered online and contains practical tasks to be performed in offshore as well as onshore teams. This is repeated annually with updated case histories and tasks and is a strong contribution to our proactive HSE effort.

Combining risk insight with learnings from events and successes constitutes the foundation for further improvement to our HSSEQ performance and requires a continuous and systematic effort from the whole organization.

All deviations reported in the Inspection audits have been addressed and actions have been closed out. A revised application of discharge has been submitted for both Ivar Aasen and Alvheim and the Norwegian Environment Agency (NEA) has issued new permits for both assets. Relevant requirements and processes in the business management system and reporting routines have been reviewed and updated. Roles and responsibilities for all involved parties have been revised. Dashboards showing application and discharge of chemicals have been developed to ensure transparency and strengthen follow-up. Verification protocol for application and discharges of chemicals has been established.

An NGO has reported Aker BP and several other operators, to the Police for the negligent discharge of lubribation oil from submerged sea water pumps on Ivar Aasen and Alvheim. Aker BP has conducted a survey of all submerged pumps and thrusters on all assets and, where findings were made, issued a new application to the NEA. Updated permits have been received.

The Petroleum Safety Authority (PSA) carried out 13 regular audits of Aker BP operations and activities in 2020. In addition, the PSA also carried out a total of nine sectoral focus projects. The NEA conducted two audits and other regulatory bodies conducted in total five audits:

- Norwegian Petroleum Directorate (NPD) – four audits
- Directorate for Radiation Protection and Nuclear Safety (DSA) – one audit

Aker BP received zero notices of order from the Authorities in 2020.

Aker BP had during 2020 applied for a total of 23 Application for Discharge and 14 Application for Consents.

Security
Aker BP divides security into three main areas: personnel, object and information security. The company works within these areas to protect the company's values in accordance with relevant legislation and company needs. This work is also an integrated part of Aker BP's risk and barrier management.

Security differs from safety by focusing solely on unwanted events caused by intentional actions. Through intelligence, value, and threat assessments, as well as by raising awareness in the company, Aker BP works to ensure that neither the business nor the personnel are directly affected by threat agents.

In 2020 Aker BP's cyber security program has operationalized capacities to monitor, detect and respond to security incidents. A professional team, "Cyber Security Operations", is established to manage the new capacities. Training this team together with the emergency preparedness organization and the delivery of several digital security improvements has improved Aker BP's cyber resilience, resulting in a reduced cyber risk to the company.

The company has enabled and continued to develop its new threat intelligence capacity program to reduce uncertainty and enhance decision support to the Executive Management Team and specific business units.

Business Management System and assurance

The Business Management System (BMS) is the company's framework for creating and sustaining value, trust, and predictability. BMS describes how Aker BP works, controls risk and improves through approximately 300 business processes supplemented by governing documents, requirements, and descriptions. Based on findings and feedback from a comprehensive work carried out during 2019 and 2020, a project has been initiated to acquire, configure, and migrate existing BMS content to a new and modern management system software platform. The new BMS system platform will be implemented across all business units.

Risk-based assurance of conformity to the business management system requirements is governed by the company's "Three lines of assurance" model. An improved framework for Aker BP's "Three lines of assurance" was introduced in 2020 and is continually under improvement with regards to processes and tools to enhance execution.

Climate strategy and status

Aker BP acknowledges the conclusions from the Intergovernmental Panel on Climate Change (IPCC) and is committed to take responsibility for the company's carbon footprint.

Climate issues are formally integrated and embedded into Aker BP's strategy and decision making. The Board of Directors have ownership of climate related objectives and expectations in Aker BP's climate strategy, and reviews and guides the major plans of action when it comes to investment decisions for climate initiatives.

In 2020, the company's CO_2 intensity was 4.5 kg CO_2 per boe (equity share), which is less than half the global average, and below the average for the NCS. The upstream methane intensity was 0.03 percent. In 2020, Aker BP set an absolute CO_2 reduction goal of 50 percent within the 2030s. Aker BP's improvement agenda includes energy management and the implementation of energy efficiency and emission reduction measures. Power from shore (hydro-electric power) is part of the active energy management along with offshore wind considerations. In 2020 we continued to evaluate options for the existing fields in relation to life extension and emission reductions. Ula's expected lifetime was reduced from 2040 to early 2030's which directly impacts the CO_2 profiles. Valhall already has power from shore and Ivar Aasen will receive power from shore in 2022 (receives power from near-by asset Edvard Grieg today). The new development project NOAKA, has a base case design using hydro-electric power from shore.

Employees and working conditions

Status of employees and recruitment

- At year-end 2020, the company had 1,748 (1,742) employees.
- Aker BP recruited 56 new employees and 8 apprentices in 2020.
- Aker BP has a long-standing collaboration with graduate schools and universities to recruit talent as well as cooperation with regards to student internships.

Equal opportunities

The company is committed to maintain a working environment with equal opportunities for all based on qualifications, irrespective of gender, ethnicity, sexual orientation, or disability. In 2020, Aker BP established a Diversity and Inclusion Policy expressing the principles to be followed, with clear targets and a plan for action. The company does not tolerate any form of discrimination, whether it be trade union affiliation, social background, political opinion, sensitive medical conditions and so forth. There were no incidents of discrimination reported in 2020.

In December 2020, women held 21.5 percent of the positions in the company. The share of women on the Board of directors was 36 percent. The share of women in the executive management team was 40 percent and in the middle management it was 24 percent.

Men and women with the same jobs, with equal professional experience who perform equally well, shall receive the same pay in Aker BP. The complexity of the job, discipline area and work experience affect the pay level of individual employees.

At the end of 2020, 9 percent of the employees were of non-Norwegian origin.

The working environment

Aker BP has a working environment committee (AMU) as described in the Norwegian Working Environment Act. The committee plays an important role in monitoring and improving the working environment and in ensuring that the company complies with laws and regulations in this area.

Employees enjoy freedom of association and the company is committed to maintaining an open and constructive dialogue with the employee representatives through meetings on a regular basis throughout the year. Five local trade unions are registered as being represented in the company: Tekna, Lederne, SAFE, Industri Energi and NITO.

The working environment in Aker BP during 2020 was affected by several factors, including the COVID-19 pandemic, organisational adjustments, and subsequent activity increases following the introduction of temporary changes to the petroleum tax system. The employee satisfaction surveys show a marginally negative trend during the year. This was not unexpected, given the significant changes in working environment caused by the COVID situation, Overall, the working environment is considered to be good.

Sickness absence
Working for Aker BP shall promote and not reduce the health of our employees and employee health is of major importance for us. Aker BP has several proactive and health promoting measures available for our employees. Several of these offers are available through our occupational health service and includes physical therapy, ergonomic guidance, crisis support line, workouts, travel medicine and vaccines, personal health, and occupational health.

In 2020, the total sickness absence in Aker BP was 3.0 percent, which is significantly lower than the national average of six percent in Norway. For onshore personnel the figure was 2.3 percent. For offshore personnel, the figure was 4.6 percent, which is comparable with other NCS operators. Reference is also made to the company's ESG report, which includes further details on Aker BP's working environment.

Ethics and Integrity
Aker BP's values are Enquiring (Søkende), Responsible (Ansvarlig), Predictable (Forutsigbar), Committed (Engasjert) and Respectful (Respektfull). The Norwegian words form the abbreviation SAFER. The values define the company culture and describe how we want to work in Aker BP. The values also guide our behaviour in the workplace and enable us to live by our Code of Conduct. Our goal is that every employee habitually acts according to our core values.

During 2020, Aker BP continued to strengthen its anti-corruption compliance program with focus on training and awareness activities, introduction of new internal procedures, business partner integrity due diligence, and risk mapping of our supply chain. The company updated its Code of Conduct and approved a new human rights policy to address changes and developments in relevant regulatory frameworks, and to clarify expectations to employees, consultants, and business partners. The human rights policy describes Aker BP's commitments and how human rights impacts are managed in our supply chain and across our operations. Both policy documents are available at the company's website. Reference is also made to the company's ESG report, which includes further details on Aker BP's work in these areas.

Social Responsibility
Aker BP works to create value for all key stakeholders, including local communities where we operate, by integrating social responsibility into the way we do business. We partner with local, regional, and national businesses, organisations, and authorities to achieve mutual understanding of expectations, facilitate direct and indirect local benefits, and create opportunities for stakeholders.

Stakeholder engagement
Our stakeholders are the many individuals and organizations who are affected in some way by Aker BP's activities – whether it is in our role as an energy provider, an employer or as a business that helps boost local economies through jobs and revenue.

Open and proactive dialogue with stakeholders facilitates our ability to access the resources we require through the whole life cycle of our assets.

We work with governments, communities, and non-governmental organizations to implement social investment programs that can have a sustainable beneficial impact. We invest in community projects that align with local needs and our business activities.

When planning projects, we assess the potential impacts on communities. This helps to identify early on whether any activities could affect stakeholders or the environment in nearby communities, and to find ways to prevent or mitigate those impacts. We consult with communities, so that we can understand their expectations and address concerns. Through this, we hope to resolve potential disagreements, avoiding negative impacts on others and disruption to our activities.

Local business and community benefits
Aker BP is committed to stimulating local content by creating jobs and growing local businesses in the communities in which the company operates.

All five operated hubs (Alvheim, Valhall, Ula, Ivar Aasen and Skarv) have performed and secured acceptance for the impact assessment studies as part of the Government approval process.

The Hod development is providing activity and jobs for supplier companies across Norway. During 2020, Aker BP awarded one hundred contracts each worth more than NOK 1 million for construction of the Hod B platform.

75 percent of the contract values for construction of the Hod B platform and subsea installations have been awarded to Norwegian supplier companies. The contracts have been awarded to companies in a total of 23 municipalities in nine counties around the country.

According to the Government's Northern Area Policy, special focus should be given to the development and operation of fields located in Northern Norway to help stimulate local content and create value in the regions. The company's Ærfugl development field, located offshore west of Helgeland, is in this category.

Aker BP has continued the contract strategy from Skarv to the Ærfugl development project, where the company continues to focus on four elements to stimulate local engagement and value creation:

1. Maximizing the local impacts
2. Decentralized contracts
3. Local procurement function and active supplier development
4. Close contact and cooperation with Nordland County, local municipalities in Helgeland, business, schools, and educational institutions.

Aker BP is a member of the Oil and Gas Cluster Helgeland, an organization located in Northern Norway with a key focus on how to involve local and regional business enterprises.

To stimulate the cooperation with schools and education, Aker BP is supporting activities and public offices that contribute to the growth and development of the local community by offering studies, competence-raising measures and innovation processes and projects such as «Kunnskapsparken Helgeland», «Tverrfaglig Opplæringskontor», «Studiesenter Ytre Helgeland», and «Sandnessjøen upper secondary school».

Aker BP is further developing the cooperation agreement with Nordland County focusing on local business development, schools, and education.

Research and development

The aim of Aker BP's Research & Development (R&D) efforts is to support our journey to become the leading independent offshore E&P company. We invest in R&D across our whole value chain, and we have a balanced portfolio of projects targeting knowledge and methods, physical technology development, and digital / software development. We led or participated in around 90 projects in 2020 with a total spend close to NOK 320 million.

During 2020, the R&D council (with representatives from all Business Units) further strengthened the link between the R&D portfolio and the assets' business needs. An annual process has been implemented, where the assets document their "top problems to solve" and the R&D council prioritize project candidates to meet these needs. This resulted in a more nuanced technology strategy, and clear customers to realize the value from the R&D projects.

Some highlights from our R&D portfolio are:

- Continuing our development of a platform for acquisition, processing, and storage of data from industrial sensors, meeting big data, robotics, and machine learning challenges through our EurekaX digitalisation programme
- Developing a downhole valve that separates water/gas based on density
- Developing tools and knowledge to increase efficiency of Well Plugging & Abandonment operations

Corporate governance

Aker BP believes that good corporate governance with a clear distribution of roles and responsibility between the owners, the Board and executive personnel is crucial for the company to deliver value to its shareholders.

The Board of Aker BP is responsible for maintaining the highest corporate governance standards. The Board carries out an annual review of the company's principles. The company complies with relevant rules and regulations for corporate governance, including the most recent version of the Norwegian Code of Conduct for Corporate Governance, published on 17 October 2018, unless otherwise specified.

An account of corporate governance is provided in a separate section of the annual report and on the company's website.

The company has emphasized the importance of providing accurate information in interim reports, capital market updates and through direct dialogue with relevant authorities.

Reporting of payments to governments

Aker BP has prepared a report on government payments in accordance with the Norwegian Accounting Act § 3-3 d) and the Norwegian Securities Trading Act § 5-5a. It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The report is provided in a separate section of the annual report and on the company's website www.akerbp.com.

RISK FACTORS

The risk factors highlighted below could have a material adverse effect separately, or in combination, on our financial condition. Accordingly, investors should carefully consider these risks.

Response and measures we use to manage or mitigate our risks are embedded in our governance and business management system complemented by our risk management framework.

Risk-based assurance of the business management system requirements is governed by the company's three lines of assurance model. Assurance is an activity to provide confidence that quality requirements will be fulfilled. Aker BP's three lines of assurance model is continually under improvement with regards to processes and tools to enhance execution and safeguard inherent and identified risk.

Market risks

Aker BP's business depends significantly on the level of oil and gas prices, which are volatile, and are further subject to market expectations regarding such prices. If oil and gas prices decline, our results of operations, cash flows, financial condition and access to capital could be materially and adversely affected.

The company's profitability is determined in large part by the difference between the income received from the oil and gas produced and the operational costs, taxation costs relating to recovery (which are assessable irrespective of sales), as well as costs incurred in transporting and selling the oil and

gas. Lower prices for oil and gas may thus reduce the amount of oil and gas that the company is able to produce economically. This may also reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production.

The economics of producing from some wells and assets may also result in a reduction in the volumes of the company's reserves. Aker BP might also decide not to produce from certain wells at lower prices. These factors could result in a material decrease in net production revenue, causing a reduction in oil and gas acquisition and development activities. In addition, certain development projects could become unprofitable because of a decline in price and could result in the company having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact.

In addition, a substantial material decline in prices from historical average prices could reduce the company's ability to refinance its outstanding credit facilities. Changes in the oil and gas prices may thus adversely affect the company's business, results of operations, cash flow, ability to pay dividends, financial condition, and prospects.

Systemic risks

Risks arising from the systems around our business may escalate and in combination shape systemic risk. Whole or parts of systems could be severely affected including those where the company conduct business. Financial systems, supply systems, resource system, even the human population system may solely or by combination be shocked because of e.g. infectious diseases spreading worldwide or by a global financial crisis. The different scenarios exhibit a large degree of uncertainty, lack of control, and undecisive impact from management actions. Under such circumstances psychological behavior could be driven by fear and reactivity.

The company may face situations where there are extensive strain or full-scale shortage of resources (e.g. personnel, goods & services, finances) to perform our business activities as a result from systemic risk. Any such conditions could drain cash-flow, have material negative effect on our financial condition, force undesired change in strategic direction, and impact our ability to conduct business and deliver production.

Safety and environmental risks

Exploration, development, and production operations involve numerous safety and environmental risks and hazards that may result in material losses or additional expenditures.

Developing oil and gas resources and reserves into commercial production involves risk. Aker BP's exploration operations are subject to all the risks common in the oil and gas industry. These risks include, but are not limited to, encountering unusual or unexpected subsurface features, rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure. Given the nature of offshore operations, Aker BP's exploration, operating and drilling facilities are also subject to the hazards inherent in marine operations, such as capsizing, sinking, grounding and damage from severe storms or other severe weather conditions, as well as loss of containment, fires or explosions. Occurrence of any such significant events may result in material losses and adversely impact our cash-flow and financial position.

Climate changes could potentially have significant physical effects, such as increased frequency and severity of storms, droughts, floods, and other climatic events. Aker BP's offshore operations and infrastructure could be at risk from such climatic events.

The market in which the company operates is highly competitive

The oil and gas industry is highly competitive. Competition is particularly intense in the acquisition of (prospective) oil and gas licenses. Aker BP's competitive position depends on its geological, geophysical, and engineering expertise, financial resources, the ability to develop its assets and the ability to select, acquire, and develop proven reserves. Unsatisfactory ability to maneuver the competitive landscape may have a material effect on the company, its growth ambition, and ability to replace produced reserves.

Climate change regulation

The company's business and results of operations could be adversely affected by climate change and the adoption of new climate change laws, policies, and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies, including the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change (COP 21), which requires participating nations to reduce carbon emissions every five years beginning in 2023. Multiple plans have also been proposed in the Norwegian parliament to reduce carbon emissions from companies operating in certain sectors, including the oil and gas industry, and create a carbon trading system linked to the European Union's emissions trading scheme.

The emission reduction targets and other provisions of the recent Norwegian climate change law, the Paris Agreement, or similar legislative or regulatory initiatives enacted in the future, could adversely impact the company's business by imposing increased costs in the form of taxes or for the purchase of emission allowances, limiting the company's ability to develop new oil and gas reserves, decreasing the value of its assets, challenge asset lifetime extension, or reducing the demand for hydrocarbons and refined petroleum products.

Concentration of operations
Aker BP's production of oil and gas is delivered from a limited number of offshore fields. If mechanical or technical problems, abnormal weather or other events affect the production on one of these offshore fields or our partner operated assets, it may have direct and significant impact on a substantial portion of the company's production. Also, if the actual reserves associated with any one of these fields are less than the estimated reserves, the company's results from operations and financial condition could be materially adversely affected.

Risks related to redetermination of unitized petroleum deposits
Unitization agreements relating to production licenses may include a redetermination clause, stating that the apportionment of the deposit between licenses can be adjusted within certain agreed time periods. Any such redetermination of interest in any of the company's licenses may have a negative effect on its interest in the unitized deposit, including its tract participation and cash flow from production. No assurance can be made that any such redetermination will be satisfactorily resolved or will be resolved within reasonable time and without incurring significant costs. Any redetermination negatively affecting the company's interest in a unit may have a material adverse effect on its business, results of operations, cash flow, financial conditions, and prospects.

Projects are associated with risks relating to delays and cost overruns
Aker BP's ongoing development or decommissioning projects involve advanced engineering, extensive procurement activities and complex construction work to be carried out under various contract packages at different locations onshore. Furthermore, the company (together with its license partners), must carry out drilling operations, install, test and commission offshore installations and obtain governmental approval to take them into use prior to commencement of production. The complexity of such development projects makes them sensitive to circumstances that may affect the planned progress or sequence of the various activities.

Although Aker BP believes that the development or commissioning projects will be completed on schedule in accordance with all license requirements and within the estimated budgets, the current or future projected target dates for production or cessation may be delayed and cost overruns may incur.

Furthermore, estimated exploration costs are subject to many assumptions that may not prove to be correct. Any such inability to explore, appraise, develop, or decommission petroleum operations or incorrect assumptions regarding exploration costs may have an adverse effect on the company's growth ambitions, future business and revenue, operating results, financial condition, and cash flow.

Third-party risks in terms of operators and partners
Where the company is not the operator of a license, although it may have consultation rights or the right to withhold consent in relation to significant operational matters depending on the level of its interest in such license (as most decisions by the management committee only require a majority vote), the company has limited control over management of the assets and mismanagement by the operator or disagreements with the operator as to the most appropriate course of action may result in significant delays, losses or increased costs to Aker BP.

Third-party risks in terms of contractors
Market conditions may impair the liquidity situation of contractors and consequently their ability to meet its obligations towards the company. This may in turn impact both timeline and cost expectations to our projects and operations.

Oil and gas production could vary significantly from reported reserves and resources
Aker BP's reserve evaluations are prepared in accordance with existing guidelines. These evaluations include many assumptions relating to factors such as initial production rates, recovery rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and gas, operating costs, and royalties and other government levies that may be imposed over the producing life of the reserves and resources. Actual production and cash flows will vary from these evaluations, and such variations could be material. Although the company understands the life expectancy of each of its assets, the life of an asset may be shorter than anticipated. Among other things, evaluations are based, in part, on the assumed success of activities intended to be undertaken in future years. The reserves, resources and estimated cash flows contained in such evaluations will be reduced to the extent that such activities do not achieve the level of success assumed in the evaluations, and such reductions may have a material adverse effect on the company's business, results of operations, cash flow and financial condition.

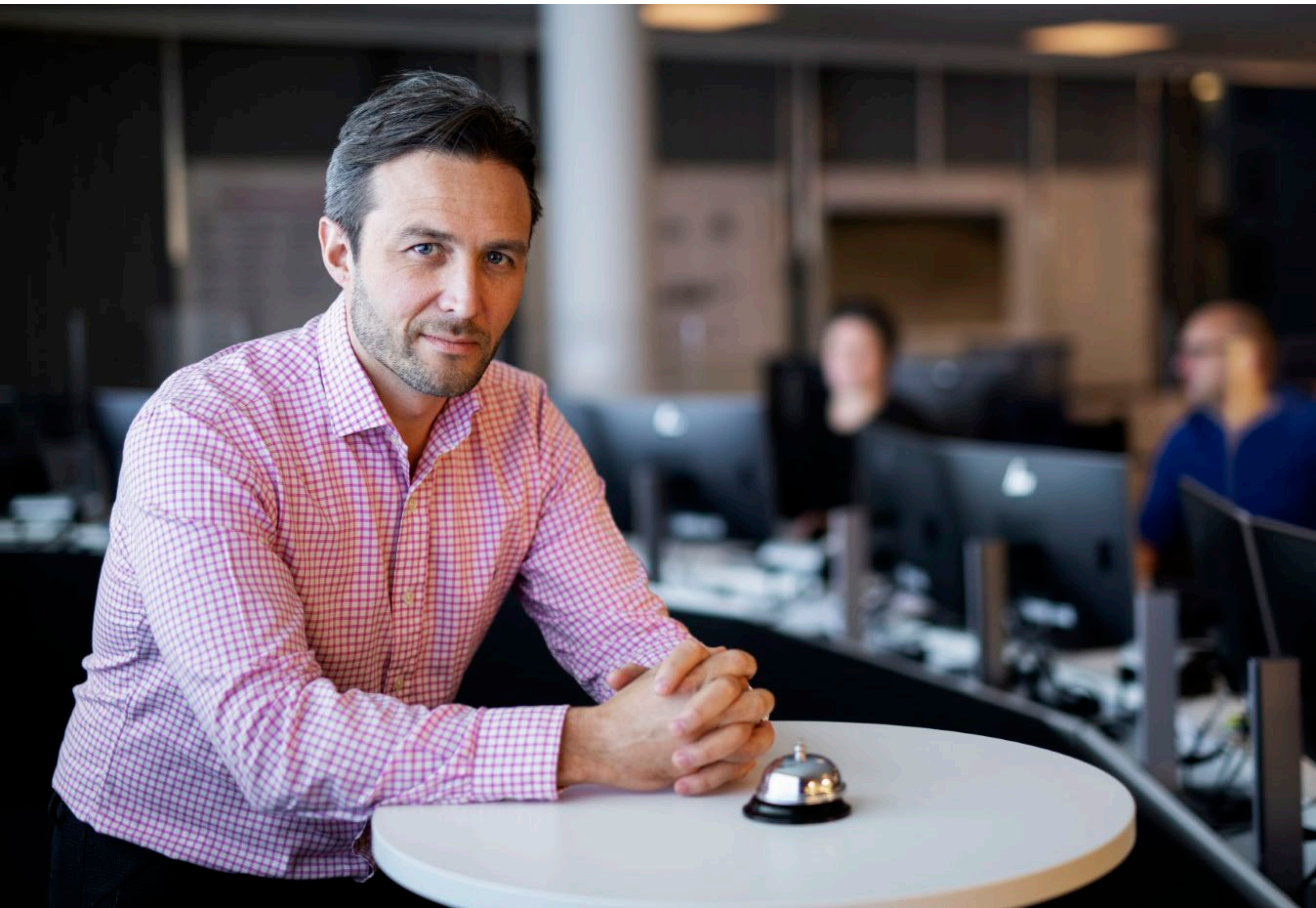
Aker BP may be adversely affected by COVID-19 or other pandemics
The COVID-19 pandemic has caused significant business disruption globally, significant volatility in international debt and equity markets and significant disruption to the economy. Under such pandemics, Aker BP's operations may experience delays or disruptions, such as the temporary suspension of operations at one or more of our operating facilities, with potentially negative impact on the company's financial results. Moreover, such events may also have a negative impact on the demand for oil and gas and hence lead to lower oil and gas prices and reduced revenues for Aker BP.

Risk of cyber-attacks
The company could be a target of cyber-attacks designed to penetrate the security of its network or internal systems, misappropriate proprietary information, commit financial fraud and/or cause interruptions to the company's activities, including a reduction or halt in production. Such attacks could include, but not limited to, adversaries obtaining access to company systems, the introduction of malicious computer code or denial of service attacks. Such actual or perceived breaches of network security could adversely affect the company's business performance, and reputation, and may create exposure to the loss of information, litigation, and possible liability.

Risk of changes in taxation and regulations
There is no assurance that future political conditions in Norway will not result in the government adopting different policies for petroleum taxation. In the event of changes to this tax regime, it could lead to new investments being less attractive and challenge further growth of the company.

Furthermore, the amounts of taxes could also change significantly because of new interpretations of the relevant tax laws and regulations or changes to such laws and regulations. In addition, tax authorities could review and question the company's tax returns leading to additional taxes and tax penalties which could be material.

The Norwegian Government has implemented a tax reform in Norway. The tax reform has, inter alia, led to a reduction in the general corporate tax rate, while the special petroleum tax rate has been increased. The overall effect of the rate changes for the petroleum sector is that the total marginal tax rate of 78% has remained unchanged. Further tax reform may result in changes in the Norwegian tax system (which may include changes in the tax treatment of interest costs and to withholding tax on interest payments) that may affect our current and future tax positions, net income after tax and financial condition.



The company may require additional capital, which may not be available on favorable terms
The company's future capital requirements depend on many factors, including whether the company's cash flow from operations is sufficient to fund the company's business plans. The company may need additional funds in the longer term to further develop exploration and development programs or to acquire assets or shares of other companies. In particular, the development projects require significant capital expenditures in the years to come. Even though the company has taken measures to ensure a solid financial basis for the development projects, the company cannot assure that it will be able to generate or obtain sufficient funds to finance the projects. Given the extensive scope of the projects, any unforeseen circumstances, or actions to be dealt with that are not accounted for, may result in a substantial gap between estimated and actual costs. Thus, the actual costs necessary to carry out the projects may be considerably higher than currently estimated. These investments, along with the company's ongoing operations, may be financed partially or wholly with debt, which may increase the company's debt levels above industry standards.

The company may also have to manage its business in a certain way to service its debt and other financial obligations. Should the financing of the company not be sufficient to meet its financing needs, the company may, among other things, be forced to reduce or delay capital expenditures or research and development expenditures or sell assets or businesses at unanticipated times and/or at unfavorable prices or other terms, or to seek additional equity capital or to restructure or refinance its debt. There can be no assurance that such measures would be successful or would be adequate to meet debt and other obligations as they come due or would not result in the company being placed in a less competitive position.

International and national policies, the general financial market conditions, stock exchange climate, interest level, the investors' interest in the company and their preferences regarding exposure to oil and gas production, the share price of the company, as well as several other factors beyond the company's control, may restrict the company's ability to raise necessary funds for future growth and/or investments. Thus, additional funding may not be available to the company or, if available, may not be available on acceptable terms. If the company is unable to raise additional funds as needed, the scope of its operations may be reduced and, as a result, the company may be unable to fulfil its long-term development program, or meet its obligations under its contracts, which may ultimately be withdrawn or terminated for non-compliance. The company may also have to forfeit or forego various opportunities, curtail its growth and/or reduce its assets. This could have a material adverse effect on the company's business, prospects, financial condition, results of operations and cash flows, and on the company's ability to fund the development of its business.

Risks related to interest rates and liquidity

The company's long-term debt is primarily based on fixed interest rates. The company has covenants related to its financial commitments. Failure to comply with financial covenants and other covenants may entail material adverse consequences, including the need to refinance, restructure, or dispose of certain parts of, the company's businesses to fulfil the company's financial obligations and there can be no assurances that the company in such event will be able to fulfil its financial obligations.

Risks related to changes in foreign exchange rates

The company is exposed to market fluctuations in foreign exchange rates since the company reports profit and loss and the balance sheet in USD. Revenues are in USD for oil and in GBP and EUR for gas, while operational costs and investments are in several other currencies in addition to USD. Moreover, taxes are calculated and paid in NOK. The company actively manages its foreign currency exposure through a mix of forward contracts and options, however significant fluctuations in exchange rates between USD and NOK could adversely affect the liquidity position of the company. Volatility in exchange rates generally represents increased risk for the company.

Risk of counterparties being unable to fulfil their financial obligations

The company's partners and counterparties consist of a diverse group of companies with no single material source of credit risk. However, a general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables, which may in turn adversely affect the company's business performance, operating results, cash flows and financial condition.

The company is vulnerable to adverse market perceptions

The company is vulnerable to adverse market perception as it must display a high level of integrity and maintain the trust and confidence of investors, license participants, public authorities, counterparties, employees, and the society. Any mismanagement, fraud, or failure to satisfy fiduciary or regulatory responsibilities, allegations of such activities, or negative publicity resulting from such other activities, or the association of any of the above with the company could materially adversely affect our reputation and the value of our brand, as well as our business, results of operations, cash flows and financial condition, and our ability to attract and retain talent.

The company is dependent on realization of new technologies and digitizing the value chain

Technology and digitalization are important parts of the company's strategy and we strongly believe those will contribute to Aker BP's growth and improved efficiency. Inefficient, or mis-judged implementation of such technologies and digitalization could have a negative effect on expected value realization and the company's strategy, reputation, cost profile, and safe operations. We also recognize that the development of new technologies and digitalisation may require additional funding and support beyond what is expected, and such consequences may adversely affect our reputation, cash flows, and potentially our financial condition.

Violation of anti-bribery, anti-corruption laws, or compliance risk

Anti-bribery, anti-corruption, including tax-evasion and anti-money laundering laws, and other compliance requirements apply to the company, potential future joint ventures, and associates, in countries in which we do business. Any violation of such laws, regulations, and requirements could have a material adverse effect on our cash flows, financial condition, and reputation.

The company is dependent on attracting and retaining talent

The company operates in a competitive environment, and its future growth prospect depends upon its ability to access executive and senior management and key personnel. Executive or senior personnel may terminate employment with the company rendering certain knowledge and skills in shortage. Large numbers of personnel leaving the company in a short timeframe could be a significant challenge to replace or find alternatives to recover. If we are unable to fill positions and retain executive and senior management and key personnel with needed skills and expertise, it could have a longer-term adverse effect on our business, financial position, and results of operations.

Company financial reporting routines – errors and omissions risk

Although the company continuously strive for accurate, transparent, and comprehensive financial reporting, errors and omissions may penetrate our control mechanisms. Such errors and omissions, should they be significant, could drain senior management attention and require measures diverting efforts and prospects for growth. Inaccuracies could adversely affect our strategic decision making, productivity, slow growth and therefore may impact our cash flows and financial condition. The company's reputation and goodwill could also be adversely affected.

The company may be exposed to more stringent HSSE laws and regulations
The company's operations are subject to extensive HSSE regulatory requirements that may change and are likely to become more stringent over time. Government could require operators to adjust their future production plans, effecting production and costs related to development projects and our operations. We could incur additional costs in the future due to compliance with these requirements or because of violations of, or liabilities under, laws and regulations, such as fines, penalties, clean-up costs and third-party claims. Therefore, HSSE risks, should they materialise, may result in material negative effect to our financial condition.

The company may be subject to insufficient insurance coverage
The company could be subject to losses from risks related to insufficient insurance. The company's insurance policy is continually renewed and negotiated through agents and the market. The company could face a situation where the coverage either is not sufficient or the policy does not grant coverage, which may result in material negative effects to the company's financial condition. The company could also face a situation where changed practices in the insurance industry in response to the issue of climate change could reduce the company's ability to achieve full insurance coverage.

The company may be engaged in litigation arising from other risk factors
The company may face litigation arising from other risk factors. Litigation in a variety of jurisdictions could result in substantial costs (including civil or criminal penalties, or both, damages, or the imposition of import trade measures), require the company to devote substantial resources and divert management attention, which may result in a negative effect on the financial condition.

EVENTS AFTER THE REPORTING PERIOD

On 19 January 2021, Aker BP was offered ten new licenses, including eight operatorships in the Awards in Predefined Areas (APA) 2020 licensing round.

On 18 February 2021, Aker BP disbursed USD 112.5 million in dividends to shareholders.

SIGNATURE PAGE

BOARD OF DIRECTORS

The Board of Directors of Aker BP ASA
Akerkvartalet, 18 March 2021

ØYVIND ERIKSEN
Chairman

ANNE MARIE CANNON
Deputy chair

KJELL INGE RØKKE
Board member

TROND BRANDSRUD
Board member

GRO KIELLAND
Board member

MURRAY AUCHINCLOSS
Board member

KATE THOMSON
Board member

INGARD HAUGEBERG
Board member

ANETTE HOEL HELGESEN
Board member

ØRJAN HOLSTAD
Board member

TERJE SOLHEIM
Board member

KARL JOHNNY HERSVIK
Chief Executive Officer

REPORTING OF PAYMENTS TO GOVERNMETS

This report is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d) and Securities Trading Act § 5-5 a). It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 nr 1682 – ”the regulation”) stipulating that the reporting obligation only apply to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include other information than payments to governments, and it provides more detailed rules applicable to definitions, publication and group reporting.

The management of Aker BP has applied judgment in the interpretation of the wording in the regulation with regard to the specific type of payment to be included in this report, and on what level it should be reported. When payments are required to be reported on a project-by-project basis, it is reported on a field-by-field basis. Only gross amounts on operated licences are reported, as all payments within the licence performed by non-operators will normally be cash calls transferred to the operator and will as such not be payments to the government.

As of 2020, the company had activities related to the Norwegian Continental Shelf only. Hence, the tax and fees referred to in this report, are fully paid to Norwegian governments.

Reporting of payments

The regulation's Section 2 no. 5 defines the different types of payments subject to reporting. In the following sections, only those applicable to Aker BP will be described.

Income tax

The income tax is calculated and paid on corporate level and is therefore reported for the whole company rather than licence-by-licence. Net tax refunds in 2020 of NOK 1 540 823 495 (including interest) are mainly related to tax instalments for the income year 2019 and tax refunds for the income year 2020.

CO_2 tax

CO_2 tax is to some extent included in the fuel price/rig rental paid to external rig companies. The CO_2 tax paid on the Alvheim field includes the fields tied in to the Alvheim FPSO (Vilje, Volund, Bøyla and Skogul) as Alvheim performs the payment and charges the other fields via opex share. The CO_2 tax paid on the Ula field is partly charged to Tambar through a tariff.

Name of field/license	CO_2 tax paid in 2020 (NOK)
Alvheim	90,243,742
Ivar Aasen	9,569,717
Hod	186,801
Valhall	14,436,091
Ula	95,995,629
Skarv	176,566,217
Total CO_2 tax paid	**386,998,196**

NO_x

The company is member of the NO_x fund and all NO_x payments are made to this fund rather than to the government.

Area fee

The table below specifies the area fee paid by Aker BP on behalf of the different licences in 2020. Licenses of which the company has received net refund of area fee are not included in the figures.

Name of field/license	Area fee paid in 2020 (NOK)
Alvheim	12,240,000
Bøyla	3,589,000
Hod	2,695,000
Ivar Aasen	101,213
Skarv	20,043,000
Skogul	306,000
Tambar	1,683,000
Ula	6,014,000
Valhall	8,624,000
Vilje	931,000
Volund	765,000
PL 019C	1,519,000
PL 036E	965,254
PL 102D	16,524,000
PL 102F	3,978,000
PL 127C	4,896,000
PL 146	13,311,000
PL 159D	1,071,000
PL 212E	2,142,000
PL 242	2,448,000
PL 261	10,404,000
PL 442	9,975,000
PL 685	29,279,469
PL 858	84,829,326
	238,333,262

Other information required to be reported

When companies are required to report payments as the above, it is also mandatory to report on investments, sales income, production volumes and purchases of goods and services in the country in which companies have activities within the extractive industries. As mentioned above, Aker BP operates on the Norwegian Continental Shelf only. This reporting requirement is therefore deemed to be met by the financial statements as specified below:

- Total net investments amounted to USD -1 500 710 thousand, as specified in the cash flow analysis in the financial statements.
- Sales income (Petroleum revenues) in 2020 amounted to USD 2 868 153 thousand, as specified in Note 4 to the financial statements
- Total production in 2020 was 77 101 thousand barrels of oil equivalents, see Note 5 to the financial statements
- For information about purchases of goods and services, reference is made to the Income Statement and the related notes

BOARD OF DIRECTORS REPORT ON CORPORATE GOVERNANCE

Aker BP ASA (Aker BP) aims to ensure the greatest possible value creation to shareholders and society over time in a safe and prudent manner. A good management and control model with a clear division of responsibility and roles between the owners, represented by the shareholders in the General Meeting, the Board of Directors and corporate management is crucial to achieve this.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board of Aker BP is responsible for actively adhering to sound corporate governance standards.

Aker BP is a Norwegian public limited liability company (ASA), listed on Oslo Børs and established under Norwegian laws. In accordance with the Norwegian Accounting Act, section 3-3b, Aker BP includes a description of principles for corporate governance as part of the Board of Directors' Report in the annual report or alternatively makes a reference to where this information can be found.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance (the Code of Practice). The Code of Practice can be found on www.nues.no. Adherence to the Code of Practice is based on the "comply or explain" principle, which means that a company must comply with all the recommendations of the Code of Practice or explain why it has chosen an alternative approach to specific recommendations.

Oslo Børs requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the Code of Practice in force at the time. Issuer Rules for companies listed on Oslo Børs is available at www.euronext.com/en/markets/oslo.

Aker BP complies with the current edition of the Code of Practice, issued on 17 October 2018, unless otherwise specifically stated. The following statement on corporate governance is structured in the same way as the Code of Practice, thus following the 15 chapters included in the Code of Practice.

More detailed reporting on corporate governance issues can be found on our website www.akerbp.com, in this Annual report and in our Sustainability/ESG report.

Deviations to the code: None

2. BUSINESS

According to Aker BP's Articles of Association article 3, its objective is "to carry out exploration for, and recovery of, petroleum and activities related thereto, and, by subscribing for shares or by other means, to participate in corresponding businesses or other business, alone or in cooperation with other enterprises and interests". Further information about the Articles of Association is available at the company's website.

Through an annual strategy process, the Board defines and evaluates the company's objectives, main strategies, and risk profiles for the company's business activities such that the company creates value for shareholders. Environmental, social and governance issues are an important part of the Board's annual strategy process. Together with the company's financial status, the objectives of the company are communicated to the market.

It is Aker BP's vision to create the leading independent offshore exploration and production (E&P) company. To achieve this, the company will carry out exploration, development and production activities and be opportunistic in its approach to M&A, including buying and selling interests in companies, fields, and discoveries.

In the beginning of 2020, the spread of the COVID-19 pandemic created increased uncertainty and disruption to the global economy. Throughout the year, the Board's objective has been to make sure that Aker BP took all necessary measures to protect its people and operations from the virus, and to make sure the company is prepared to handle the potential operational and financial consequences of the situation.

As described in the Board of Directors' report, the company rapidly mobilized its Incident Command System to further strengthen the response to protect the health and safety of the company's employees and contractors, and to maintain safe and reliable operations. The company's policies and procedures have proved effective and will remain in place for as long as necessary.

An updated business plan was communicated to the market in March 2020. All non-sanctioned field development projects were put on hold, exploration spending and production costs were reduced, and the original dividend plan was retracted.

Following the temporary changes to the Norwegian petroleum tax system, enacted by the Norwegian parliament in June 2020, the company decided to resume its investment plans. The changes and developments to the company's business plan have been communicated throughout the year, following Aker BP's procedures for information and communications (see chapter 13). The company's latest business plan was communicated at its annual Capital Markets Update on 4 February 2021.

In 2020, the company's Code of Conduct has been updated to ensure that employees, hired personnel, consultants and others acting on behalf of Aker BP, operate in a consistent manner with respect to ethics and good business practice. The Code of Conduct clarifies the company's fundamental ethical values and is a guideline for those making decisions on behalf of the company. During the year, Aker BP has also published a Human rights policy to clarify its human rights commitments and describe how the company manages human rights impacts in the supply chain and across its operations. The Code of Conduct and the Human rights policy are both available on the company's website.

The company demonstrates responsibility through actions, the quality of its work, the projects, and products and all its activities. The company's ambition is that business activities shall integrate social, ethical, and environmental goals and measures. As a minimum, Aker BP will comply with laws, regulations, and conventions in the areas where the company operates, but the established set of ethical guidelines extends beyond such compliance. Established procurement procedures secure non-discrimination and transparency in the procurement processes. Aker BP has established an anti-corruption compliance program, and it is also stated in the Code of Conduct that no form of corruption is tolerated. Aker BP's Anti-Corruption Policy sets out in more detail the company's expectations with regard to the actions of Aker BP Representatives and Business Partners and is available on the company's website.

In addition, the company has a sponsorship policy and program to promote the company and its activities. Guidelines for the use of sponsorships are included in the sponsorship policy and in the Code of Conduct. Aker BP supports measures that improve the company's brand and profile, and measures that can be for the benefit of the employees. Information about ongoing sponsorships are available on the company's website.

The company integrates considerations related to its stakeholders into its value creation and shall achieve its objectives in accordance with the Code of Conduct. In Aker BP's annual Sustainability Report, the company describes its business activities in terms of sustainability performance and development, including information on matters that relate to human rights, employee rights and social matters, the external environment, the prevention of corruption, the working environment, equal treatment, discrimination and environmental impact. The report is available on the company's website.

Deviations to the code: None

3. EQUITY AND DIVIDENDS

The Board seeks to optimize the company's capital structure by balancing risk, return on equity against lenders' security and liquidity requirements. The company aims to have a good reputation in all debt and equity markets. The Board continuously evaluates the company's capital structure, ensuring a capital and debt structure that is appropriate to the company's objective, strategy, and risk profile. This involves monitoring available funding sources and related cost of capital. It is the company's goal that over time, Aker BP's shareholders shall receive a competitive return on their investment through increased share price and cash dividends. The Annual General Meeting (AGM) in April 2020 authorized the Board to approve the distribution of dividends based on the approved annual accounts for 2019. The background of this proposal was to facilitate the company's aim to distribute dividends quarterly.

In 2020, the company paid USD 425 million in dividends to shareholders, after retracting its original dividend plan as a response to the weak oil market and high uncertainty in the global economy following the COVID-19 pandemic.

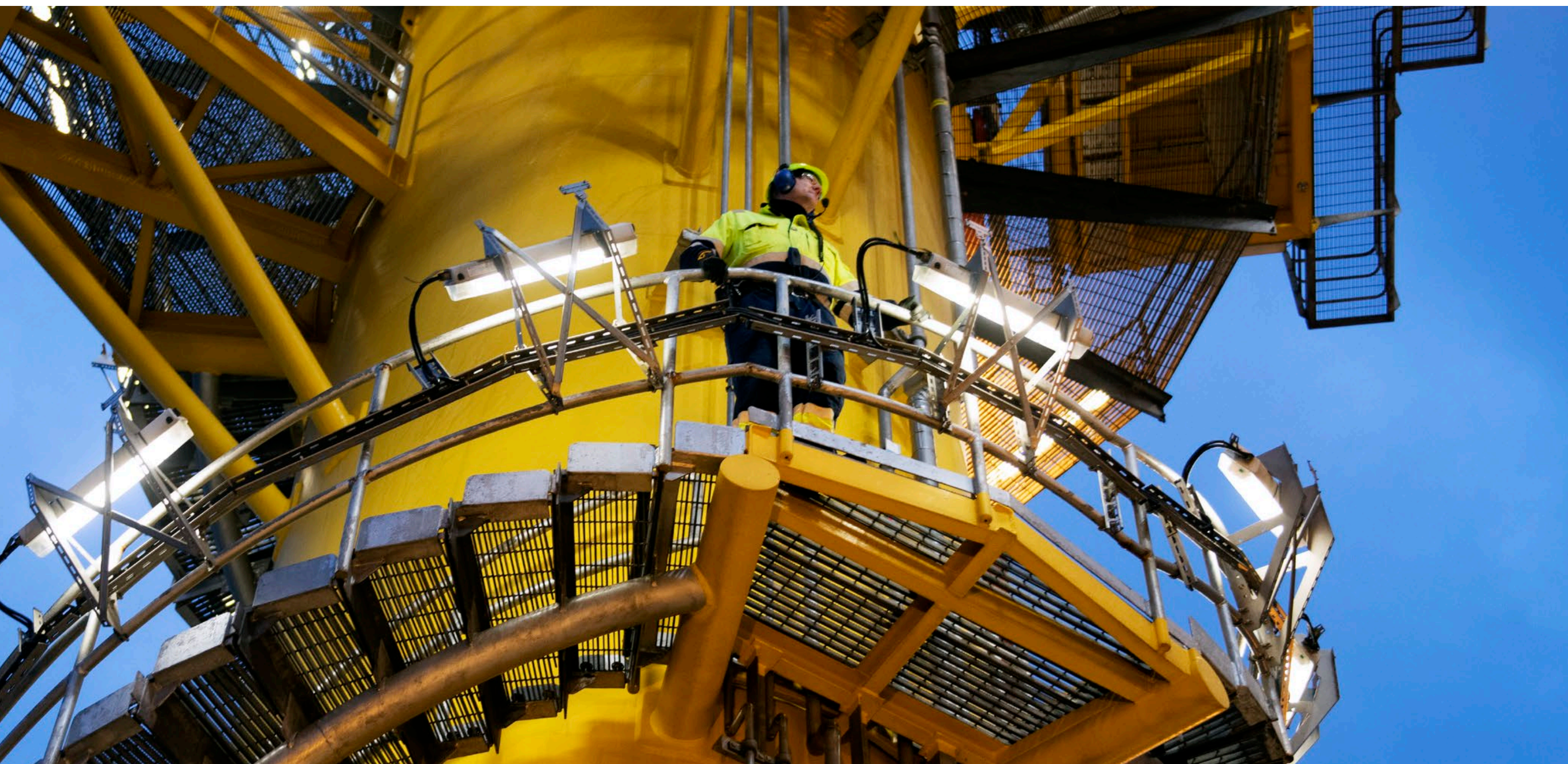
The company's dividend policy is an integrated part of its overall capital allocation framework, together with and dependent on its financing and investment policies. The ambition is to provide a reliable dividend which grows in line with Aker BP's long-term value creation. Aker BP pays dividends in cash on a quarterly basis.

The company's financial liquidity is considered to be good with cash and cash equivalents of USD 538 million and undrawn amounts on committed credit facilities of USD 4 billion as at 31 December 2020.

Aker BP is currently rated by three rating agencies, S&P, Fitch, and Moody's. S&P Global Ratings has assigned a BBB- long-term corporate credit rating with stable outlook. Fitch has also assigned a BBB- rating with stable outlook. In February 2021, Moody's upgraded its rating of Aker BP, assigning a Baa3 long-term issuer rating with stable outlook. With this, all three rating agencies have assigned Investment Grade credit ratings to Aker BP.

As demonstrated during 2020, the company is able to make necessary adjustments in investment plans and shareholder distributions to protect the liquidity and the robustness of its balance sheet, and to retain its investment grade (IG) credit profile.

At year-end 2020, the company's book equity was USD 2.0 billion, which represents 16 percent of the balance sheet total of USD 12.4 billion. The market value of the company's equity was USD 9.1 billion (NOK 77.9 billion) on 31 December 2020.



In April 2020, the AGM authorized the Board to increase the share capital by a maximum of NOK 18,005,675, representing up to five percent of the total share capital at the time of such meeting. The authorization can be utilized for share capital increases to strengthen the company's equity, convert debt into equity and fund business opportunities. At 31 December 2020, the mandate had not been used.

The AGM in April 2020 also provided the Board with a mandate to acquire company shares equivalent to up to five percent of the total share capital at the time of such meeting. The purpose for this mandate was i) utilization as transaction currency in connection with acquisitions, mergers, demergers or other transactions, ii) of investment or for subsequent sale or cancellation of such shares and iii) in connection with the share savings plan for employees. The mandate is valid until the AGM in 2021. At 31 December 2020, the mandate had only been used in part and in connection with the share savings plan for employees. The company's employees subscribed for a total of 1,014,155 shares (0.28 percent of total shares outstanding). After delivery of these shares, Aker BP held 3,294 shares.

Deviations to the code: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The company has one class of shares and all shares carry the same rights.

When the company considers it to be in the best interest of shareholders to issue new equity there is a clear objective to limit the level of dilution. Aker BP will carefully consider alternative financing options, its overall capital structure, the purpose and need for new equity, the timing of such an offering, the offer share price, the financial market conditions and the need for compensating existing shareholders in the event that pre-emption rights are waived. Arguments for waiving pre-emption rights will be clearly stated.

If the Board decides to use its current authorization to re-purchase company shares, the transactions will be carried out through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

At 31 December 2020, Aker ASA (Aker) owned 40 percent and bp p.l.c. owned 30 percent of Aker BP. Aker and bp p.l.c. accounts for Aker BP in accordance with the equity method.

Aker BP is committed to equal treatment of all shareholders. The Board is of the view that it is positive for Aker BP that Aker and bp p.l.c. assume the role of active owners and are actively involved in matters of major importance to Aker BP and to all shareholders. The cooperation with Aker and bp p.l.c. offers Aker BP access to expertise and resources within upstream business activities, HSSEQ, technology, strategy, transactions, and funding. It may be necessary to offer Aker and bp p.l.c. special access to commercial information in connection with such cooperation. Any information disclosed to Aker's and bp p.l.c.'s representatives in such a context will be disclosed in compliance with the laws and regulations governing the stock exchange and the securities market.

Applicable accounting standards and regulations require Aker and bp p.l.c. to prepare their consolidated financial statements to include accounting information of Aker BP. Aker BP is considered an associate of Aker and bp p.l.c. under the applicable accounting standard. To comply with these accounting standards, Aker and bp p.l.c. have in the past received, and will going forward receive, unpublished accounting information from Aker BP. Such distribution of unpublished accounting information from Aker BP to Aker and bp p.l.c. is executed under strict confidentiality and in accordance with applicable regulations on the handling of inside information.

The Board recognizes Aker's and bp p.l.c.'s contribution as active shareholders. Investor communication seeks to ensure that any shareholders can contribute, and management will actively meet with and seek the views of shareholders.

Aker BP has no related parties, as defined in the Public Limited Liability Company Act (Allmennaksjeloven). The company has nevertheless established policy for transactions with such parties and extended these to include Aker. This policy requires that any material business acquisitions or agreements with Aker (or its related parties) which are not part of Aker BP's ordinary course of business are subject to an independent valuation. The Board of Directors and executive management are very conscious that all relations with Aker and bp p.l.c., their subsidiaries and other companies in which Aker or bp p.l.c. have ownership interests or entities they have significant control over, shall be premised on commercial terms and are entered into on an arm's length basis. Transactions with Aker and bp p.l.c. controlled companies are described in the financial statements' disclosure about transactions with related parties.

Deviations to the code: None

5. SHARES AND NEGOTIABILITY

Aker BP's shares are freely negotiable securities and the company's Articles of Association do not impose any form of restriction on their negotiability.

The company's shares are listed on Oslo Børs and the company works actively to attract the interest of new Norwegian and foreign shareholders. Strong liquidity in the company's shares is essential if the company is to be viewed as an attractive investment and thus achieve a low cost of capital.

Deviations to the code: None

6. GENERAL MEETINGS

The General Meeting of shareholders is the company's highest authority. The Board strives to ensure that the General Meeting is an effective forum for communication between the shareholders and the Board and encourages shareholders to participate in the meetings.

The Board can convene an extraordinary General Meeting at any time. A shareholder or a group holding at least five percent of the company's shares can request an extraordinary General Meeting. The Board is then obliged to hold the meeting within one month of receiving the request.

Preparation for General Meetings

The AGM is normally held before the end of April each year, and no later than the end of June, which is the latest date permitted by the Public Limited Liability Companies Act. The date of the next AGM is normally included in the company's financial calendar, which is available at the company's website.

The notice of a General Meeting is sent to shareholders and published on the company's website and the stock exchange, no later than 21 days prior to the meeting.

Article 7 of the company's Articles of Association, about the General Meeting, stipulates that documents concerning matters to be considered by the General Meeting will be made available to the shareholders on the company's website. This also applies to documents that are required by law to be included in or enclosed with the notice of the General Meeting.

The supporting documentation provides the necessary information for shareholders to form a view on the matters to be considered.

Participation in a General Meeting

All shareholders are entitled to participate in the general meeting. According to Article 7 in the Articles of Association, the right to attend and vote at the General Meeting can only be exercised when the share transaction is recorded in the shareholder register no later than the fifth business day prior to the General Meeting (registration date).

Shareholders who are unable to attend a General Meeting are encouraged to vote by proxy or in writing, and instructions for how to do this are included with the notice. Voting and appointment of proxy can also be done electronically through the VPS web portal. Separate voting instructions can be given for each matter to be considered by the meeting. The deadline for registration is set as close as possible to the date of the meeting, normally the day before.

For the 2021 General Meeting in particular, the shareholders are encouraged to vote electronically due to the COVID-19 pandemic.

Conduct of a General Meeting and agenda for AGM

The Board proposes the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act and Article 7 in the company's Articles of Association.

Before the AGM, the Board will nominate a person who can vote on behalf of shareholders as their authorized representative. Shareholders may cast their votes in writing, including by means of electronic communication, in a period prior to the General Meeting. Appropriate arrangements are made for shareholders to be able to vote on each individual matter.

The chair of Aker BP's General Meetings is elected by the General Meeting itself.

The Code of Practice states that it is appropriate that all members of the Board should attend General Meetings. Representatives from the Board, the nomination committee, the auditor, and the executive management will attend the AGM.

Minutes of General Meetings are published on the company's website and through a stock exchange announcement.

Deviations from the code: The Code of Practice recommends that all members of the Board are present at the General Meeting and that the chairman of the Nomination Committee should attend the AGM. Due to the nature of discussions at General Meetings, Aker BP has not deemed it necessary to require all Board members and the chairman of the Nomination Committee to be present.

7. NOMINATION COMMITTEE

Article 8 in the company's Articles of Association stipulates the composition of and states the main duties of the Nomination Committee.

The company's Nomination Committee shall consist of three members elected by the General Meeting. The Nomination Committee should be composed in such a way that it represents a wide range of shareholders' interests, and if possible, both genders should be represented. More than half of the members shall be independent of the Board and the executive management, and the members shall be elected for a period of two years at a time.

The Nomination Committee shall propose candidates for - and remuneration to - the Board of Directors and the Nomination Committee and justify its recommendation for each candidate separately. The Nomination Committee's recommendations shall be well-grounded. When reporting its recommendations to the General Meeting, the Nomination Committee provides an account of how it has carried out its work.

The Nomination Committee ensures that the shareholder's views are taken into consideration when candidates are proposed. The committee also ensures that the proposed composition of the Board covers all relevant fields of competence, and that the requirement of at least 40 percent of each gender on the Board is met.

Shareholders have an opportunity to submit proposals to the committee. The electronic mailbox for submitting proposals to the committee, with deadlines for submitting proposals where such apply, is accessible through the company's website at http://www.akerbp.com/proposecandidate.

At the AGM in April 2020, Svein Oskar Stoknes was elected as the Chair of the Nomination Committee for two years. Ingebret Hisdal and Donna Riley were elected as members of the Nomination Committee for two years. No members of the committee are members of executive management or the Board of Aker BP.

Deviations from the code: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Board of Aker BP consisted of eleven members at 31 December 2020. The company's Articles of Associations Article 5 stipulates that the Board shall consist of up to eleven members. As required for all Norwegian public limited liability companies, each gender shall be represented by at least 40 percent of the Board members.

The general meeting elects the Board members and Chairman of the Board. The term of office for members of the Board is two years at a time.

Among the shareholder-elected Board members, two (Kjell Inge Røkke and Øyvind Eriksen) are affiliated with the company's largest shareholder Aker, and two (Murray Auchincloss and Kate Thomson) are affiliated with the company's second largest shareholder bp p.l.c. All other Board members are considered independent of the company's two main shareholders, as well as of the company's material business contacts. All Board members are considered independent of the company's executive personnel.

In 2020, the Board conducted a total of 11 Board meetings. Participation was 91 percent.

The Board composition ensures alignment of interests with all shareholders and members of the Board are encouraged to own shares in the company. It is the Board's view that the Board collectively meets the need for expertise, capacity, and diversity. Aker BP's Board members possess strong experience from the oil and gas industry in general, and from reservoir engineering, exploration, and field developments in particular, as well as from banking and finance.

An overview of the expertise of the Board members is available on the website: https://akerbp.com/en/board-of-directors.

Deviations from the code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The Board has authority over and is responsible for supervising the company's business operations and management and has adopted a yearly plan for its activities. The Board handles matters of major importance, or of an extraordinary nature and may in addition require management to refer any matter to it. The objectives of the Board's work are to create value for the company's shareholders in both the short and long term and to ensure that Aker BP fulfils its obligations. An important task for the Board is to appoint the CEO and while the CEO is responsible for the day-to-day management of the company's business activities, the Board acknowledges its responsibility for the overall management of the company. The Board is responsible for:

A. Drawing up strategic plans and supervising these through regular reporting and reviewing,

B. Identifying significant risks to Aker BP's activities and establishing appropriate systems to monitor and manage such risks,

C. Ensuring that shareholders have access to timely and correct information about financial circumstances and important business-related events in accordance with relevant legislation, and

D. Ensuring the establishment and securing the integrity of the company's internal control and management systems.

The Board recognizes the significant risks associated with operations. Consequently, the Board has dedicated significant resources and time to understand and discuss not only general risks facing an E&P company, but also inherent risks connected to organization, culture, and leadership. For a company like Aker BP, the Board views the risks in taking on an operated development project and meeting the required financing for its entire portfolio as well as taking on operated assets, to be among the most significant risks. Accordingly, this is where the mitigating efforts are concentrated.

The work of the Board is based on the rules of procedure describing the Board's responsibility including the division of roles between the Board and the CEO. There are specific instructions to guide the work of the CEO. The CEO, CFO and the company secretary attend all Board meetings. Other members of the company's executive management attend the Board meetings by invitation and as necessary due to specific matters. If the Chair of the Board has been personally involved in matters of a material character, the Deputy Chair takes over the tasks of the chair directing the Board's work in the specific matter.

Considering the size of the company and the scope of its activities, the Board finds it appropriate to keep all Board members informed about all Board matters, except for cases where Board members may have conflicting interests with the company.

The Board regularly carries out self-evaluations of its own performance, including evaluations of the Board's competence and potential areas for strengthening this competence. The head of the Audit and Risk Committee conducts one-on-one discussions with all board members as part of these self-evaluations. The latest self-evaluation was carried out by the Board at the turn of the year, and the results of the self-evaluations are communicated to and used by the Nomination Committee in its work.

The Board ensures that board members and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors. The company's Code of Conduct provides clear guidelines as to how employees and representatives of the company's governing bodies should act in situations where there is a risk of conflicts of interest and partiality.

Audit and Risk Committee

The Board has established an Audit and Risk Committee consisting of the following Board members:

- Trond Brandsrud, Chair
- Anne Marie Cannon
- Kate Thomson

All members are independent of the company's executive management. Anne Marie Cannon sits on the Board of Directors in Aker Energy AS, which is 50 percent owned by Aker (the largest shareholder in Aker BP). Kate Thomson is SVP Finance for Other Business & Corporate at bp p.l.c.

The Chair of the Audit and Risk Committee is considered to have experience and formal background qualifying as "financial expert" according to the requirement stated in the Public Limited Liability Company Act. In the period 2016-2017 Trond Brandsrud was Chief Financial Officer at Lindorff. From 2010 to 2015, he was the Chief Financial Officer of Aker ASA. He has also been Chief Financial Officer in Seadrill, and he has held several leading financial positions in Shell for 20 years, both in Norway and globally.

The Audit and Risk Committee holds regular meetings and reviews the quality of all interim and annual reports before they are reviewed by the Board of Directors and then published. In 2020, the committee held 8 meetings.

The company's auditor works closely with the Audit and Risk Committee and attended all meetings during the year. The committee also oversees the company's financial risk management and monitors and reviews the company's business risk. The Audit and Risk Committee oversees Aker BP's anti-corruption compliance program and handling of reports submitted via the company's whistleblowing channel.

The management and the Audit and Risk Committee evaluate the risk management on financial reporting and the effectiveness of established internal controls. Identified risks and effects of financial reporting are discussed on a quarterly basis.

It is the view of the committee that cooperation between the auditor and executive management is good. The Audit and Risk Committee has worked together with executive management and the auditor to improve the internal control environment according to the principles of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework over the last 4 years.

Oversight of HSSE and operational risks

The oversight of health, safety, security, and environmental matters (HSSE) is retained directly by the Board. HSSE-issues, including cyber security, is at the top of the agenda in every single Board meeting.

In addition, the Board has established a committee to strengthen the administration work on health, safety, cyber security, and environmental matters. The committee reports to the Board on a quarterly basis and consist of the following eight members:

- Fawaz Bitar, Senior Vice President (SVP) HSE & carbon, bp p.l.c. – Chair of the committee
- Karl Johnny Hersvik, CEO, Aker BP
- Marit Blaasmo, SVP HSSEQ, Aker BP
- Ine Dolve, SVP Operations & Asset Development, Aker BP
- Knut Sandvik, SVP Projects, Aker BP
- Mike Zanghi, Vice President (VP) Safety and Operational Risk assurance (S&ORA) wells, bp p.l.c.
- Emeka Emembolu, SVP North Sea, bp p.l.c.
- Tommy Sigmundstad, SVP Drilling and Well, Aker BP
- Gemma Maclellan, Business Advisor, HSE & carbon, bp p.l.c.
- Dave Roberts, Business Manager Aker BP, bp p.l.c.

The committee reviews risks related to operating activities. The committee shares experiences and practices in the HSSE area, learnings from incidents and aligns leadership experiences on common areas of focus in relation to management of safety and operational risks. In 2020, the committee held 4 meetings.

Compensation and Organizational Development Committee

The Board has a Compensation and Organizational Development Committee consisting of the following three Board members:

- Øyvind Eriksen, Chair
- Gro Kielland
- Terje Solheim

The Compensation and Organizational Development Committee is established to ensure that remuneration arrangements support the strategy of the business and enable the recruitment, succession planning and leadership development, and motivation and retention of senior executives. It needs to comply with the requirements of regulatory and governance bodies, satisfy the expectations of shareholders and remain consistent with the expectations of the wider employee population. Further, the committee shall ensure that the overall organizational structure is set up to deliver on the company's strategy going forward. In 2020, the committee held four meetings.

In addition to the Audit and Risk Committee and Compensation and Organizational Development Committee, the Board may appoint various ad hoc sub-committees when required, with a limited timeframe and scope. The authority of a sub-committee is limited to preparing items and making recommendations to the Board.

Deviations from the code: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

Appropriate internal control and risk management contributes to transparency and quality reporting for the benefit of the company, stakeholders, shareholders' long-term interests and operational excellence as an operator on the Norwegian Continental Shelf.

The company continuously and systematically operates a robust and transparent risk management process throughout the organization. The purpose of the process is to enable the company to maximize opportunities, minimize threats and optimize achievements of business objectives.

As of 2020, the company's operational activities are limited to Norway and are subject to Norwegian regulations. All activities taking place in a production license are subject to supervision and audits from governmental bodies (e.g. the Petroleum Safety Authority Norway (Norwegian PSA), the Norwegian Environment Agency, and license partners.

The Board considers risk in the context of growing a sustainable business while meeting governance, safety and accountability expected by stakeholders. The Board and the Audit and Risk Committee regularly review major risks identified and communicated through the company Enterprise Risk Management process.

The Business Management System (BMS) is the company's framework for creating and sustaining value, trust, and predictability. BMS describes how Aker BP works, controls risk and improves. The BMS describes approximately 300 business processes supplemented by governing documents, requirements, and descriptions. Based on findings and feedback from comprehensive work carried out in during 2019 and 2020, a project has been initiated to acquire, configure, and migrate existing BMS content to a new and modern management system software platform. The new BMS system platform will be implemented across all business units.

Risk-based assurance of conformity to the business management system requirements is governed by the company's "Three lines of assurance" model. An improved framework for Aker BP's "Three lines of assurance" has been introduced in 2020 and is continually under improvement with regards to processes and tools to enhance execution.

Internal control for financial reporting

Aker BP has established a framework for Internal Control for Financial Reporting based on the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is operationalized as follows:

- Internal Control Environment
- Risk Assessment
- Risk Response and Control Activities
- Information and communication
- Monitoring

The established framework is an integrated part of the company's management system. The company's internal control environment is characterized by clearly defined responsibilities and roles between the Board of Directors, Audit and Risk committee and management. The implemented procedure for financial reporting is integrated with the company's management system, including ethical guidelines that describe how the representatives of the company must act. Aker BP's Anti-Corruption Policy and Speak-up policy provide additional control mechanisms to address and detect deviations.

The company has established processes, procedures, and controls for financial reporting, which are appropriate for an exploration and production company. The company's documented procedures are designed to provide:

- Effective and appropriate identification and mitigation of financial reporting risks
- Measurement of compliance against procedures
- Appropriate segregation of duties
- Provision of relevant, timely and reliable financial reporting that provides a fair view of Aker BP's business
- Safeguard against fraudulent manipulation of reported figures
- Compliance with all relevant requirements of IFRS

A risk assessment related to financial reporting is performed and documented by management and reviewed by the Audit and Risk Committee, which also performs a quarterly risk review of business risks. The Committee reports any findings or deviations to the Board of Directors. In 2020, the following main risk areas were identified related to financial reporting:

- Impairment of goodwill, tangible and intangible assets – There is a risk that reductions in recoverable values below book values are not identified and recorded in an appropriate manner
- Tax – Complexity in tax regulations and calculation entail risk of error in financial reporting
- Asset retirement obligation - There is a risk of errors in the estimates and calculations during the ARO process

The company seeks to communicate transparently on its activities and its financial reporting based on significant interaction between financial reporting management and management responsible for exploration, development, production, and decommissioning activities in the business.

Key events that may affect the financial reporting are identified and monitored continuously. Judgmental items regarding the financial reporting and tax consideration are presented to the Audit and Risk Committee at least on a quarterly basis.

The Finance Department monitors the compliance with established procedures and reports any material deviations to the Audit and Risk Committee. It also identifies actions to improve procedures and conducts a self-assessment of its performance against objectives, which are then presented and discussed with the Audit and Risk Committee.

Deviations from the code: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board members is not performance-based but based on a fixed annual fee. None of the shareholder-elected Board members have pension schemes or termination payment agreements with the company. The company does not grant share options to members of the Board. Information about all remuneration paid to individual Board members is provided in Note 7 to the annual accounts.

The General Meeting decides the remuneration of the Board and the sub-committees. The Nomination Committee proposes the remuneration of the Board to the General Meeting and ensures that it reflects the responsibility of its members and the time spent on Board work. The Board must approve any Board member's consultancy work for the company and remuneration for such work. No such work was carried out during 2020.

Deviations from the code: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

The Board makes guidelines for executive remuneration, including the CEO's remuneration and other terms and conditions of employment. These guidelines set out the main principles applied in determining the salary and other remuneration of executive personnel and are addressed as a separate item at the General Meeting. Note 7 to the annual accounts contains details about the remuneration of the Board and Executive Management Team (EMT), including payroll, bonus payments and pension expenses.

Members of EMT are covered under the same budget, guidelines, and limitations as onshore Aker BP employees. The CEO base salary is determined by the Board.

The bonus for all employees, including the EMT, is determined by the performance on a set of company-wide performance indicators (KPIs) and the delivery on a set of carefully selected company Priorities. The KPIs for 2020 are specified in the table below. The targets and the stretch targets are labelled 'execute' and 'improve' respectively.

KEY PERFORMANCE INDICATORS FOR AKER BP 2020

	Execute	Improve	Actual
Safety (SIF per million hours)	0.5	0.45	0.46
Production (mboepd)1)	207.9	214.9	210.7
Production cost (USD/boe)2)	8	7	7.9
Relative Shareholder Return	5%	10%	-1.5%
CO_2 intensity - operated fields (kg/boe)	8	7	6.7
Total headcount	2,220		2,210

1) Adjusted for curtailments and asset sale
2) FX adjusted based on USDNOK 10.0

Company Priorities are either important improvement initiatives or activities with clear deliverables that are critical for the company's future success. Below is a list of the priorities for 2020:

- Deliver on improvements plans to improve assets on opex benchmark in 2020
- Deliver 1st gas on Ærfugl by end of November at planned quality and cost
- Progress Skogul to ~100% complete by Q1 at planned quality and cost
- Mature Hod Development to DG3 by end Q1
- Complete stimulation of two named Valhall wells by Q1 and five wells by Q2
- Deliver three efficiency projects that reduces environmental footprint per operated asset
- Develop Aker BP's operating model concept by end Q2
- Mature Frosk to DG1 by end April 2020
- Realise value from NOAKA through finding a solution for the area
- Deliver decisions and related cost effect from COVID-19 actions taken
- Deliver new organisational structure establishing a fit for purpose organization
- Establish new ways of working post the COVID-19 pandemic
- Progress Hod Field Development to 23% by end of year 2021 at planned quality and cost

These KPIs and company priorities are each weighted 50 percent when estimating the bonus outcome. The final bonus outcome, following the formulaic assessment of performance relative to targets is specifically reserved as a matter for the CEO and the Compensation & Organisational Committee. Accordingly, the committee may exercise its discretion to adjust the outcome upwards or downwards. The CEO has maximum bonus potential corresponding to 100 percent of his base salary. For other members of EMT, the limit is 60 percent. The maximum bonus for employees outside the EMT varies from 10 percent to 30 percent based on internal job grade.

In addition, certain members of the EMT participate in a five-year incentive program started in January 2019, through December 2023, linked to the relative performance of the Aker BP share price versus a benchmark index consisting of the average of the Oslo Energy Index and the Stoxx 600 Europe Oil & Gas index (each weighted 50 percent). The incentive program payment is calculated as a linear function of market outperformance, where an outperformance of 30 percent or more will result in a payment of the maximum cap. The maximum total payment is capped at 200 percent of the executive manager's annual base salary. The CEO incentive program has the same mechanics and start/end date and is capped at NOK 30 million.

The pension scheme continued to be a defined contribution plan capped at twelve times the National Insurance scheme basic amount (12G) for all employees including the executive management.

The CEO and Members of the Executive Management team have 6 months mutual notice period, as opposed to 3 months for the rest of the organization. The Company has during 2020 worked to change its severance practices with effect in 2021. The Executive Management Team will also fall under the new severance scheme if applicable. The new severance scheme will provide a period of pay (6-12 months based on age), in addition to maintaining some employee benefits and outplacement assistance.

Deviations from the code: None

13. INFORMATION AND COMMUNICATIONS

Aker BP maintains a proactive dialogue with analysts, investors, and other stakeholders of the company. The company strives to continuously publish relevant information to the market in a timely, effective, and non-discriminatory manner, and has a clear goal to attract both Norwegian and foreign investors and to promote higher stock liquidity. The company complies with the Oslo Børs Code of Practice for IR of 1 July 2019.

All stock exchange announcements are made available on the Oslo Børs' website, www.newsweb.no, as well as the company's website at the same time. The announcements are also distributed to news agencies and other online services.

Aker BP publishes its preliminary annual accounts by the end of February, as part of its fourth quarter report. The complete annual report, including approved and audited accounts and the Board of Directors' Report, is available no later than three weeks before the AGM. Information sent to shareholders is published on the website simultaneously.

The company's financial calendar for the coming year is published as a stock exchange announcement and made available on the company's website no later than 31 December each year, in accordance with the continuing obligations for companies listed on Oslo Børs.

Aker BP's presentations of quarterly results and its annual Capital Markets Update are webcasted live through the company's web page and are also made available for replay. At the presentations, executive management review and comment on the published results, market conditions and the company's future activities, and answer questions from the audience.

The company's management gives high priority to communication with the investor market. Individual meetings are organized for a wide range of existing and potential new investors and analysts. The company also attends relevant industry and investor conferences.

Aker BP will reduce its contacts with analysts, investors, and journalists in the final 30 days before publication of its results. During this period, the company will give no comments to the media or other parties about the company's results and outlook. This is to ensure that all interested parties in the market are treated equally.

Deviations from the code: None

14. TAKE-OVERS

The Board has established a separate set of guidelines for how it will act in the event of a takeover bid, as recommended by the Code of Practice. The overriding principle for review of a takeover bid is equal treatment of shareholders. The principles are based on the Board of Directors and management having an independent responsibility for fair and equal treatment of shareholders in a takeover process, and that the day-to-day operations of the company are not unnecessarily disturbed. It is management's responsibility to ensure that the Board of Directors is made aware of any potential takeover bid, while the Board of Directors is responsible for ensuring that shareholders are kept informed and are given reasonable time to consider the offer.

Unless the Board of Directors has a particular reason, it will not take steps to prevent or obstruct a takeover bid for the company's shares, nor hinder the progress of the bid without approval from shareholders.

If an offer is made for Aker BP's shares, the Board of Directors should make a statement to the shareholders that contains an assessment of the bid, the Board of Directors' recommendations and the reason for the recommendation. If the Board of Directors is unable to make a recommendation to shareholders, the Board of Directors shall explain its reasoning for this.

Transactions that have the effect of a sale of the company or a major part of it must be decided on by shareholders at a shareholders' meeting.

Deviations from the code: None

15. AUDITOR

The AGM elects the auditor and approves the auditor's fee. The Board of Directors will meet with the auditor annually without representatives of company management being present, to review internal control procedures and discuss any weaknesses and proposals for improvement. The auditor is invited and participates in the Board meetings to discuss the annual accounts. In these meetings, the auditor reports on any material changes in the company's accounting principles and key aspects of the audit, including matters on which there has been disagreement between the auditor and the executive management of the company.

The auditor participates in all meetings with the Audit and Risk Committee and meets the Audit and Risk Committee without the company's management being present. The Board ensures that the auditor submits the main features of the plan for the annual audit of the company to the Audit and Risk Committee annually. The auditor's independence in relation to the company is evaluated annually. The auditor may carry out certain audit related or non-audit services for the company, providing these are not in conflict with its duties as auditor. The company has established an audit and non-audit service policy.

In the annual financial statements, the auditor's remuneration is split between the audit fee and fees for other services. In the presentation to the AGM, the chair presents a breakdown between the audit fee and fees for other services.

Deviations from the code: None

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INCOME STATEMENT

(USD 1 000)	Note	Group & Parent 2020	2019
Petroleum revenues	4	2 868 153	3 338 667
Other operating income	4	111 110	8 421
Total income		**2 979 263**	**3 347 088**
Production costs	5	627 975	720 321
Exploration expenses	6	174 099	305 516
Depreciation	12	1 121 818	811 874
Impairments	12,13	573 128	146 808
Other operating expenses	7,8	49 457	35 328
Total operating expenses		**2 546 477**	**2 019 848**
Operating profit		**432 786**	**1 327 241**
Interest income		3 763	16 490
Other financial income		170 865	35 255
Interest expenses		181 677	76 587
Other financial expenses		262 052	218 145
Net financial items	9	**-269 101**	**-242 986**
Profit before taxes		**163 685**	**1 084 254**
Taxes (+)/tax income (-)	10	118 970	943 204
Net profit		**44 715**	**141 051**
Weighted average no. of shares outstanding basic and diluted	11	359 808 121	360 014 176
Basic and diluted earnings USD per share	11	0.12	0.39

STATEMENT OF COMPREHENSIVE INCOME

(USD 1 000)	Note	Group & Parent 2020	2019
Profit for the period		44 715	141 051
Items which will not be reclassified over profit and loss (net of taxes)			
Actuarial gain/loss pension plan		9	-4
Total comprehensive income in period		**44 724**	**141 046**

STATEMENT OF FINANCIAL POSITION

(USD 1 000)	Note	Group & Parent 31.12.2020	31.12.2019
ASSETS			
Intangible assets			
Goodwill	12	1 647 436	1 712 809
Capitalized exploration expenditures	12	521 922	621 315
Other intangible assets	12	1 521 311	1 915 968
Tangible fixed assets			
Property, plant and equipment	12	7 266 137	7 023 276
Right-of-use assets	12	132 735	194 328
Financial assets			
Long-term receivables		29 086	27 418
Other non-current assets	17	30 210	10 364
Long-term derivatives	22	12 841	2 706
Total non-current assets		11 161 678	11 508 183
Inventories			
Inventories	16	112 704	87 539
Receivables			
Accounts receivable	14	297 880	193 444
Other short-term receivables	15	286 817	330 516
Short-term derivatives	22	23 212	-
Cash and cash equivalents			
Cash and cash equivalents	18	537 801	107 104
Total current assets		1 258 414	718 603
TOTAL ASSETS		12 420 091	12 226 786

STATEMENT OF FINANCIAL POSITION

(USD 1 000)	Note	Group & Parent 31.12.2020	Group & Parent 31.12.2019
EQUITY AND LIABILITIES			
Equity			
Share capital	19	57 056	57 056
Share premium		3 637 297	3 637 297
Other equity		-1 707 071	-1 326 767
Total equity		**1 987 281**	**2 367 585**
Non-current liabilities			
Deferred taxes	10	2 642 461	2 235 357
Long-term abandonment provision	21	2 650 263	2 645 420
Long-term bonds	20	3 968 566	1 630 936
Long-term lease debt	25	131 856	202 592
Other interest-bearing debt	23	-	1 429 132
Total non-current liabilities		**9 393 146**	**8 143 437**
Current liabilities			
Trade creditors		113 517	144 942
Short-term bonds	20	-	226 700
Accrued public charges and indirect taxes		25 761	25 974
Tax payable	10	163 352	361 157
Short-term derivatives	22	3 539	42 994
Short-term abandonment provision	21	155 244	142 798
Short-term lease debt	25	83 904	110 664
Other current liabilities	24	494 346	660 535
Total current liabilities		**1 039 664**	**1 715 765**
Total liabilities		**10 432 810**	**9 859 201**
TOTAL EQUITY AND LIABILITIES		**12 420 091**	**12 226 786**

The Board of Directors and the CEO of Aker BP ASA
Akerkvartalet, 18 March 2021

Øyvind Eriksen
ØYVIND ERIKSEN
Chairman

Anne Marie Cannon
ANNE MARIE CANNON
Deputy chair

KJELL INGE RØKKE
Board member

Trond Brandsrud
TROND BRANDSRUD
Board member

GRO KIELLAND
Board member

MURRAY AUCHINCLOSS
Board member

KATE THOMSON
Board member

INGARD HAUGEBERG
Board member

ANETTE HOEL HELGESEN
Board member

ØRJAN HOLSTAD
Board member

TERJE SOLHEIM
Board member

KARL JOHNNY HERSVIK
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

			Other equity					
				Other comprehensive income				
(USD 1 000)	Share capital	Share premium	Other paid-in capital	Actuarial gains/(losses)	Foreign currency translation reserves[1]	Accumulated deficit	Total other equity	Total equity
Equity as of 31.12.2018	57 056	3 637 297	573 083	-81	-115 491	-1 175 324	-717 814	2 976 539
Dividends distributed	-	-	-	-	-	-750 000	-750 000	-750 000
Profit for the period	-	-	-	-	-	141 051	141 051	141 051
Other comprehensive income for the period	-	-	-	-4	-	-	-4	-4
Equity as of 31.12.2019	57 056	3 637 297	573 083	-85	-115 491	-1 784 274	-1 326 767	2 367 585
Dividends distributed	-	-	-	-	-	-425 000	-425 000	-425 000
Profit for the period	-	-	-	-	-	44 715	44 715	44 715
Purchase/sale of treasury shares[2]	-	-	-	-	-	-28	-28	-28
Other comprehensive income for the period	-	-	-	9	-	-	9	9
Equity as of 31.12.2020 (Group and Parent)	57 056	3 637 297	573 083	-76	-115 491	-2 164 587	-1 707 071	1 987 281

[1] The amount arose mainly as a result of the change in functional currency in 2014.

[2] The treasury shares are purchased/sold for use in the company's share saving plan.

STATEMENT OF CASH FLOW

(USD 1 000)	Note	Group & Parent 2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		163 685	1 084 254
Taxes paid		-145 286	-618 593
Taxes refunded		326 208	-
Depreciation	12	1 121 818	811 874
Net impairment losses	12,13	573 128	146 808
Accretion expenses	9,21	116 947	121 723
Interest expenses (including interest element of lease payments)	9	201 131	199 569
Interest paid (including interest element of lease payments)	9	-184 068	-194 033
Changes in derivatives	4,9	-15 999	22 484
Amortized loan costs	9	19 813	21 705
Expensed capitalized dry wells	6,12	56 626	176 419
Changes in inventories, accounts payable and receivables		-161 027	14 369
Changes in other current balance sheet items		-215 923	98 567
NET CASH FLOW FROM OPERATING ACTIVITIES		1 857 053	1 885 146
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payment for removal and decommissioning of oil fields	21	-150 306	-104 890
Disbursements on investments in fixed assets	12	-1 277 869	-1 703 213
Disbursements on investments in capitalized exploration	12	-127 283	-370 185
Cash received from sale of licenses		54 747	-
Disbursements on investments in licenses	12	-	-143
NET CASH FLOW USED IN INVESTMENT ACTIVITIES		-1 500 710	-2 178 431
CASH FLOW FROM FINANCING ACTIVITIES			
Net drawdown/repayment of revolving credit facility		-1 451 550	1 425 222
Repayment of bonds		-612 553	-
Net drawdown/repayment of reserve-based lending facility		-	-950 000
Net proceeds from bond issues		2 721 748	740 159
Receipt/payment upon settlement of derivatives related to financing		-56 804	-
Payments on lease debt related to investments in fixed assets		-57 885	-88 718
Payments on other lease debt		-43 709	-20 880
Paid dividend		-425 000	-750 000
Net purchase/sale of treasury shares		-28	-
NET CASH FLOW FROM FINANCING ACTIVITIES	28	74 219	355 782
Net change in cash and cash equivalents		430 562	62 498
Cash and cash equivalents at start of period		107 104	44 944
Effect of exchange rate fluctuation on cash held		134	-338
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18	537 801	107 104

NOTES TO THE ACCOUNTS

General information
Aker BP ASA ("Aker BP" or "the company") is an oil company involved in exploration, development and production of oil and gas on the Norwegian Continental Shelf (NCS).

The company is a public limited liability company registered and domiciled in Norway. Aker BP's shares are listed on Oslo Stock Exchange (Oslo Børs) under the ticker AKRBP. The company's registered business address is Oksenøyveien 10, 1366 Lysaker, Norway.

The Aker BP group comprise the parent company Aker BP ASA and the three subsidiaries Det norske oljeselskap AS (including its subsidiary Aker BP UK Limited), Alvheim AS and Sandvika Fjellstue AS. Due to materiality considerations the subsidiaries are not consolidated in the group accounts in 2020 and in the relevant comparable periods., resulting in no difference between the group and parent numbers. For more information regarding subsidiaries, see note 2.

The financial statements were approved by the Board of Directors on 18 March 2021 and will be presented for approval at the Annual General Meeting on 15 April 2021.

COVID-19
The disruption to the global economy caused by COVID-19 resulted in a sharp decrease in oil prices and triggered a reduction in the company's investment program, though operational performance and production levels have been maintained. The fall in oil and gas prices has had a negative impact on operational results and cash flows in the period, and impairments of USD 654 million were recognized in Q1 2020. These impairments have subsequently been partly reversed, mainly as a result of increased oil and gas prices.

In the second quarter, temporary changes to the Norwegian petroleum tax system strengthened the company's investment capacity and are contributing to liquidity (see note 10).

Actions have been taken to protect financial flexibility, including an updated and reduced investment program, cut in dividends and issuance of new bonds. As of 31 December 2020 available liquidity on the Revolving Credit Facility is USD 4.0 billion and the related financial covenants meets the applicable thresholds by a substantial margin (see note 23).

The COVID-19 pandemic and associated uncertainties and disruption to the global economy may have negative effects on demand for oil and gas and / or result in interruptions to the company's operations. Such events may adversely impact the company's future results from operations and cash flows, and may lead to impairment of assets.

Note 1 Summary of IFRS accounting principles

1.1 Basis of preparation
The group consolidated and the company's financial statements have been prepared in accordance with the Norwegian Accounting Act and International Financial Reporting Standards as adopted by the EU ("IFRS"). In these financial statements, reference to the company is applicable to the group and the parent entity unless otherwise stated.

The financial statements have been prepared on a historical cost basis with the exception of the following accounting items which are measured on an alternative basis at each reporting date:

- Financial instruments at fair value through profit or loss.
- Loans, receivables and other financial liabilities, which are recognized at amortized cost.

All amounts have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

1.2 Functional currency and presentation currency
The functional currency of Aker BP ASA and the presentation currency of the group is United States Dollars ("USD").

1.3 Important accounting judgments, estimates and assumptions
The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that have an effect on the application of accounting principles and the reported assets, liabilities, income and expenses.

The significant judgments management has made regarding the application of accounting principles are as follows:

Goodwill allocation and methodology for impairment testing
For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU), or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. The allocation of goodwill requires judgment and may significantly impact any subsequent impairment charge. Although not an IFRS term, "technical goodwill" is used by Aker BP to describe the category of goodwill arising as an offsetting account to deferred tax liabilities recognised in business combinations, as described in section 1.8 below. There are no specific IFRS guidelines pertaining to the allocation of technical goodwill, and management has therefore applied the general guidelines for allocating goodwill. In general, technical goodwill is allocated at the CGU level for impairment testing purposes, while residual goodwill may be allocated across all CGUs based on the facts and circumstances of the business combination.

When performing the impairment test for technical goodwill, deferred tax liabilities recognized in relation to the acquired licenses reduce the net carrying value prior to any impairment charges. This methodology avoids an immediate impairment of all technical goodwill. When deferred tax liabilities from the initial recognition decreases, additional technical goodwill is 'exposed' to impairment. Subsequent to the initial purchase price allocation, depreciation of book values will result in decreasing deferred tax liabilities.

Accounting estimates are used to determine reported amounts, including the depreciation of assets, the cost and timing of decommissioning activities, impairment testing of goodwill and the recognition and measurement of tax liabilities. Whilst these estimates are based on management's best judgment and assessments of previous and current events and actions, the actual results may deviate from the original estimates. Changes to accounting estimates are recognized in the period when they arise. The main sources of uncertainty when making estimates and judgments relate to the following:

Proven and probable oil and gas reserves
Oil and gas reserves are estimated by the company's experts in accordance with industry standards. The estimates are based on Aker BP's own assessment of internal information and information received from operators. In addition, proven and probable reserves are certified by an external party. Proven and probable oil and gas reserves consist of the estimated quantities of crude oil, natural gas and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, i.e. on the date that the estimates are prepared. Current market prices are used in the estimates.

Proven and probable reserves and production volumes are used to calculate the depreciation of oil and gas fields by applying the unit-of-production method. Reserve estimates are also used as basis for impairment testing of license-related assets and goodwill. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Changes to reserve estimates can also result from updated production and reservoir information. Future changes to proven and probable oil and gas reserves can have a material effect on depreciation, life of field, impairment of license-related assets and goodwill, and operating results.

Successful Effort Method - exploration
Expenses relating to the drilling of exploration wells are temporarily recognized in the Statement of financial position as capitalized exploration expenditures, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells are expensed. Judgments as to whether this expenditure should remain capitalized or be expensed at the reporting date may materially affect the operating result for the period.

Fair value measurement
The fair values of non-financial assets and liabilities are required to be determined, for example in a business combination, to determine the allocation of purchase price in an asset deal or when the recoverable amount of an asset or CGU is based on fair value less cost to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of inputs to the model may require significant judgment, as described in the section below regarding impairment.

Impairment/reversal of impairment
Changes in the expected future value/cash flows of CGUs results in impairment if the estimated recoverable value is lower than the book value (including any allocated goodwill) or the reversal of previously recognized impairment if the recoverable value is higher than the book value (though impairment of goodwill is not reversed). Estimates of recoverable value involve the application of judgment and assumptions, including in relation to the modelling of future cash flows to estimate the CGUs value in use or fair value.

The evaluation of impairment requires long-term assumptions concerning a number of often volatile economic factors, including future oil prices, oil production, currency exchange rates and discount rates. Such assumptions require the estimation of relevant factors such long-term prices, the levels of capex and opex, production estimates and decomissioning costs. These evaluations are also necessary to determine a CGU's fair value unless information can be obtained from an actual observable market transaction. See note 12 ' Tangible fixed assets and intangible assets' and note 13 'Impairments' for details of impairments.

Decommissioning and removal obligations
The company has obligations to decommission and remove offshore installations at the end of their production period. Obligations associated with decommissioning and removal of long-term assets are recognized at present value of future expenditures at the date they are expected to be incurred. At the initial recognition of an obligation, the estimated cost is capitalized as production plant and depreciated over the useful life of the asset (typically by application of the unit-of-production method). There is significant future uncertainty in the estimate of costs for decommissioning and removal, as these estimates are based on currently applicable laws and regulations, and existing technologies. Many decommissioning and removal activities will take place many decades in the future, and the technology and related costs are expected to evolve in this time. The estimates include costs based on expected removal concepts using existing technology and estimated costs of maritime operations, hiring of sigle-lift and heavy-lift barges and drilling rigs. As as result, there may be significant adjustments to the estimates of decomissioning liabilities and associated assets that can affect future financial results. See note 21 'Provision for abandonment liabilities' for further details about decommissioning and removal obligations.

Income tax
Income tax expense, tax payables or receivables, and deferred taxes are based on management's interpretation of applicable laws and regulations, and on relevant court decisions where relevant. These estimates are dependent on management's ability to interpret and apply the requirements of tax and other relevant legislation, and requires judgment in respect of the recognition and measurement of any uncertain tax positions. See note 10 'Taxes' for further details.

1.4 Foreign currency transactions

Transactions and balances
Transactions denominated in foreign currencies are translated using the exchange rate on the transaction date. Monetary items denominated in foreign currencies in the Statement of Financial Position are translated using the exchange rates at the reporting date. Foreign exchange gains and losses are recognized as incurred. Non-monetary items that are measured at historical costs in a foreign currency are translated using the exchange rates on the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate on the date when the fair value is determined.

1.5 Revenue recognition
Revenue from the sale of liquids or gas is recognised at the point in time when the company's contractual performance obligations has been fulfilled and control is transferred to the customer, which will ordinarily be at the point of delivery when title passes (sales method).

There is no significant judgement applying IFRS 15 'Revenue from contracts with customers' to the company's revenue generating contracts.

The group recognized revenue on the basis of the proportionate share of production during the period, regardless of actual sales (entitlement method). As a result, changes in over/underlift balances are valued at production cost including depreciation and presented as an adjustment to cost. See note 5 for further details.

Gains or losses on asset disposals as described in section 1.9 are included in other operating income.

Tariff revenue from processing of oil and gas is recognized as earned in line with underlying agreements.

1.6 Interests in joint arrangements
IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

The company has interests in licenses on the Norwegian Continental Shelf. Under IFRS 11 Joint Arrangements, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The company recognizes investments in joint operations (oil and gas production licenses) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the company's financial statements.

For those licenses that are not deemed to be joint arrangements pursuant to the definition in IFRS 11 as there is no joint control, the company recognizes its share of related expenses, assets, liabilities and cash flows on a line-by-line basis in the financial statements in accordance with applicable IFRSs.

1.7 Classification in statement of financial position

Current assets and current liabilities include items that fall due for payment less than a year from the end of the reporting period and items relating to the ordinary business cycle. The following year's instalments on long-term liabilities are classified as current liabilities. Financial investments in shares are classified as current assets, while strategic investments are classified as non-current assets.

1.8 Business combinations and goodwill

In order to consider an acquisition as a business combination, the acquired asset or groups of assets must constitute a business (an integrated set of operations and assets conducted and managed for the purpose of providing a return to the investors). The combination consists of inputs and substantive processes applied to these inputs that have the ability to create outputs. Amendments to IFRS 3 effective in January 2020 introduce a new optional 'concentration test' which may result in a business combination being accounted for as an asset acquisition if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group or similar identifiable assets.

Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date on which the company obtains control over the financial and operating assets. This date may differ from the actual date on which the assets are transferred.

For accounting purposes, the acquisition method is applied to the purchase of businesses. Acquisition cost equals the fair value of consideration, including contingent consideration, equity instruments issued and liabilities assumed in connection with the transfer of control. Acquisition cost is measured against the fair value of the acquired assets and liabilities. Identifiable intangible assets are included in connection with acquisitions if they can be separated from other assets or meet the legal contractual criteria. If the acquisition cost at the time of the acquisition exceeds the fair value of the acquired net assets (when the acquiring entity achieves control of the transferring entity), goodwill arises.

In a business combination, if the fair value of the net identifiable assets acquired exceeds the acquisition cost on the acquisition date, the excess amount is taken to the Income statement immediately.

In a business combination, goodwill is allocated to the CGUs or groups of CGUs that are expected to benefit from synergy effects of the acquisition. The allocation of goodwill may vary depending on the basis for its initial recognition.

The majority of the company's goodwill is related to the requirement to recognize deferred tax for the difference between the assigned fair values and the related tax base ("technical goodwill"). The fair value of of the company's licenses, all of which are located on the Norwegian Continental Shelf, are based on cash flows after tax. This is because these licenses are only sold in an after-tax market based on the tax carry-over principles pursuant to the Petroleum Taxation Act section 10. The purchaser is therefore not entitled to a tax deduction for the consideration paid over and above the seller's tax values. In accordance with IAS 12 paragraphs 15 and 24, a provision is made for deferred tax corresponding to the difference between the acquisition cost and the transferred tax depreciation basis. The offsetting entry to this deferred tax is goodwill. Hence, goodwill arises as a technical effect of deferred tax. Technical goodwill is tested for impairment separately for each CGU which give rise to the technical goodwill. A CGU may be individual oil fields, or a group of oil fields that are connected to the same infrastructure/production facilities.

The estimation of fair value and goodwill may be adjusted up to 12 months after the acquisition if new information has emerged about facts and circumstances that existed at the time of the acquisition and which, had they been known, would have affected the calculation of the amounts recognized.

Acquisition-related costs, except costs to issue related debt or equity securities, are expensed as incurred.

1.9 Acquisitions, sales and license swaps

On acquisition of a license that involves the right to explore for and produce petroleum resources, it is considered in each case whether the acquisition should be treated as a business combination (see Item 1.8) or an asset purchase. Generally, purchases of licenses in a development or production phase will be regarded as a business combination. Other license purchases regarded as asset purchases are described below.

Oil and gas production licenses

For licenses in the development phase, the acquisition cost is allocated between capitalized exploration expenses, license rights and production plant.

When entering into agreements regarding the purchase/swap of assets, the parties agree on an effective date for the takeover of the net cash flow (usually 1 January in the calendar year which would also normally be the effective date for tax purposes). In the period between the effective date and the completion date, the seller will include its sold share of the license in the financial statements. In accordance with the purchase agreement, there is a settlement with the seller of the net cash flow from the asset in the period from the effective date to the completion date (pro & contra settlement). The pro & contra settlement will be adjusted to the seller's losses/gains and to the assets for the purchaser, in that the settlement (after a tax reduction) is deemed to be part of the consideration in the transaction. Revenues and expenses from the relevant license are included in the purchaser's Income statement from the acquisition date, as defined in 1.8 above.

For tax purposes, the purchaser will include the net cash flow (pro & contra) and any other income and costs as from the effective date.

When acquiring licenses that are defined as asset acquisitions, no provision is made for deferred tax.

Farm-in agreements

Farm-in agreements are usually entered into in the exploration phase and are characterised by the transferor waiving future financial benefits in the form of reserves, in exchange for reduced future financing obligations. For example, a license interest is taken over in return for a share of the transferor's expenses relating to the drilling of a well. In the exploration phase, the company normally accounts for farm-in agreements on a historical cost basis, as the fair value cannot be reliably determined.

Swaps

Swaps of assets are calculated at the fair value of the asset being surrendered, unless the transaction lacks commercial substance, or neither the fair value of the asset received, nor the fair value of the asset surrendered, can be effectively measured. In the exploration phase, the company normally recognizes swaps based on historical cost, as the fair value cannot be reliably measured.

1.10 Unitizations

According to Norwegian law, a unitization is required if a petroleum deposit extends over several production licenses and these production licenses have different ownership interests. Consensus must be achieved with regard to the most beneficial coordination of the joint development and ownership distribution of the petroleum deposit. A unitization agreement shall be approved by the Ministry of Petroleum and Energy.

The company normally recognizes unitizations in the exploration phase based on historical cost, as the fair value cannot be reliably measured. For unitizations involving licenses outside the exploration phase, it has to be considered whether the transaction has commercial substance. If so, the unitization is recognized at fair value.

1.11 Tangible fixed assets and intangible assets

General

Tangible fixed assets are recognized on a historical cost basis.

The book value of tangible fixed assets consists of acquisition cost net of accumulated depreciation and impairment losses.

Ordinary repair and maintenance costs relating to day-to-day operations are charged to the Income statement in the period in which they are incurred.

Gains and losses relating to the disposal of assets are determined by comparing the selling price with the book value, and are included in other operating income/expenses on a post tax basis. Assets held for sale are measured at the lower of the book value and the fair value less cost to sell.

Operating assets related to petroleum activities

Exploration and development costs relating to oil and gas fields

Capitalized exploration expenditures are classified as intangible assets and reclassified to tangible assets at the start of development. For accounting purposes, the field is considered to enter the development phase when the technical feasibility and commercial viability of extracting hydrocarbons from the field are demonstrable, normally at the time of concept selection. All costs relating to the development of commercial oil and/or gas fields are recognized as tangible assets. Pre-operational costs are expensed as they are incurred.

The company employs the 'successful efforts' method to account for exploration and development costs. All exploration costs (including seismic shooting, seismic studies and 'own time'), with the exception of acquisition costs of licenses and drilling costs for exploration wells, are expensed as incurred. When exploration drilling is ongoing in a period after the reporting date and the result of the drilling is subsequently not successful, the capitalized exploration cost as of the reporting date is expensed if the evaluation of the well is completed before the date when the financial statements are authorized for issue.

Drilling cost for exploration wells are temporarily capitalized pending the evaluation of potential discoveries of oil and gas resources. Such costs can remain capitalized for more than one year. The main criteria is that there must be plans for future activity in the license area or that a development decision is expected in the near future. If no resources are discovered, or if recovery of the resources is considered technically or commercially unviable, expenses relating to the drilling of exploration wells are charged to expense.

Acquired license rights are recognized as intangible assets at the time of acquisition. Acquired license rights related to fields in the exploration phase remain as intangible assets also when the related fields enter the development or production phase.

Depreciation of oil and gas fields

Capitalized exploration and evaluation expenditures, development expenditures from construction, installation or completion of infrastructure facilities such as platforms, pipelines and production wells, and field-dedicated transport systems for oil and gas are capitalized as production facilities and are depreciated using the unit-of-production method based on proven and probable developed reserves expected to be recovered from the area during the concession or contract period. Acquired assets used for the recovery and production of petroleum deposits, including license rights, are also depreciated using the unit-of-production method based on proven and probable reserves. The reserve basis used for depreciation purposes is updated at least annually. Any changes in the reserves affecting unit-of-production calculations are reflected prospectively.

Depreciation of assets other than oil and gas fields, including right of use assets, is calculated using the straight-line method over estimated useful lives and adjusted for any impairment or change in residual value, if applicable.

1.12 Impairment

Tangible fixed assets and intangible assets

Tangible fixed assets and intangible assets (including license rights, exclusive of goodwill) with a finite useful life will be assessed for potential impairment when events or changes in circumstances indicate that the book value of the assets is higher than the recoverable amount.

The unit of account for assessment of impairment is based on the lowest level at which it is possible to identify cash inflows that are independent of cash inflows from other groups of fixed assets. For oil and gas assets, this is typically the field or license level. Impairment is recognized when the book value of the CGU (including any allocated goodwill) exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. When estimating value in use and fair value less cost of disposal, expected future cash flows are discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money and the specific risk related to the asset. The discount rate is derived from the Weighted Average Cost of Capital (WACC).

The lifetime of the field for the purpose of impairment testing is normally determined by the point in time when the operating cash flow from the field becomes negative.

For exploration licenses, impairment is based on an assessment of whether plans for further activities have been established or, if applicable, an evaluation of whether development will be decided on in the near future as described in section 1.11.

A previously recognized impairment can only be reversed if changes have occurred in the estimates used for the calculation of the recoverable amount. However, the reversal cannot be to an amount that is higher than it would have been if the impairment had not previously been recognized. Such reversals are recognized in the Income statement. After a reversal, the depreciation amount is adjusted in future periods in order to distribute the asset's revised book value, minus any residual value, on a systematic basis over the asset's expected remaining life.

Goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the value may be impaired.

Impairment is recognized if the recoverable amount of the CGU (or group of CGUs) to which the goodwill is related is less than the book value, including associated goodwill and deferred tax as described in section 1.8. Losses relating to impairment of goodwill cannot be reversed in future periods.

1.13 Financial instruments

The company has classified the financial instruments into the following categories of financial assets and liabilities:

- Financial assets at fair value designated as such upon initial recognition
- Cash and receivables
- Financial liabilities at fair value designated as such upon initial recognition
- Financial liabilities measured at amortized costs

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables.

Financial liabilities that do not form part of the "held for trading purposes" category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other financial liabilities.

Further details on fair values of financial instruments are provided in note 29 'Financial instruments'.

1.14 Impairment of financial assets

Financial assets that are held at amortized cost are impaired when, based on objective evidence, it is likely that the instrument's cash flows have been negatively affected by one or more events that have occurred after initial recognition. In addition, the loss event must have an impact on estimated future cash flows that can be reliably estimated. The impairment is recognized in the Income statement.

1.15 Research and development

Research consists of original, planned studies carried out with a view to achieving new scientific or technical knowledge or understanding, and the associated costs are expensed as incurred. Development consists of the application of information gained through research, or of other knowledge, to a plan or design for the production of new or significantly improved materials, facilities, products, processes, systems or services before commercial production or use commences. Development costs are capitalized when the underlying project is technically feasible.

1.16 Presentation of payroll and administration costs

The company presents its payroll and administration costs based on the functions in development, operational and exploration activities respectively, based on allocation of registered hours worked, net of amounts recharged to operated licenses.

1.17 Leases

At the inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is recognized at the commencement date and measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate at the commencement date. The borrowing rate is derived from the terms of the company's existing credit facilities. RoU assets are depreciated over the lease term as this is ordinarily shorter than the useful life of the assets. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the company is reasonably certain to exercise this option.

The company applies the exemption for short term leases (12 months or less) and low value leases. As such, related lease payments are not recognized in the balance sheet, but expensed or capitalized in line with the accounting treatment for other non-lease expenses. The inclusion of non-lease components may vary across different lease categories, but for the most material class of assets (rigs), the company has excluded the non-lease components when measuring the lease liability.

The company may enter into lease contracts as an operator on behalf of a license, and has for such leases only recognized its net share of the related lease liability. Whether a contract is entered into on behalf of the license is subject to a contract specific assessment, but the general principle is that there needs to be a direct link between the lease contract and the license or field on which the RoU asset shall be used. Other lease contracts, such as offices and supply vessels not linked to specific fields, are recognized on a gross basis although the related cashflows are charged to the license partners, typically via cost pools. For such contracts, the partner's share of the cost recovered by the company are presented as other income.

The company may enter into lease contracts in its own name at the initial signing, and subsequently allocate the related RoU asset to operated licenses. In such cases, the license allocation will normally be the basis for determining both the commencement and the duration of the lease (and application of the short-term lease exemption).

1.18 Trade debtors
Trade debtors are recognized in the Statement of Financial Position at nominal value after a deduction for the provision for credit losses.

1.19 Borrowing costs
Borrowing costs that can be directly ascribed to procurement, processing or production of a qualifying asset are capitalized as part of the asset's acquisition cost. Borrowing cost is only capitalized during the development phase. Other borrowing costs are expensed in the period in which they are incurred.

A qualifying asset is one that necessarily takes a substantial period of time to be made ready for its intended use or sale. Qualifying assets are generally those that are subject to major development or construction projects.

1.20 Inventories
Inventories mainly consists of equipment for the drilling of exploration and production wells and are valued at the lower of cost price (based on weighted average cost) and net realizable value.

1.21 Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, and other short-term highly liquid investments with an original due date of three months or less. Bank overdrafts are included in the Statement of Financial Position as short-term loans.

1.22 Interest-bearing debt
All borrowings are initially recognized at transaction price, which equals the fair value of the amount received net of costs directly related to the establishment of the loan or issuance of debt.

Subsequently, interest-bearing borrowings are valued at amortized cost using the effective interest method; the difference between the transaction price (after transaction costs) and the face value is recognized in the Income statement in the period until the loan falls due. Amortized costs are calculated by considering all issue costs on the settlement date, except for any discount or premium expensed immediately.

1.23 Tax

General
Tax consists of tax payable and changes in deferred tax. Deferred tax/tax benefits are calculated on the basis of the differences between book value and tax basis values of assets and liabilities, with the exception of temporary differences on acquisition of licenses that are defined as asset purchases.

Deferred tax is measured using the expected tax rate when the tax benefit is realised or the tax liability is met, based on tax rates and tax regulations that have been enacted or substantively enacted at the reporting date.

Tax payable and deferred tax is recognized directly against equity or other comprehensive income insofar as the tax items are related to equity transactions or items of other comprehensive income.

Deferred tax and tax benefits are presented net, where netting is legally permitted and the deferred tax benefit and liability are related to the same tax subject and are payable to the same tax authorities.

Functional currency
The company's functional currency is USD, while it is a statutory requirement to calculate the current tax based on NOK functional currency. This may impact the effective tax rate when the exchange rate between NOK and USD fluctuates. The revaluation of tax receivable and payable is presented as foreign exchange gain/loss, while the impact on deferred tax from revaluation of tax balances is presented as tax expense / income.

Petroleum taxation
As a production company, Aker BP is subject to the special provisions of the Petroleum Taxation Act. Taxable profits from activities on the Norwegian Continental Shelf are liable to ordinary company tax and special tax. The tax rate for general corporate tax was 22 percent in 2019, and was unchanged in 2020. The rate for special tax was 56% for both years.

Tax depreciation
Pipelines and production facilities can be depreciated by up to 16 2/3 percent annually, i.e., using the straight-line method over six years. Tax depreciation commences when the expenses are incurred. When a field stops producing, any remaining tax values (except for future uplift) may be deducted in that year.

Certain temporary changes in the Petroleum Tax Law were enacted on 19 June 2020. The changes in tax law included a temporary rule for depreciation and uplift, whereby all investments incurred for income year 2020 and 2021 including 24% uplift can be deducted for special tax (56%) in the year of investment. The temporary changes will also be applicable for investments up to and including year of production start in accordance with new PDOs delivered within 31 December 2022 and approved within 31 December 2023.

Uplift
Uplift is a special income deduction in the basis for calculation of special tax. Uplift is calculated on the basis of investments in pipelines and production facilities, and can be regarded as an extra depreciation deduction in the special tax regime. The uplift rate was 5.2 percent in 2019 over a period of four years, totalling 20.8 percent from 2019. Uplift is recognized in the year it is deducted in the companies' tax returns, and this has a similar effect on the tax for the period as a permanent difference. Under the temporary tax rule enacted in 2020, the uplift is 24% for income year 2020 and 2021 and can be deducted for special tax (56%) in the year of investment.

Financial items
Interest on debt with associated currency losses/gains (net financial expenses on interest-bearing debt) is distributed between the offshore and onshore tax regimes. Offshore interest deduction is calculated as the net financial costs of interest-bearing debt multiplied by 50 percent of the ratio between net asset value for tax purposes allocated to the offshore tax regime as of 31 December in the income year and the average interest-bearing debt through the income year.

Remaining financial expenses, currency losses and all interest income as well as currency gains are allocated to the onshore jurisdiction.

Uncovered losses in the onshore tax jurisdictions resulting from the distribution of net financial items can be allocated to the offshore tax jurisdictions and deducted from regular income.

Only 50 percent of other losses in the onshore tax jurisdictions are permitted to be reallocated to the offshore tax jurisdictions as deductions in regular income.

Tax loss
Companies subject to special tax may, without time limitations, carry forward losses with the addition of interest. A corresponding rule also applies to unused uplift. The tax position can be transferred on realisation of the company or merger. Alternatively, disbursement of the tax value can be claimed from the State if the company ceases petroleum activities. The tax loss will thus be reclassified from deferred tax to current tax at the time the petroleum activity ceases, or is transferred to another company. Under the temporary tax rule encated in 2020, the value of tax losses incurred in 2020 and 2021 will be refunded from the state.

1.24 Employee benefits

Pension schemes
The company complies with the requirement to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The company makes contributions to the pension plan for full-time employees equal to 7 percent for salary up to 7.1 G and 25.1 percent between 7.1 and 12 G. The pension premiums are charged to expenses as they are incurred.

An early retirement scheme (AFP) has been introduced for all employees. The scheme is a multi-employer defined benefit plan, but is accounted for as a defined contribution pension, and premiums are expensed as incurred.

1.25 Provisions
A provision is recognized when the company incurs a commitment (legal or constructive) as a result of a past event, it is probable that financial settlement will take place as a result of this commitment, and the amount can be reliably calculated. Provisions are evaluated at each period end and are adjusted to reflect the best estimate.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.If the discounting effect is significant, provisions are discounted using a discount rate before tax that reflects the market's pricing of the time value and risk specifically associated with the commitment. As discounting unwinds, the book value of the provisions is increased in each period to reflect the change in time relative to the due date of the commitment. The effect of this increase is expensed as an accretion expense.

Decommissioning and removal costs:
In accordance with the license terms and conditions for the licenses in which the company participates, the Norwegian State can require license owners to remove the installation in whole or in part when production ceases or the license period expires.

In the initial recognition of the decommissioning and removal obligations, the company provides for the net present value of future costs related to decommissioning and removal. A corresponding asset is capitalized as a tangible fixed asset and depreciated using the unit-of-production method.

Changes in the time value (net present value) of the obligation related to decommissioning and removal accretion are charged to income as financial expenses and increase the balance-sheet liability related to future decommissioning and removal expenses. Changes in the best estimate for expenses related to decommissioning and removal are recognized in the Statement of financial position, except where it relates to licenses with no future production. The discount rate used in the calculation of the fair value of the decommissioning and removal obligation is the risk-free rate with the addition of a credit risk element.

1.26 Segment

Since its formation, the company has conducted its entire business in one consistent segment, defined as exploration for and production of petroleum in Norway. The company conducts its activities on the Norwegian Continental Shelf, and management monitors the company at this level. The financial information relating to geographical distribution and large customers is presented in note 3.

1.27 Earnings per share

Earnings per share are calculated by dividing the net profit/loss attributable to ordinary equity holders of the parent entity by the weighted average number of the total outstanding shares. Shares issued during the year are weighted in relation to the period in which they have been outstanding.

1.28 Contingent liabilities and assets

Except for in the event of a business combination, neither contingent liabilities nor contingent assets are recognized.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed with the exception of contingent liabilities where the probability of the liability having to be settled is remote.

Contingent assets are possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Information about such contingent assets is provided if inflow of economic benefits is probable.

1.29 Changes to accounting standards and interpretations that:

Have entered into force:

The group has applied the following standards and amendment for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Interest Rate Bencmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Definition of a Business - amendments to IFRS 3

The amendments provide updated guidance on whether an acquisition is of a business or a group of assets.

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. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments did not have any impact on the amounts recognized in prior periods. However, it may have an impact on the assessment of whether a group of assets constitutes a business with regard to future acquisitions.

Have been issued but have not entered into force:

Certain new accounting standards and interpretations are issued, but not yet effective as of 31 December 2020. These standards are not expected to have a material impact on the group in the current or future reporting periods.

Note 2 Overview of subsidiaries

Aker BP ASA has four subsidiaries which are not consolidated in the group accounts in 2020 due to materiality considerations:

Det norske oljeselskap AS (100 percent)

Det norske oljeselskap AS, previously Marathon Oil Norge AS, was acquired by Aker BP in October 2014. All activity was transferred to Aker BP on 31 October 2014. During 2020, Aker BP UK Limited (see below) was established as a subsidiary of Det norske oljeselskap AS. Except for the subsidiary, the only asset in this company is cash equivalents reflecting the share capital amounting to USD 1.0 million.

Aker BP UK Limited (100 percent)

Aker BP UK Limited was established as a subsidiary of Det norske oljeselskap AS during 2020. There were no activities in 2020. In Q1 2021, the company entered into an agreement with Eni UK to acquire a 50 percent non-operated interest in license P2511 on the UK Continental Shelf. License P2511 is located to the borderline of the Norwegian continental shelf. The key objective for the newly established partnership between Eni UK and Aker BP UK is to explore the resource potential, based on the knowledge obtained in the Alvheim area.

Alvheim AS (65 percent)

The sole purpose of Alvheim AS is to act as legal owner of MST Alvheim, the floating production facility which is used to produce oil and gas from the Alvheim fields. The costs of and benefits from operating the MST Alvheim will be carried by the partners in the Alvheim field. Hence, Alvheim AS only has the formal ownership rather than the actual value of the production facilities. Aker BP has a 65 percent share in Alvheim AS, which corresponds to the ownership in the Alvheim field. There were no activities in 2020.

Sandvika Fjellstue AS (100 percent)

Sandvika Fjellstue AS owns a conference centre used by Aker BP, located in Sandvika in Verdal.

Note 3 Segment information

The company's business is entirely related to exploration for and production of petroleum in Norway. The company's activities are considered to have a homogeneous risk and return profile before tax, and the business in 2020 was located in the geographical area Norway. The company operates within a single operating segment which matches the internal reporting to the company's executive management. In 2020 the company had sales transactions with one customer, BP Oil International Ltd, which represented more than 10% of total sales, and accounted for USD 2 547 million. In 2019 the company also had sales transactions with one customer, BP Oil International Ltd, which represented more than 10% of total sales, and accounted for USD 2 883 million.

Note 4 Income

	Group & Parent	
Breakdown of petroleum revenues (USD 1 000)	2020	2019
Sales of liquids	2 581 776	2 993 456
Sales of gas	270 404	328 816
Tariff income	15 973	16 395
Total petroleum sales	**2 868 153**	**3 338 667**
Sales of liquids (boe 1 000) (unaudited)	64 549	46 224
Sales of gas (boe 1 000) (unaudited)	12 384	11 317

Other income (USD 1 000)		
Realized gain/loss (-) on oil derivatives	55 328	-12 824
Unrealized gain/loss (-) on oil derivatives	-1 734	-19 058
Gain on license transactions	5 417	-
Other income[1]	52 099	40 303
Total other operating income	**111 110**	**8 421**

[1] The amounts include insurance settlements, in addition to partner coverage of RoU assets recognized on gross basis in the balance sheet and used in operated activity.

Refer to note 22 and 28 for further details regarding commodity derivatives.

Note 5 Produced volumes and over/underlift adjustment

	Group & Parent	
(USD 1 000)	2020	2019
Total produced volumes (boe 1 000) (unaudited)	77 101	56 886
Production cost per boe produced (USD/boe)	8.3	12.4
Production cost based on produced volumes	640 111	706 308
Adjustment for over/underlift (-)	-12 137	14 014
Production cost based on sold volumes	627 975	720 321

Note 6 Exploration expenses

	Group & Parent	
Breakdown of exploration expenses (USD 1 000)	2020	2019
Seismic	25 522	28 875
Area fees	15 272	15 537
Field evaluation	44 718	42 532
Dry well expenses	56 626	176 419
Other exploration expenses	31 961	42 153
Total exploration expenses	174 099	305 516

Note 7 Payroll expenses and remuneration

	Group & Parent	
Breakdown of payroll expenses (USD 1 000)	2020	2019
Payroll expenses	265 874	293 363
Pension	26 748	26 988
Social security tax	41 505	45 368
Other personnel costs	5 348	4 984
Total payroll expenses	339 475	370 704

Employee share program

The company has an annual share purchase program for all employees, including senior executives. The shares in the program were in 2020 offered at a 25 percent discount and are subject to a three-year lock-up period, during which employees are not allowed to sell the shares. In connection with the share purchase program, all employees are also offered an interest free loan of 60 percent of the basic amount in the National Insurance scheme ("G"), to be repaid within one year. In total, employees subscribed for USD 11.9 million in 2020, compared to USD 11.5 million in 2019.

	Group & Parent	
Number of full time equivalents employed during the year	2020	2019
Europe	1 745	1 703
Total	1 745	1 703

Remuneration of senior executives in 2020*								
(USD 1 000)	Salary	Bonus**	Payments in kind	Other	Total remuneration	Pension costs	Total number of shares***	Owning interest
Karl Johnny Hersvik (Chief Executive Officer)[1]	830	521	133	227	1 712	19	10 355	0.0 %
Øyvind Bratsberg (Special Advisor)	406	156	2	3	567	19	54 802	0.0 %
Per Harald Kongelf (SVP Improvement)	401	155	2	1	559	20	5 546	0.0 %
Tommy Sigmundstad (SVP D&W)	356	139	4	20	519	19	9 418	0.0 %
Ole Johan Molvig (SVP Reservoir Development)[2]	356	139	1	-	496	19	14 874	0.0 %
Evy Glørstad (SVP Exploration & Reservoir Development)[3]	347	143	3	4	497	20	5 866	0.0 %
Lene Landøy (SVP Strategy and Business Development)	327	130	6	-	462	19	10 122	0.0 %
David Torvik Tønne (Chief Financial Officer)	346	139	5	-	489	19	13 900	0.0 %
Marit Blaasmo (SVP HSSEQ)	254	103	2	-	359	20	2 153	0.0 %
Kjetel Rokseth Digre (Chief Operating Officer)[4]	308	93	1	-	403	13	3 002	0.0 %
Knut Arne Kristian Sandvik (SVP projects)	305	205	7	6	523	20	2 577	0.0 %
Ine Dolve (SVP Operations & Asset Development)[5]	284	91	5	10	390	20	4 033	0.0 %
Lars Høier (SVP Operations & Asset Development - NOAKA)[6]	278	89	1	5	373	19	5 675	0.0 %
Total remuneration of senior executives in 2020	4 798	2 101	173	277	7 349	246	142 323	0.0 %

[1] Other includes final settlement of previous LTIP scheme
[2] SVP Reservoir Development until 31.08.2020
[3] SVP Exploration until 31.08.2020
[4] Chief Operating Officer until 31.07.2020
[5] SVP Operations & Asset Development since 01.08.2020
[6] SVP Operations & Asset Development - NOAKA since 01.09.2020

* All remuneration to senior executives is paid in NOK and converted to USD using a yearly average USD/NOK-rate of 9.4004.
** Numbers represent actual ordinary bonus earned in 2020, excluding LTIP (see description below).
*** These shares have been purchased by the individuals and are not part of the remuneration. The numbers include shares held in companies where the senior executives have controlling interest.

Remuneration of senior executives in 2019*								
(USD 1 000)	Salary	Bonus**	Payments in kind	Other	Total remuneration	Pension costs	Total number of shares***	Owning interest
Karl Johnny Hersvik (Chief Executive Officer)	826	517	1	6	1 350	20	6 081	0.0 %
Øyvind Bratsberg (Special Advisor)	425	155	1	4	584	21	54 802	0.0 %
Per Harald Kongelf (SVP Improvement)	416	153	1	-	571	21	-	-
Tommy Sigmundstad (SVP D&W)	369	137	3	-	510	20	8 538	0.0 %
Ole Johan Molvig (SVP Reservoir Development)	369	137	1	-	508	20	9 582	0.0 %
Evy Glørstad (SVP Exploration)	338	133	1	2	475	21	5 866	0.0 %
Lene Landøy (SVP Strategy and Business Development)[1]	316	128	2	-	447	20	5 221	0.0 %
David Torvik Tønne (Chief Financial Officer)[2]	348	137	2	-	487	20	5 778	0.0 %
Marit Blaasmo (SVP HSSEQ)[3]	253	82	1	1	337	21	-	-
Kjetel Rokseth Digre (Chief Operating Officer)[4]	285	174	1	796	1 256	14	3 002	0.0 %
Knut Arne Kristian Sandvik (SVP projects)[5]	145	77	1	-	223	11	-	-
Alexander Krane (Chief Financial Officer)[6]	190	-	1	-	191	5	17 021	0.0 %
Olav Henriksen (SVP Projects)[7]	294	53	-	1	348	11	-	-
Jorunn Kvåle (SVP HSSE)[8]	270	67	1	17	356	21	-	-
Svein Jakob Liknes (SVP Operations)[9]	209	38	2	-	249	10	-	-
Total remuneration of senior executives in 2019	5 054	1 989	23	828	7 893	256	115 891	0.0 %

[1] SVP Strategy and Business Development since 01.02.2019
[2] Chief Financial Officer since 01.02.2019
[3] SVP HSSEQ since 01.05.2019
[4] Chief Operating Officer since 01.05.2019. Other includes signing on fee
[5] SVP Projects since 01.07.2019
[6] Chief Financial Officer until 31.01.2019
[7] SVP Projects until 31.03.2019
[8] SVP HSSEQ until 30.04.2019
[9] Acting SVP Operations and Asset Development until 30.04.2019

* All remuneration to senior executives is paid in NOK and converted to USD using a yearly average USD/NOK-rate of 8.8037.
** Numbers represent actual ordinary bonus earned in 2019, excluding LTIP (see description below).
*** These shares have been purchased by the individuals and are not part of the remuneration. The numbers include shares held in companies where the senior executives have controlling interest.

The tables below include regular fees to the Board and fees for participation in the Board's subcommittees, including the nomination committee. Fees to Board members employed by Aker ASA is paid to the company, not to the Board member in person. The table also includes the number of shares and owning interest in Aker BP ASA held directly or indirectly through related parties. Indirect ownership through other companies is included as a whole where the ownership interest is 50 percent or more.

Fees in 2020*				
Name	Comments	Fee (USD 1 000)	Total number of shares	Owning interest
Øyvind Eriksen	Chairman of the Board from 11.03.2016. Chair of the Organizational Development and Compensation committee.	96	-	-
Anne Marie Cannon	Deputy Chair from 17.04.2013. Member of the Audit & Risk committee.	59	12 078	0.0 %
Kjell Inge Røkke	Board member from 17.04.2013.	44	-	-
Murray Auchincloss	Board member from 16.04.2020	-	-	-
Trond Brandsrud	Board member from 11.03.2016. Chairman of the Audit & Risk committee from 28.04.2016.	62	-	-
Kate Thomson	Board member from 30.09.2016. Member of the Audit & Risk committee from 04.10.2016.	-	-	-
Gro Kielland	Board member from 20.03.2014. Member of the Organizational Development and Compensation committee.	53	1 750	0.0 %
Terje Solheim	Employee rep. from 20.03.2014. Member of the Organizational Development and Compensation committee.	24	1 787	0.0 %
Ørjan Holstad	Employee representative from 01.11.2017.	21	4 384	0.0 %
Ingard Haugeberg	Employee representative from 30.08.2018.	21	1 510	0.0 %
Anette Hoel Helgesen	Employee representative from 30.08.2018.	21	1 134	0.0 %
Nina Aas	Deputy employee representative from 30.08.2018.	3	3 892	0.0 %
Oddbjørn Aune	Deputy employee representative from 30.08.2018.	3	5 796	0.0 %
Hilde K.Brevik	Deputy employee representative from 30.08.2018.	3	721	0.0 %
Svein Oskar Stoknes	Chair of the Nomination committee from 16.04.2020.	4	-	-
Ingebret Hisdal	Member of the Nomination committee from 16.04.2020.	4	-	-
Donna Riley	Member of the Nomination committee from 16.04.2020.	-	-	-
Member until 16.04.2020				
Bernard Looney	Board member from 30.09.2016. to 16.04.2020	-	-	-
Hilde Myberg	Member of the Nomination committee from 2012 to 16.04.2020	4	-	-
Arild Støren Frick	Chairman of the Nomination committee from 16.04.2015 to 16.04.2020	4		
Total		424	33 252	0.0 %

* Fee to board members are paid in NOK and converted to USD using a yearly average USD/NOK-rate of 9.4004.

Fees in 2019*				
Name	Comments	Fee (USD 1 000)	Total number of shares	Owning interest
Øyvind Eriksen	Chairman of the Board from 11.03.2016. Chair of the Organizational Development and Compensation committee.	102	-	-
Anne Marie Cannon	Deputy Chair from 17.04.2013. Member of the Audit & Risk committee.	65	12 078	0.0 %
Bernard Looney	Board member from 30.09.2016.	-	-	-
Kjell Inge Røkke	Board member from 17.04.2013.	45	-	-
Trond Brandsrud	Board member from 11.03.2016. Chairman of the Audit & Risk committee from 28.04.2016.	68	-	-
Kate Thomson	Board member from 30.09.2016. Member of the Audit & Risk committee from 04.10.2016.	-	-	-
Gro Kielland	Board member from 20.03.2014. Member of the Organizational Development and Compensation committee.	50	1 750	0.0 %
Terje Solheim	Employee rep. from 20.03.2014. Member of the Organizational Development and Compensation committee.	26	1 787	0.0 %
Ørjan Holstad	Employee representative from 01.11.2017.	22	2 656	0.0 %
Murray Auchincloss	Deputy board member from 01.04.2017.	-	-	-
Nina Aas	Deputy employee representative from 30.08.2018.	4	2 800	0.0 %
Oddbjørn Aune	Deputy employee representative from 30.08.2018.	4	4 068	0.0 %
Hilde K.Brevik	Deputy employee representative from 30.08.2018.	4	350	0.0 %
Arild Støren Frick	Chairman of the Nomination committee.	4	-	-
Finn Haugan	Member of the Nomination committee.	4	-	-
Hilde Myrberg	Member of the Nomination committee.	4	-	-
Ingard Haugeberg	Employee representative from 30.08.2018.	22	970	0.0 %
Anette Hoel Helgesen	Employee representative from 30.08.2018.	22	-	-
Member until 30.04.2019				
Lone Margrethe Olstad	Employee representative from 11.03.2016 to 30.04.2019.	1	-	-
Total		445	26 459	0.0 %

* Fee to board members are paid in NOK and converted to USD using a yearly average USD/NOK-rate of 8.8037.

Guidelines and adherence to the quidelines for executive remuneration

In 2020, the company`s remuneration policy has been in accordance with the guidelines described in the Board of Director`s Report for 2019 and submitted to the annual general meeting for an advisory vote in April 2020.

The Board makes guidelines for executive remuneration, including the CEO's remuneration and other terms and conditions of employment. These guidelines set out the main principles applied in determining the salary and other remuneration of executive personnel and are addressed as a separate item at the General Meeting.

Senior executives receive a basic salary, adjusted annually. The company's senior executives participate in the general arrangements applicable to all the company's employees as regards bonus programme (see below), pension plans and other payments in kind such as free internet connection at home and subsidized fitness centre fees. In special cases, the company may offer other benefits in order to recruit personnel, including to compensate for bonus rights earned in previous employment.

The bonus for all employees, including the CEO and EMT, is determined by the company's performance on a pre-defined set of key performance indicators (KPIs) and Company Priorities, which are important improvement initiatives or activities with clear deliverables that are critical for the company's future success. For 2020, the KPIs were as follows:

KPI (unaudited)	Execute	Improve	Actual
Safety (SIF/1 mill hrs)	0.5	0.45	0.46
Production (mboepd)[1]	207.9	214.9	210.7
Production Cost (USD/boe)[2]	8	7	7.9
Relatively Shareholder Return	5%	10%	-1.5%
CO2 Intensity (kg CO2/boe) - operated fields	8	7	6.7
Total Headcount (including consultants)	2 220		2 210

[1] Adjusted for curtailments and asset sale

[2] FX adjusted based on USDNOK = 10.0

Company Priorities are either important improvement initiatives or activities with clear deliverables that are critical for the company's future success. Below is a list of the priorities for 2020:

- Deliver on improvements plans to improve Assets on opex benchmark in 2020
- Deliver 1st gas on Ærfugl by end of November at planned quality and cost
- Progress Skogul to ~100% complete by Q1 at planned quality and cost
- Mature Hod Development to DG3 by end Q1
- Complete stimulation of two named Valhall wells by Q1 and five wells by Q2
- Deliver three efficiency projects that reduces environmental footprint per operated asset
- Develop Aker BP's operating model concept by end Q2
- Mature Frosk to DG1 by end April 2020
- Realise value from NOAKA through finding a solution for the area
- Deliver decisions and related cost effect from COVID 19 actions taken
- Deliver new organisational structure establishing a fit for purpose organization
- Establish new ways of working post Covid-19
- Progress Hod Field Development to 23% by end of year 2021 at planned quality and cost

These KPIs and company priorities are each weighted 50 percent when estimating the bonus outcome. The final bonus outcome, following the formulaic assessment of performance relative to targets is specifically reserved as a matter for the CEO and the Compensation & Organisational Committee. Accordingly, the committee may exercise its discretion to adjust the outcome upwards or downwards. The CEO has maximum bonus potential corresponding to 100 percent of his base salary. For other members of EMT, the limit is 60 percent. The maximum bonus for employees outside the EMT varies from 10 percent to 30 percent based on internal job grade.

Certain members of the EMT participate in a five-year incentive program (LTIP) started in January 2019, through December 2023, linked to the relative performance of the Aker BP share price versus a benchmark index consisting of the average of the Oslo Energy Index and the Stoxx 600 Europe Oil & Gas index (each weighted 50 percent). The incentive program payment is calculated as a linear function of market outperformance, where an outperformance of 30 percent or more will result in a payment of the maximum cap. The market outperformance as of year end 2020 was 26%. The maximum total payment is capped at 200 percent of the executive manager's annual base salary. The CEO incentive program has the same mechanics and start/end date and is capped at NOK 30 million.

The pension scheme continues to be a defined contribution plan capped at twelve times the National Insurance scheme basic amount (12G) for all employees including the executive management.

The CEO and Members of the Executive Management team have 6 months mutual notice period, as opposed to 3 months for the rest of the organization. The Company has during 2020 worked to change its severance practices with effect in 2021. The Executive Management Team will also fall under the new severance scheme if applicable. The new severance scheme will provide a period of pay (6-12 months based on age), in addition to maintaining some employee benefits and outplacement assistance.

Adjustment of the CEO's base salary is decided by the Board. Adjustment of the base salaries for other senior executives is decided by the CEO within the wage settlement framework adopted by the Board.

It is up to the Board to decide whether to pay bonuses, based on the previous year's performance. For 2020, the bonus will be disbursed in Q1 2021.

Note 8 Auditors fee

(USD 1 000)	Group & Parent 2020	2019
Fees for statutory audit services - KPMG (excluding VAT)	452	546
Fees for other attestations - KPMG (excluding VAT)	217	139
Total auditor's fees	669	685

Note 9 Financial items

(USD 1 000)	Group & Parent 2020	2019
Total interest income	3 763	16 490
Realized gains on derivatives	16 821	11 261
Change in fair value of derivatives	74 537	7 316
Net currency gains	79 507	16 677
Total other financial income	170 865	35 255
Interest expenses	184 501	175 672
Interest on lease debt	16 629	23 897
Capitalized interest cost, development projects	-39 267	-144 686
Amortized loan costs	19 813	21 705
Total interest expenses	181 677	76 587
Realised loss on derivatives	125 791	46 751
Change in fair value of derivatives	-	10 742
Accretion expenses	116 947	121 723
Other financial expenses	19 314	38 929
Total other financial expenses	262 052	218 145
Net financial items	-269 101	-242 986

The rate (weighted average interest rate) used to determine the amount of borrowing cost eligible for capitalisation in 2020 is 5.30 percent. The corresponding rate for 2019 was 6.57 percent.

Note 10 Taxes

Tax for the period (USD 1 000)	Group & Parent 2020	2019
Current year tax payable/receivable	-333 104	461 984
Prior period adjustments to current tax	7 275	-1 396
Current tax expense (+)/income (-)	-325 829	460 588
Change in current year deferred tax	448 393	463 106
Prior period adjustments to deferred tax	-3 595	19 509
Deferred tax expense (+)/ income (-)	444 799	482 615
Tax expense (+)/income (-)	118 970	943 204
Effective tax rate in %	73%	87 %

Reconciliation of tax expense (USD 1 000)	Tax rate	Group & Parent 2020	2019
78% tax rate on profit/loss before tax	78%	127 674	845 718
Tax effect of uplift	56%	-268 564	-129 619
Permanent differences on impairment	78%	169 670	114 907
Foreign currency translation of NOK monetary items	78%	-62 040	-12 535
Foreign currency translation of USD monetary items	78%	129 042	-16 006
Tax effect of financial and other 22% items	56%	37 761	81 593
Currency movements of tax balances[1]	78%	-30 321	34 297
Other permanent differences, prior period adjustments and change in estimate of uncertain tax positions	78%	15 748	24 848
Tax expense (+)/income (-)		118 970	943 204

[1] Tax balances are in NOK and converted to USD using the period end currency rate. When the NOK weakens against USD, the tax rate increases as there is less remaining tax depreciation measured in USD.

Certain temporary changes in the Petroleum Tax Law were enacted on 19 June 2020. The changes in tax law included a temporary rule for depreciation and uplift, whereby all investments incurred for income year 2020 and 2021 including 24% uplift can be deducted for special tax (56%) in the year of investment. The temporary changes will also be applicable for investments up to and including year of production start in accordance with new PDOs delivered within 31 December 2022 and approved within 31 December 2023. In addition, the value of tax losses incurred in 2020 and 2021 will be refunded from the state.

In accordance with statutory requirements, the calculation of current tax is required to be based on NOK functional currency. This may impact the effective tax rate as the company's functional currency is USD.

Breakdown of tax effect of temporary differences (USD 1 000)	Group & Parent 2020	2019
Tangible fixed assets	-3 686 831	-3 134 183
Capitalized exploration cost	-407 099	-484 626
Other intangible assets	-856 493	-1 037 789
Abandonment provision	2 186 518	2 170 198
Lease debt	168 293	244 340
Financial instruments	-7 153	8 863
Other provisions	-39 696	-2 160
Net deferred tax liability (-)/deferred tax asset (+)	-2 642 461	-2 235 357

Deferred tax liability (-)/asset (+) (USD 1 000)	Group & Parent 2020	2019
Deferred tax liability/asset at beginning of period	-2 235 357	-1 752 757
Change in current year deferred tax	-448 393	-463 106
Deferred tax related to acquisitions/sales[1]	37 727	-
Prior period adjustments	3 595	-19 509
Deferred tax charged to OCI and equity	-33	15
Net deferred tax liability (-)/deferred tax asset (+)	-2 642 461	-2 235 357

[1] Related to sale of the Gina Krog field completed in Q2 2020

Calculated tax payable (-)/ tax receivable (+) (USD 1 000)	Group & Parent 2020	2019
Tax payable/receivable at beginning of period	-361 157	-540 860
Current year tax payable/receivable	333 104	-461 984
Tax payable/receivable related to acquisitions/sales	-3 855	520
Net tax payment/tax refund	-180 922	618 593
Prior period adjustments and change in estimate of uncertain tax positions	-10 425	16 955
Currency movements of tax payable/receivable	59 903	5 619
Net tax payable (-)/receivable (+)	-163 352	-361 157

Note 11 Earnings per share

Earnings per share is calculated by dividing the year's profit attributable to ordinary equity holders of the parent entity, which was USD 45 million (USD 141 million in 2019) by the year's weighted average number of outstanding ordinary shares, which was 359.8 million (360.0 million in 2019). There are no option schemes or convertible bonds in the company, meaning there is no difference between the ordinary and diluted earnings per share.

	Group & Parent	
(USD 1 000)	2020	2019
Profit for the year attributable to ordinary equity holders of the parent entity	44 715	141 051
The year's average number of ordinary shares (in thousands)	359 808	360 014
Earnings per share in USD	0.12	0.39

Note 12 Tangible fixed assets and intangible assets

TANGIBLE FIXED ASSETS - GROUP AND PARENT

Property, plant and equipment

(USD 1 000)	Assets under development	Production facilities including wells	Fixtures and fittings, office machinery	Total
Book value 31.12.2018	2 283 602	3 385 005	77 669	5 746 275
Acquisition cost 31.12.2018	2 283 602	6 086 362	135 062	8 505 027
Additions	1 528 536	362 334	30 633	1 921 503
Disposals/retirement	-	-	-	-
Reclassification	-2 561 772	2 617 326	4 718	60 271
Acquisition cost 31.12.2019	1 250 365	9 066 022	170 413	10 486 800
Accumulated depreciation and impairments 31.12.2018	-	2 701 357	57 394	2 758 751
Depreciation	-	677 217	28 065	705 282
Impairment/reversal (-)	-	-509	-	-509
Disposals/retirement depreciation	-	-	-	-
Accumulated depreciation and impairments 31.12.2019	-	3 378 065	85 459	3 463 524
Book value 31.12.2019	1 250 365	5 687 957	84 954	7 023 276
Acquisition cost 31.12.2019	1 250 365	9 066 022	170 413	10 486 800
Additions	586 301	739 166	21 954	1 347 421
Disposals/retirement[1]	-	675 733	-69	675 664
Reclassification[2]	-747 913	757 420	48 867	58 375
Acquisition cost 31.12.2020	1 088 754	9 886 875	241 304	11 216 932
Accumulated depreciation and impairments 31.12.2019	-	3 378 065	85 459	3 463 524
Depreciation	-	963 619	40 776	1 004 395
Impairment/reversal (-)	-	67 099	-	67 099
Disposals/retirement depreciation[1]	-	-584 292	69	-584 223
Accumulated depreciation and impairments 31.12.2020	-	3 824 491	126 305	3 950 795
Book value 31.12.2020	1 088 754	6 062 384	114 999	7 266 137

[1] The disposal is mainly related to sale of the Gina Krog field and relinquishment of the Jette license.

[2] The reclassification is mainly relating to the Skogul and Ærfugl phase 1 development projects, which entered into production phase during 2020.

Capitalized exploration expenditures are reclassified to "Assets under development" when the field enters into the development phase. If development plans are subsequently re-evaluated, the associated costs remain in assets under development and are not reclassified back to exploration assets. Assets under development are reclassified to "Production facilities" from the start of production. Production facilities, including wells, are depreciated in accordance with the unit-of-production method. Office machinery, fixtures and fittings etc. are depreciated using the straight-line method over their useful life, i.e. 3 - 5 years. Removal and decommissioning costs are included as production facilities or assets under development.

See note 13 for information regarding impairment charges.

Right-of-use assets

(USD 1 000)	Drilling Rigs	Vessels and Boats	Office	Other	Total
Right-of-use assets at initial recognition 01.01.2019	132 270	76 628	29 593	2 303	240 795
Additions	34 385	-	-	-	34 385
Abandonment activity	2 706	737	-	-	3 442
Disposals/retirement	-	-	-	-	-
Reclassification	-57 093	-3 785	-	-	-60 878
Acquisition cost 31.12.2019	106 856	72 106	29 593	2 303	210 859
Accumulated depreciation and impairments 01.01.2019	-	-	-	-	-
Depreciation	5 369	3 166	7 820	177	16 531
Impairment/reversal (-)	-	-	-	-	-
Disposals/retirement depreciation	-	-	-	-	-
Accumulated depreciation and impairments 31.12.2019	5 369	3 166	7 820	177	16 531
Book value 31.12.2019	101 487	68 941	21 774	2 127	194 328
Acquisition cost 31.12.2019	106 856	72 106	29 593	2 303	210 859
Additions	-	-	16 834	-	16 834
Abandonment activity[1)]	11 236	1 199	-	-	12 435
Disposals/retirement[2)]	16 197	5 920	-	-	22 117
Reclassification[3)]	-31 461	-2 972	-	-	-34 432
Acquisition cost 31.12.2020	47 963	62 016	46 427	2 303	158 709
Accumulated depreciation and impairments 31.12.2019	5 369	3 166	7 820	177	16 531
Depreciation	9 265	2 827	7 082	177	19 350
Impairment/reversal (-)	-	-	-	-	-
Disposals/retirement depreciation[2)]	-8 535	-1 373	-	-	-9 907
Accumulated depreciation and impairments 31.12.2020	6 099	4 620	14 902	353	25 974
Book value 31.12.2020	41 864	57 395	31 525	1 950	132 735

[1)] This represents the share of right-of-use assets used in abandonment activity, and thus booked against the abandonment provision.

[2)] The disposal is related to termination of the Maersk Reacher rig and sale of the Gina Krog field.

[3)] Reclassified to tangible fixed assets in line with the activity of the right-of-use asset.

Right-of-use assets are depreciated linearly over the lifetime of the related lease contract.

INTANGIBLE ASSETS - GROUP AND PARENT

(USD 1 000)	Other intangible assets Licenses etc.	Software	Total	Capitalized exploration expenditures	Goodwill
Book value 31.12.2018	2 005 885	-	2 005 885	427 439	1 860 126
Acquisition cost 31.12.2018	2 396 290	7 501	2 403 791	427 439	2 738 973
Additions	143	-	143	370 185	-
Disposals/expensed dry wells	-	-	-	176 916	-
Reclassification	-	-	-	608	-
Acquisition cost 31.12.2019	2 396 433	7 501	2 403 934	621 315	2 738 973
Accumulated depreciation and impairments 31.12.2018	390 404	7 501	397 906	-	878 847
Depreciation	90 060	-	90 060	-	-
Impairment	-	-	-	-	147 317
Retirement/transfer depreciations	-	-	-	-	-
Accumulated depreciation and impairments 31.12.2019	480 465	7 501	487 966	-	1 026 165
Book value 31.12.2019	1 915 968	-	1 915 968	621 315	1 712 809
Acquisition cost 31.12.2019	2 396 433	7 501	2 403 934	621 315	2 738 973
Additions	-	-	-	127 283	-
Disposals/expensed dry wells	27 448	-	27 448	56 626	12 391
Reclassification	-	-	-	-23 942	-
Acquisition cost 31.12.2020	2 368 985	7 501	2 376 486	668 029	2 726 583
Accumulated depreciation and impairments 31.12.2019	480 465	7 501	487 966	-	1 026 165
Depreciation	98 073	-	98 073	-	-
Impairment/reversal (-)	294 549	-	294 549	146 107	65 373
Disposals/retirement depreciation	-25 413	-	-25 413	-	-12 391
Accumulated depreciation and impairments 31.12.2020	847 674	7 501	855 175	146 107	1 079 146
Book value 31.12.2020	1 521 311	-	1 521 311	521 922	1 647 436

Licenses include both planned and producing projects on various fields. The producing projects are depreciated in line with the unit-of-production method for the applicable field.

Depreciation in the Income statement (USD 1 000)	Group & Parent 2020	2019
Depreciation of tangible fixed assets	1 004 395	705 282
Depreciation of right-of-use assets	19 350	16 531
Depreciation of intangible assets	98 073	90 060
Total depreciation in the Income statement	1 121 818	811 874

Impairment in the Income statement (USD 1 000)	2020	2019
Impairment/reversal of tangible fixed assets	67 099	-509
Impairment/reversal of other intangible assets	294 549	-
Impairment/reversal of capitalized exploration expenditures	146 107	-
Impairment of goodwill	65 373	147 317
Total impairment in the Income statement	573 128	146 808

See note 13 for information regarding impairment charges.

Note 13 Impairments

Impairment testing

Impairment tests of individual cash-generating units are performed when impairment or reversal triggers are identified, and for goodwill impairment is tested at least annually. In 2020, two categories of impairment tests have been performed:

- Impairment test of fixed assets and related intangible assets, other than goodwill
- Impairment test of goodwill

Impairment is recognized when the book value of an asset or a cash-generating unit, including associated goodwill, exceeds the recoverable amount. Correspondingly, a reversal of impairment is recognized when the recoverable amount exceeds the book value. Prior period impairment of goodwill is not subject to reversal. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. The impairment testing for 2020 has been performed in accordance with the fair value method (level 3 in fair value hierarchy) and based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields, which may exceed periods greater than five years.

For producing licenses and licenses in the development phase, recoverable amount is estimated based on discounted future after tax cash flows. Below is an overview of the key assumptions applied for impairment testing purposes as of 31 December 2020.

Oil and gas prices

Future price level is a key assumption and has significant impact on the net present value. Forecasted oil and gas prices are based on management's estimates and available market data. Information about market prices in the near future can be derived from the futures contract market. The information about future prices is less reliable on a long-term basis, as there are fewer observable market transactions going forward. In the impairment test, the oil and gas prices are therefore based on the forward curve from the beginning of 2021 to the end of 2023. From 2024, the oil and gas prices are based on the company's long-term price assumptions. Long-term oil price assumption is unchanged from year-end 2019.

The nominal oil prices applied in the impairment test are as follows:

Year	USD/BOE
2021	51.4
2022	50.2
2023	49.6
From 2024 (in real terms)	65.0

The nominal gas prices applied in impairment test are as follows:

Year	GBP/therm
2021	0.47
2022	0.43
2023	0.42
From 2024 (in real terms)[1)]	0.52

[1)] Except for 2026 and 2027 where 0.37 GBP/therm (in real terms) are applied.

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves. For more information about the determination of the reserves, reference is made to note 1, section 1.3, and to note 31.

Future expenditure

Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost.

Discount rate

The discount rate is derived from the company's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return on investment by the company's investors. The cost of debt is based on the interest-bearing borrowings on debt specific to the assets acquired. The beta factors are evaluated annually based on publicly available market data about the identified peer group.

The post tax nominal discount rate used in Q4 is 8.1 percent. This represents a change from 7.8 percent applied in previous quarters in 2020 and year end 2019

Currency rates

Year	USD/NOK
2021	8.59
2022	8.62
2023	8.67
From 2024	8.00

Long term currency rate has been changed from USD/NOK 7.5 at year end 2019.

Inflation

The long-term inflation rate is assumed to be 2.0 percent, which is the same as applied at year-end 2019.

Impairment testing of assets including technical goodwill

The technical goodwill recognized in previous business combinations is allocated to each CGU for the purpose of impairment testing. Hence, the impairment test of technical goodwill is included in the impairment testing of assets, and the technical goodwill is written down before the asset. The carrying value of the assets is the sum of tangible assets, intangible assets and technical goodwill as of the assessment date. In the impairment test performed, carrying value is adjusted by the remaining part of deferred tax from which the technical goodwill arose, to avoid an immediate impairment of all technical goodwill. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more goodwill is as such exposed for impairment. This may lead to future impairment charges even though other assumptions remain stable.

Below is an overview of the impairment charge and the carrying value per cash generating unit where impairment has been recognized in 2020:

Cash-generating unit (USD 1 000)	**Ula/Tambar**	**Ivar Aasen**
Net carrying value	854 116	1 043 418
Recoverable amount	689 876	928 383
Impairment/reversal (-)	164 239	115 035
Allocated as follows:		
Technical goodwill	54 202	11 170
Other intangible assets/license rights	110 037	36 504
Tangible fixed assets	-	67 361

The main reasons for the impairment are decrease in the near-term oil and gas prices and updated cost and production profiles.

Sensitivity analysis

The table below shows how the impairment or reversal of impairment of assets and technical goodwill would be affected by changes in the various assumptions, given that the remaining assumptions are constant. The CGU's impacted are Ula/Tambar, Ivar Aasen and Alvheim.

		Change in goodwill impairment after	
Assumption (USD 1 000)	Change	Increase in assumption	Decrease in assumption
Oil and gas price forward period	+/- 50 %	-171 841	605 232
Oil and gas price long-term	+/- 20 %	-171 841	351 629
Production profile (reserves)	+/- 5 %	-133 225	133 225
Discount rate	+/- 1 % point	68 234	-73 544
Currency rate USD/NOK	+/- 2.0 NOK	-152 416	412 548
Inflation	+/- 1 % point	-145 025	131 350

Although illustrative impairment sensitivity assumes no changes to other input factors, a price reduction of 20% is likely to result in changes in business plans as well as other factors used when estimating an asset's recoverable amount. Changes in such input factors would likely significantly reduce the actual impairment amount compared to the illustrative sensitivity above.

Exploration assets

During 2020 the market situation has increased the uncertainty of the exploration portfolio. As a result, a total impairment charge of USD 293.9 million has been recognized in the year. The impairment charge has been allocated between other intangible assets and capitalized exploration expenditures with USD 147.7 million and USD 146.1 million respectively. The impairment charge mainly relates to Gohta and Filicudi, as well as parts of Trell & Trine and King Lear.

Impairment testing of residual goodwill

Residual goodwill is allocated across all CGUs for impairment testing. The combined recoverable amount exceeds the carrying amount by a substantial margin. Based on this, no impairment of residual goodwill has been recognized.

Impairment testing in 2019

In 2019, the impairment charge was in all material respect related to technical goodwill from acquisitions and impairment of tangible fixed assets. The methodology for impairment testing was the same as in 2020 as described in this note.

The following assumptions were applied for the impairment testing at year-end 2019:
- discount rate of 7.8 percent nominal after tax for both value in use and fair value testing
- a long-term inflation of 2.0 percent
- a long-term exchange rate of NOK/USD 7.5 (forward curve first three years)
- a long-term oil price assumption of 65 USD/barrel, using forward curve first three years

Summary of impairment/reversal of impairments

The following impairments/(reversals) have been recorded:

	Group & Parent	
(USD 1 000)	2020	2019
Impairment of tangible fixed assets	67 099	-509
Impairment of other intangible assets/license rights	294 549	-
Exploration wells	146 107	-
Impairment of technical goodwill	65 373	147 317
Total impairments	573 128	146 808

Note 14 Accounts receivable

The company's customers are mainly large, financially sound oil companies. Accounts receivable consist of receivables related to the sale of oil and gas.

	Group & Parent	
(USD 1 000)	31.12.2020	31.12.2019
Receivables related to the sale of petroleum	297 880	193 444
Total accounts receivable	297 880	193 444

Age distribution of accounts receivable as of 31 December for the group was as follows:

Year (USD 1 000)	Total	Not due	<30d	30-90d	>90d
2020	297 880	295 710	226	6	1 938
2019	193 444	191 960	464	445	576

Note 15 Other short-term receivables

	Group & Parent	
(USD 1 000)	31.12.2020	31.12.2019
Prepayments	59 635	65 813
VAT receivable	6 770	8 904
Underlift of petroleum	53 537	46 515
Accrued income from sale of petroleum products	49 441	80 514
Other receivables, mainly balances with license partners	117 433	128 770
Total other short-term receivables	286 817	330 516

Note 16 Inventories

The inventory mainly consists of equipment for the drilling of exploration and production wells.

	Group & Parent	
Inventory value (USD 1 000)	2020	2019
Inventories - measured at cost	142 291	116 595
Provision for obsolete equipment	29 586	29 057
Book value of inventories	112 704	87 539

Note 17 Other non-current assets

	Group & Parent	
(USD 1 000)	31.12.2020	31.12.2019
Shares in Alvheim AS	10	10
Shares in Det norske oljeselskap AS	1 021	1 021
Shares in Sandvika Fjellstue AS	1 814	1 814
Investment in subsidiaries	2 845	2 845
Tenancy deposit	1 969	1 914
Unamortized fees - RCF[1)]	16 020	-
Other non-current assets	9 376	5 606
Total other non-current assets	30 210	10 364

[1)] Remaining unamortized fees related to the Revolving Credit Facility (RCF), see note 23. These have been reclassified from other interest-bearing debt as the RCF was undrawn as at 31 December 2020.

Alvheim AS, Det norske oljeselskap AS (including its subsidiary Aker BP UK Limited) and Sandvika Fjellstue AS have been deemed immaterial for consolidation purposes. For more information regarding shares in subsidiaries, see note 2.

Note 18 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and short-term investments that constitute parts of the group's transaction liquidity.

	Group & Parent	
Breakdown of cash and cash equivalents (USD 1 000)	31.12.2020	31.12.2019
Bank deposits	537 801	107 104
Cash and cash equivalents	537 801	107 104
Unused Revolving Credit Facility (see note 23)	4 000 000	2 550 000

Note 19 Share capital and shareholders

(USD 1 000)	Parent 31.12.2020	31.12.2019
Share capital	57 056	57 056
Total number of shares (in 1 000)	360 114	360 114
Nominal value per share in NOK	1.00	1.00

There is only one single class of shares in the company and all shares carry a single voting right.

Overview of the 20 largest shareholders registered as of 31 December 2020	No. of shares (in 1 000)	Owning interest
AKER CAPITAL AS	144 049	40.00%
BP Exploration Operating Company Ltd	108 021	30.00%
FOLKETRYGDFONDET	13 619	3.78%
State Street Bank and Trust Comp[1]	3 751	1.04%
State Street Bank and Trust Comp[1]	2 633	0.73%
VERDIPAPIRFONDET DNB NORGE	2 037	0.57%
JPMorgan Chase Bank, N.A., London[1]	1 913	0.53%
State Street Bank and Trust Comp[1]	1 870	0.52%
The Bank of New York Mellon SA/NV[1]	1 685	0.47%
DANSKE INVEST NORSKE INSTIT. II.	1 659	0.46%
CACEIS Bank Spain SA[1]	1 625	0.45%
VERDIPAPIRFONDET NORDEA KAPITAL	1 317	0.37%
RBC INVESTOR SERVICES BANK S.A.[1]	1 242	0.34%
VERDIPAPIRFONDET KLP AKSJENORGE IN	1 149	0.32%
The Bank of New York Mellon SA/NV[1]	1 091	0.30%
VERDIPAPIRFONDET KLP AKSJENORGE	1 028	0.29%
VPF DNB AM NORSKE AKSJER	1 015	0.28%
State Street Bank and Trust Comp[1]	1 009	0.28%
J.P. Morgan Bank Luxembourg S.A.[1]	940	0.26%
VERDIPAPIRFONDET NORGE SELEKTIV	907	0.25%
OTHER	67 553	18.76%
Total	360 114	100.00%

[1] Nominee accounts

Note 20 Bonds

(USD 1 000)	Maturity	Group & Parent 31.12.2020	31.12.2019
AKERBP – Senior Notes 6.000% (17/22)	Jul 2022	-	395 046
AKERBP – Senior Notes 4.750% (19/24)	Jun 2024	743 329	741 421
AKERBP – Senior Notes 3.000% (20/25)	Jan 2025	496 417	-
AKERBP – Senior Notes 5.875% (18/25)	Mar 2025	495 523	494 470
AKERBP – Senior Notes 2.875% (20/26)	Jan 2026	496 394	-
AKERBP – Senior Notes 3.750% (20/30)	Jan 2030	992 764	-
AKERBP – Senior Notes 4.000% (20/31)	Jan 2031	744 139	-
Long-term bonds - book value		3 968 566	1 630 936
Long-term bonds - fair value		4 191 375	1 727 205
DETNOR02 Senior unsecured bond	Jul 2020	-	226 700
Short-term bonds - book value		-	226 700
Short-term bonds - fair value		-	238 744

Interest is paid on a semi annual basis. None of the bonds have financial covenants.

Note 21 Provision for abandonment liabilities

(USD 1 000)	Group & Parent 31.12.2020	31.12.2019
Provisions as of beginning of period	2 788 218	2 552 592
Change in abandonment liability due to asset sales	-13 122	-
Incurred removal cost	-162 741	-108 332
Accretion expense	116 947	121 723
Impact of changes to discount rate	20 554	238 053
Change in estimates and provisions relating to new drilling and installations	55 650	-15 818
Total provision for abandonment liabilities	2 805 507	2 788 218
Breakdown of the provision to short-term and long-term liabilities		
Short-term	155 244	142 798
Long-term	2 650 263	2 645 420
Total provision for abandonment liabilities	2 805 507	2 788 218

Estimates are based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.0 percent and a nominal discount rate before tax of between 3.1 percent and 4.6 percent. For previous quarters in 2020 and year end 2019 the inflation rate was 2.0 percent and the discount rate was between 3.8 percent and 4.6 percent. The credit margin included in the discount rate is 3.0 percent. For previous quarters in 2020 and year end 2019 the credit margin was 2.2 percent.

Note 22 Derivatives

(USD 1 000)	Group & Parent 31.12.2020	31.12.2019
Unrealized gain currency contracts	12 841	2 706
Long-term derivatives included in assets	12 841	2 706
Unrealized gain on currency contracts	23 212	-
Short-term derivatives included in assets	23 212	-
Total derivatives included in assets	36 053	2 706
Unrealized losses commodity derivatives	3 539	1 805
Unrealized losses interest rate swaps	-	37 017
Unrealized losses currency contracts	-	4 172
Short-term derivatives included in liabilities	3 539	42 994
Total derivatives included in liabilities	3 539	42 994

The company has various types of economic hedging instruments. Commodity derivatives are used to hedge the risk of oil price reduction. The company currently has limited exposure towards fluctuations in interest rate, but generally manages such exposure by using interest rate derivatives. Foreign currency exchange derivatives are used to manage the company's exposure to currency risks, mainly costs in NOK, EUR and GBP. These derivatives are mark to market with changes in market value recognized in the income statement. In the income statement, impacts from commodity derivatives are presented as other income, while impacts from other derivatives are presented as financial items.

Note 23 Other interest-bearing debt

	Group & Parent	
(USD 1 000)	31.12.2020	31.12.2019
Revolving credit facility[1)]	-	1 429 132
Long-term interest-bearing debt	-	1 429 132

[1)] The outstanding amount under the RCF was repaid in connection with the bond issuance in Q3. The remaining unamortized fees of USD 16.0 million is thus included in other non-current assets at 31 December 2020.

The senior unsecured Revolving Credit Facility (RCF) was established in May 2019 and comprise a 3-year USD 2.0 billion Working Capital Facility and a USD 2.0 billion 5-year Liquidity Facility. The Liquidity Facility includes two 12-month extension options, of which the first was exercised in April 2020. The interest rate is LIBOR plus a margin of 1.08 percent for the Liquidity Facility and 1.33 percent for the Working Capital Facility. In addition, a utilization fee is applicable for the Liquidity Facility. A commitment fee of 35 percent of applicable margin is paid on the undrawn facility. The financial covenants are as follows:

- Leverage Ratio: Total net debt divided by EBITDAX shall not exceed 3.5 times
- Interest Coverage Ratio: EBITDA divided by Interest expenses shall be a minimum of 3.5 times

The financial covenants are calculated on a 12 months rolling basis. As at 31 December 2020 the Leverage Ratio is 1.51 and Interest Coverage Ratio is 10.5 (see APM section for further details), which are well within the thresholds mentioned above. Based on the company's current business plans and applying oil and gas price forward curves at end of 2020, the company's estimates show that the financial covenants will continue to be within the thresholds by a substantial margin.

The financial covenants in the group's current debt facilities exclude the effects from IFRS 16, and therefore cannot be directly derived from the group's financial statements. See reconciliations of Alternative Performance Measures for detailed information.

Note 24 Other current liabilities

	Group & Parent	
Breakdown of other current liabilities (USD 1 000)	31.12.2020	31.12.2019
Balances with license partners	20 915	67 199
Share of other current liabilities in licenses	245 158	379 787
Overlift of petroleum	11 331	15 660
Payroll liabilities, accrued interest and other provisions	216 942	197 889
Total other current liabilities	494 346	660 535

Note 25 Lease agreements

The company has entered into leases for rig contracts, other license related commitments and office premises. The leases do not contain any restrictions on the company's dividend policy or financing. To the extent the lease has been approved and committed by the partners in the relevant Aker BP operated licenses, the committments disclosed represent Aker BP share only.

Significant lease agreements

For 2020, the group had four rig commitments in place. This included three jack-up rigs from Maersk Drilling: the Maersk Invincible, Maersk Integrator and Maersk Reacher. The Maersk Invincible is contracted by the Valhall license until May 2022 and is included as lease in the table below. The Maersk Integrator was contracted by the Ula license until July 2020 and was included as lease in the table below. The rig was contracted until the end of 2020 by the Ivar Aasen license for infill drilling under a new well contract, and is committed by other licenses under seperate well contracts in 2021. The new well contracts will fall under the short-term exemption under IFRS 16. In addition, the Maersk Reacher was on hire for accommodation purposes on Valhall under a contract originally ending October 2020, but was terminated with effect from end of April 2020. The remaining lease debt has been derecognized.

We also had two semi-submersible rig commitment contract with Odfjell Drilling: The Deepsea Stavanger and the Deepsea Nordkapp. The Deepsea Stavanger was on contract until the end of the Ærfugl Phase 1 campaign in April 2020. A new contract was signed in 2020, committing the rig for five wells expected to be drilled in 2021. The Deepsea Nordkapp is on a three year contract commitment until June 2022, with a further one year option to extend the contract to June 2023. These rig leases have been entered into in the company's name at the initial signing, and subsequently partly allocated to licenses. According to the planned use of the related leased assets, the duration for each license indicate that the short-term exemption will be applied. It is thus not expected that these commitments at any point in time will be recognized as a lease liability.

Non-lease components such as the service element of rig commitments are not included as part of the lease debt. As at 31 December 2020 this amounts to USD 50 million.

The incremental borrowing rate applied in discounting of the nominal lease debt is between 2.71 percent and 6.67 percent, dependent on the duration of the lease and when it was intially recognized.

	Group & Parent	
(USD 1 000)	2020	2019
Lease debt as of beginning of period	313 256	389 833
New lease debt recognized in the period	16 834	34 385
Payments of lease debt[1)]	-118 224	-134 253
Lease debt derecognized in the period	-12 767	-
Interest expense on lease debt	16 629	23 897
Currency exchange differences	32	-606
Total lease debt	215 760	313 256

Break down of the lease debt to short-term and long-term liabilities		
Short-term	83 904	110 664
Long-term	131 856	202 592
Total lease debt	215 760	313 256

[1)] Payments of lease debt split by activities (USD 1 000):	2020	2019
Investments in fixed assets	67 125	108 587
Abandonment activity	27 660	4 444
Operating expenditures	18 075	15 278
Exploration expenditures	874	1 384
Other income	4 489	4 561
Total	118 224	134 253

Nominal lease debt maturity breakdown (USD 1 000):		
Within one year	95 124	127 747
Two to five years	99 809	175 947
After five years	57 464	61 518
Total	252 397	365 212

The group does not have any residual value guarantees or variable lease payments. Extension options are included in the lease liability when, based on management's judgement, it is reasonably certain that an extension will be exercised. No such extension options are recognized as at 31 December 2020. No sublease of right-of-use assets has occured.

The total expenditure relating to short-term leases which are not recognized as part of lease liabilities was USD 70 million in 2020 (USD 126 million in 2019).

Note 26 Commitments

Capital commitments and other contractual obligations

Aker BP`s net share of capital commitments and other contractual obligations in the table below are mainly related to rig commitments not recognized as lease liabilities, rig leases not yet commenced and booked future gas transportation capacity. Parts of the rig leases have been entered into in the company's name at the initial signing, and subsequently partly allocated to licenses. The figures have been calculated based on the assumed net share for the company based on the planned use of the related leased assets as at 31 December 2020. The planned duration for each license indicate that the short-term exemption will be applied. It is thus not expected that these commitments at any point in time will be recognized as a lease liability. The numbers below exclude any liabilities disclosed in note 25 in relation to right-of-use assets.

	Group & Parent	
(USD 1 000)	31.12.2020	31.12.2019
Within one year	603 269	355 386
One to five years	321 994	520 204
After five years	92 285	102 951
Total	1 017 548	978 541

Guarantees

In connection with the booking of capacity in the infrastructure on the Norwegian Continental Shelf, the operator of the infrastructure (Gassco) requires a guarantee covering the expected transportation cost in the coming two years. This guarantee amounts to NOK 1,060 million as of year-end 2020 (NOK 980 million in 2019).

The company has a bank guarantee related to withheld payroll tax of NOK 300 million.

Contingent liabilities

During the normal course of its business, the company will be involved in disputes, including tax disputes. Potential tax claims related to previous taxable income of acquired companies can to some extent be reimbursed from the sellers. The company has made accruals for probable liabilities related to litigation and claims based on management's best judgment and in line with IAS 37 and IAS 12.

As for other licenses on the NCS, the company has unlimited liability for damage, including pollution damage. The company has insured its pro rata liability on the NCS on a par with other oil companies. Installations and liability are covered by an operational liability insurance policy.

Note 27 Transactions with related parties

Transactions with related parties

At year-end 2020, Aker (Aker Capital AS) and BP Exploration Operating Company Ltd are the two major shareholders in Aker BP, with a total ownership interest of 40.00 and 30.00 percent. An overview of the 20 largest shareholders is provided in note 19. Entities controlled either by the Aker Group or the BP Group are considered to be related parties under IFRS.

Transactions with related parties are carried out on the basis of the "arm’s length" principle.

Related party (USD 1 000)	Receivables (+) / liabilities (-)	Group & Parent 31.12.2020	Group & Parent 31.12.2019
aiZe AS	Other receivables	2 704	-
Cognite AS	Other receivables	1 021	-
Aker Solutions ASA[1)]	Trade creditors	-	-6 759
Other Aker Group Companies	Trade creditors	-244	-1 916
Other BP Group Companies	Trade creditors	-2	-1
BP Oil International Ltd.	Trade debtors	294 742	126 224
Other BP Group Companies	Trade debtors	-368	858
Other Aker Group Companies	Trade debtors	-	145

Related party (USD 1 000)	Revenues (-) / expenses (+)	Group & Parent 2020	Group & Parent 2019
AGR Consultancy Services AS[1)]	Purchases of consultant services	7 718	4 773
AGR Petroleum Service AS[1)]	Exploration expenses	3 087	5 533
Aker ASA	Board remuneration etc	286	553
Aker Solutions ASA[1)]	Development costs	159 409	220 523
Aker Energy AS	Recharge of consultants and shared services	-159	-2 280
Akastor Real Estate AS[1)]	Office rental	1 556	2 948
Cognite AS	Purchases of consultant and IT services	12 548	11 053
Kværner AS[1)]	Development costs	62 407	37 623
OCY Frayja Limited	Platform supply vessel leases	4 210	4 251
OCY Orla Limited	Platform supply vessel leases	4 210	4 251
Other Aker companies	Operating expenses	1 472	1 085
BP Exploration Operating Co	Other operating income/expenses	-992	2 844
BP Oil International	Sales of Oil and NGL	-2 613 806	-2 880 261
BP Gas Marketing	Sales of Gas	-171 917	-279 191
Other BP Group Companies	Other operating expenses	588	854

[1)] These entities are not deemed related parties to Aker BP ASA from 22 December 2020, due to reduced ownership interest and the reclassification of Aker's interests in these entities to associates in the Aker Group. For practical purposes, transactions for the full year have been included but balances as of year end 2020 are excluded.

Note 28 Financial instruments

Capital structure and equity

The main objective of the company's management of the capital structure is to maximize return to the owners by ensuring competitive conditions for both the company's own capital and borrowed capital.

The company is rated by S&P Global, Fitch and Moody's. The investment grade rating assigned by all three companies (following Moody's upgrade in February 2021) has increased access to capital markets, including bank and bond financing, at attractive terms. The company's production level, financial position and resource and reserve levels are important parameters in relation to the assigned rating. The company continues to optimize its capital structure by balancing the return on equity against liquidity requirements.

The company monitors changes in financing needs, risk, assets and cash flows, and evaluates the capital structure continuously. To maintain the desired capital structure, the company considers various types of capital transactions, including refinancing of its debt, purchase or issue new shares or debt instruments, sell assets or pay back capital to the owners.

Unless specified otherwise, the numbers below apply both to the group and the parent.

Categories of financial assets and liabilities

The company has the following financial assets and liabilities: financial assets and liabilities recognized at fair value through profit or loss, cash and receivables, and other liabilities. The latter two are recognized in the accounts at amortized cost, while the first item is recognized at fair value.

Categories of financial assets and financial liabilities - Group and Parent

31.12.2020	Financial assets at fair value designated as such upon initial recognition	Cash, cash equivalents and receivables	Financial liabilities at fair value designated as such upon initial recognition	Financial liabilities measured at amortized cost	Total
Assets					
Accounts receivable	-	297 880	-	-	297 880
Other short-term receivables[1]	-	227 182	-	-	227 182
Cash and cash equivalents	-	537 801	-	-	537 801
Derivatives	36 053	-	-	-	36 053
Total financial assets	36 053	1 062 862	-	-	1 098 915
Liabilities					
Derivatives	-	-	3 539	-	3 539
Trade creditors	-	-	-	113 517	113 517
Bonds	-	-	-	3 968 566	3 968 566
Other interest bearing debt	-	-	-	-	-
Other short-term liabilities	-	-	-	494 346	494 346
Total financial liabilities	-	-	3 539	4 576 429	4 579 968

31.12.2019	Financial assets at fair value designated as such upon initial recognition	Cash, cash equivalents and receivables	Financial liabilities at fair value designated as such upon initial recognition	Financial liabilities measured at amortized cost	Total
Assets					
Accounts receivable	-	193 444	-	-	193 444
Other short-term receivables[1]	-	264 702	-	-	264 702
Cash and cash equivalents	-	107 104	-	-	107 104
Derivatives	2 706	-	-	-	2 706
Total financial assets	2 706	565 251	-	-	567 957
Liabilities					
Derivatives	-	-	42 994	-	42 994
Trade creditors	-	-	-	144 942	144 942
Bonds	-	-	-	1 857 636	1 857 636
Other interest bearing debt	-	-	-	1 429 132	1 429 132
Other short-term liabilities	-	-	-	660 132	660 132
Total financial liabilities	-	-	42 994	4 091 842	4 134 837

[1] Prepayments are not included in other short-term receivables, as they do not meet the definition of financial instruments.

Financial risk

The company has financed its activities with a revolving credit facility with a syndication of banks (see note 23) and bonds (see note 20). In addition, the company has financial instruments such as accounts receivable, trade creditors, cash balances etc., directly related to its day-to-day operations. For hedging purposes, the company has different types of economic hedging instruments, but no hedge accounting is applied. Commodity derivatives are used to hedge against lower oil prices. Foreign currency exchange contracts and options are used in order to reduce currency risk related to cash flows. The company manages a portion of its interest rate exposure with a cross currency interest rate swap and interest rate derivatives. As of year end 2020 all outstanding debt holds fixed rate coupon.

The most important financial risks which the company is exposed to relate to lower oil and gas prices, change in foreign exchange rates and access to cost efficient funding.

The company's risk management, including financial risk management, is designed to ensure identification, analysis and systematic and cost-efficient handling of risk. Established management procedures provide a sound basis for reporting and monitoring of the company's financial risk exposure.

(i) Commodity price risk

Aker BP's revenues are derived from the sale of petroleum products, and the revenue flow is therefore exposed to oil and gas price fluctuations. The company is continuously evaluating and assessing opportunities for hedging as part of a prudent financial risk management process. At year end 2020, the company has hedges in place for 5 percent of estimated 2021 oil production, corresponding to approximately 19 percent of the after tax value, and with an average strike of 40 USD/bbl.

In 2020 the company had put options in place with a strike of 25, 30, 35, 50 and 55 USD/bbl. for approximately 21 percent of the 2020 oil production, corresponding to approximately 73 percent of the undiscounted after-tax value.

The following table summarizes the sensitivity of the commodity derivatives to a reasonably possible change in the forward oil price as of 31 December 2020, with all other variables held constant. As the company has not hedged production after 2021, the calculation is based on 2021 forward curve only. The impact presented below is on the fair value of the commodity derivatives only, and does not include other Income statement effects from changes in oil prices.

(USD 1 000)	Increase/decrease in oil price	31.12.2020	31.12.2019
Effect on pre-tax profit/loss:	+ 30%	-2 548	-4 263
	- 30%	9 050	31 977

(ii) Currency risk

Revenues from sale of petroleum and gas are mainly in USD, EUR and GBP, while expenditures are mainly in NOK, USD, EUR and GBP. Sales and expenses in the same currency contribute to mitigating some of the currency risk. Currency derivatives may be used to further reduce this risk.

The table below shows the company's exposure in NOK as of 31 December:

Exposure relating to (USD 1 000)	31.12.2020	31.12.2019
Tax receivables, cash and cash equivalents, other short-term receivables and deposits	153 700	136 056
Trade creditors, tax payable, leasing liability and other short-term liabilities	-643 834	-960 920
Bonds	-	-230 392
Net exposure to NOK	-490 134	-1 055 256

The amounts above does not include tax balances in NOK, as they are not deemed to be financial instruments.The company's management of currency risk takes into account the USD values of non-USD assets, liabilities, opex and investments over time, including those exposures arising from the requirement to perform the tax calculation in NOK while the company's functional currency is USD.

The company is also exposed to change in other exchange rates such as GBP/USD and EUR/USD, but the amounts are deemed immaterial.

The table below shows the impact on profit/loss from changes in NOK/USD exchange rate. Other currencies are not included as the exposure is deemed immaterial.

(USD 1 000)	Change in exchange rate	31.12.2020	31.12.2019
Effect on pre-tax profit/loss:	+ 10%	-3 609	14 900
	- 10%	4 411	-21 470

The sensitivity above includes the impact from currency derivatives.

(iii) Interest-rate risk

The company is exposed to interest-rate risk to borrowings and cash deposits. Floating-interest loans involve risk exposure for the company's future cash flows. As of 31 December 2020, the company has no oustanding debt liabilities exposed to floating interest rate risk . The corresponding debt liabilities as of 31 December 2019 amounted to approximately USD 1,7 billion with floating interest risk, distributed between short-term bonds and the revolving credit facility.

The terms of the company's debt instruments are described in notes 20 and 23. The interest-rate risk relating to cash and cash equivalents is relatively limited. The following table shows the company's sensitivity to potential changes in interest rates which is reasonably possible:

Change in interest rate level in basis points (USD 1 000)		31.12.2020	31.12.2019
Effect on pre-tax profit/loss:	+ 100 points	-	-11 435
	- 100 points	-	11 882

In order to calculate sensitivity of interest rate changes, floating interest rates have been changed by + / - 100 basis points.

In July 2017 the UK's Financial Conduct Authority announced that from 1 January 2022 it would no longer compel panel banks to submit the rates required to calculate LIBOR and the transition away from IBOR to alternative reference rates moves at various speed in different markets. However, new benchmark regulation demands that an alternative fallback rate must be in place in the event that the current IBOR rate should be discontinued. The various countries are at different stages in deciding and implementing this new rate and determining the fallback mechanism.

This will require Aker BP to replace the references to the relevant IBOR rates in financial agreements, with new benchmark rates or insert fallback language to cater for a discontinuation of IBOR rates, at the earliest by the end of 2021. Aker BP expects no material impact and will continue to follow the development closely.

(iv) Liquidity risk/liquidity management

The company's liquidity risk is the risk that it will not be able to meet its financial obligations as they fall due.

Short-term (12 months) and long-term (five years) forecasts are prepared on a regular basis to plan the company's liquidity requirements. These plans are updated regularly for various scenarios and form part of the decision basis for the company's management and Board of Directors.

Excess liquidity is defined as the sum of bank account balances, short term bank deposits and unused credit facilities. For excess liquidity, the requirement for low liquidity risk (i.e. the risk of realization on short notice) is generally more important than maximizing the return.

The company's objective for the placement and management of excess capital is to maintain a low risk profile and good liquidity.

The company's liquid assets as of 31 December 2020 are deposited in bank accounts and on short term time deposits with banks. As of 31 December 2020, the company had cash reserves of USD 538 million (2019: USD 107 million). Revenues and expenses are carefully managed on a day-to-day basis for liquidity risk management purposes.

The table below shows the payment structure for the company's financial commitments, based on undiscounted contractual payments:

		Contract related cash flow				
31.12.2020	Book value	Less than 1 year	1-2 years	2-5 years	over 5 years	SUM
Non-derivative financial liabilities:						
Bonds	3 968 566	152 630	161 875	2 160 000	2 590 938	5 065 443
Other interes bearing debt	-	-	-	-	-	-
Trade creditors and other liabilities	607 862	607 862	-	-	-	607 862
Derivative financial liabilities						
Derivatives	3 539	3 539		-	-	3 539
Total as of 31.12.2020	4 579 968	764 032	161 875	2 160 000	2 590 938	5 676 844

		Contract related cash flow				
31.12.2019	Book value	Less than 1 year	1-2 years	2-5 years	over 5 years	SUM
Non-derivative financial liabilities:						
Bonds	1 857 636	329 761	89 000	1 339 188	507 344	2 265 293
Other interes bearing debt	1 429 132	56 150	56 150	1 607 426	-	1 719 726
Trade creditors and other liabilities	805 074	805 074	-	-	-	805 074
Derivative financial liabilities						
Derivatives	40 289	42 994	-2 706	-	-	40 289
Total as of 31.12.2019	4 132 131	1 233 980	142 444	2 946 614	507 344	4 830 382

(v) Credit risk

The risk of counterparties being financially incapable of fulfilling their obligations is regarded as minor as there have not historically been any losses on accounts receivable. The company's customers and license partners are generally large and credit worthy oil companies, and it has thus not been necessary to make any provision for credit losses.

In the management of the company's liquid assets, low credit risk is prioritized. Liquid assets are generally placed in bank deposits that represent a low credit risk. All investments are subject to internal policy that requires a rating equivalent to A-2 from S&P and limits investment with a single counterparty.

The maximum credit risk exposure corresponds to the book value of financial assets. The company deems its maximum risk exposure to correspond with the book value of cash and cash equivalents, accounts receivable and other short-term receivables, see notes 14, 15 and 18.

Determination of fair value

The fair value of forward exchange contracts is determined using the forward exchange rate at the end of the reporting period. The fair value of commodity derivatives is determined using the forward Brent blend curve at the end of the reporting period. The fair value of interest rate swaps and cross currency interest rate swaps is determined by using the expected floating interest rates at the end of the period and is confirmed by external market sources. See note 22 for detailed information about the derivatives.

The following of the company's financial instruments have not been valued at fair value: trade debtors, other short-term receivables, other long-term receivables, short-term loans and other short-term liabilities, bonds and other interest bearing liabilities.

The carrying amount of cash and cash equivalents is approximately equal to fair value, since these instruments have a short term to maturity. Similarly, the carrying amount of accounts receivable, other receivables, trade creditors and other short-term liabilities is materially the same as their fair value as they are entered into on ordinary terms and conditions.

The USD 4,75%, 4,00%, 3,75%, 3,00% and 2,875% Senior Notes are all listed on The Luxembourg Stock Exchange and the USD 5,875% Senior Note is listed on The International Stock Exchange. The fair values for disclosure purposes are determined using the quoted value as of 31 December 2020.

The following is a comparison between the book value and fair value of the company's financial instruments, except those where the carrying amount is a reasonable approximation of fair value (such as short-term trade receivables and payables in addition to instruments measured to fair value).

	31.12.2020		31.12.2019	
Fair value of financial instruments (USD 1 000)	Book value	Fair value	Book value	Fair value
Financial liabilities measured at amortized cost:				
Bonds	3 968 566	4 191 375	1 857 636	1 965 949
Other interest-bearing debt	-	-	1 429 132	1 429 132
Total financial liabilities	3 968 566	4 191 375	3 286 768	3 395 080

Fair value hierarchy

The company classifies fair value measurements by employing a value hierarchy that reflects the significance of the input used in preparing the measurements. The fair value hierarchy consists of the following levels:

Level 1 - input in the form of listed (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 - input other than listed prices of assets and liabilities included in Level 1 that is observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - input for assets or liabilities for which there is no observable market data (non-observable input).

The company has no assets or liabilities in Level 3.

31.12.2020 Financial instruments recognized at fair value (USD 1 000)	Level 1	Level 2	Level 3
Financial assets or liabilities measured at fair value with changes in value recognized through profit or loss			
Derivatives	-	32 514	-

31.12.2019 Financial instruments recognized at fair value (USD 1 000)	Level 1	Level 2	Level 3
Financial assets or liabilities measured at fair value with changes in value recognized through profit or loss			
Derivatives	-	-40 289	-

In the course of the reporting period, there were no changes in the fair value measurements that involved any transfers between levels.

Reconciliation of liabilities arising from financing activities

The table below shows a reconciliation between the opening and the closing balances in the statement of financial position for liabilities arising from financing activities.

			Non-cash changes			
	31.12.2019	Cash flows	Amortization	Currency	Other fin exp[1)]	31.12.2020
Long-term interest-bearing debt (RCF)	1 429 132	-1 451 550	6 348	-	16 070	
Bonds	1 857 636	2 109 195	13 465	-17 839	6 109	3 968 566
Paid dividends	-	-425 000	-	-	-	-
Totals	3 286 768	232 645	19 813	-17 839	22 179	3 968 566

			Non-cash changes			
	31.12.2018	Cash flows	Amortization	Currency	Other fin exp[2)]	31.12.2019
Long-term interest-bearing debt (RBL)	907 954	-950 000	7 249	-	34 796	-
Long-term interest-bearing debt (RCF)	-	1 425 222	3 909	-	-	1 429 132
Bonds	1 110 488	740 159	10 546	-3 654	97	1 857 636
Paid dividends	-	-750 000	-	-	-	-
Totals	2 018 443	465 381	21 705	-3 654	34 893	3 286 768

[1)] Other financial expenses mainly repesents:
Reclass of remaining unamortized fees of USD 16.0 million related to the RCF facility, included in other non-current assets at 31 December 2020.
Discount on new bonds in 2020.

[2)] Other financial expenses mainly represents the remaining unamortized fees in relation to the refinancing of the RBL facility (2019)

Note 29 Investments in joint operations

Fields operated:	31.12.2020	31.12.2019	Fields operated:	31.12.2020	31.12.2019
Alvheim	65.000 %	65.000 %	Volund	65.000 %	65.000 %
Bøyla	65.000 %	65.000 %	Tambar	55.000 %	55.000 %
Hod	90.000 %	90.000 %	Skogul	65.000 %	65.000 %
Ivar Aasen Unit	34.786 %	34.786 %	Tambar Øst	46.200 %	46.200 %
Jette Unit[1]	0.000 %	70.000 %	Ula	80.000 %	80.000 %
Valhall	90.000 %	90.000 %	Skarv	23.835 %	23.835 %
Vilje	46.904 %	46.904 %			

[1] Relinquished license

Production licenses in which Aker BP is the operator:

License:	31.12.2020	31.12.2019	License:	31.12.2020	31.12.2019
PL 001B	35.000 %	35.000 %	PL 777C[1]	0.000 %	40.000 %
PL 006B	90.000 %	90.000 %	PL 777D[1]	0.000 %	40.000 %
PL 019	80.000 %	80.000 %	PL 784	40.000 %	40.000 %
PL 019C[1]	0.000 %	80.000 %	PL 814	40.000 %	40.000 %
PL 019E	80.000 %	80.000 %	PL 818	40.000 %	40.000 %
PL 019F[3]	55.000 %	0.000 %	PL 818B	40.000 %	40.000 %
PL 019H[1]	0.000 %	80.000 %	PL 822S	60.000 %	60.000 %
PL 026	92.130 %	92.130 %	PL 838[4]	35.000 %	0.000 %
PL 026B	90.260 %	90.260 %	PL 839[1]	0.000 %	23.835 %
PL 028B	35.000 %	35.000 %	PL 843[1]	0.000 %	40.000 %
PL 033	90.000 %	90.000 %	PL 858	40.000 %	40.000 %
PL 033B	90.000 %	90.000 %	PL 867	40.000 %	40.000 %
PL 036C	65.000 %	65.000 %	PL 867B[2]	40.000 %	0.000 %
PL 036D	46.904 %	46.904 %	PL 868	60.000 %	60.000 %
PL 036E	64.000 %	64.000 %	PL 869	60.000 %	60.000 %
PL 036F[2]	64.000 %	0.000 %	PL 873	40.000 %	40.000 %
PL 065	55.000 %	55.000 %	PL 874	90.260 %	90.260 %
PL 065B	55.000 %	55.000 %	PL 893[1]	0.000 %	60.000 %
PL 088BS	65.000 %	65.000 %	PL 906	60.000 %	60.000 %
PL 102D	50.000 %	50.000 %	PL 907	60.000 %	60.000 %
PL 102F	50.000 %	50.000 %	PL 914S	34.786 %	34.786 %
PL 102G	50.000 %	50.000 %	PL 915	35.000 %	35.000 %
PL 102H	50.000 %	50.000 %	PL 916[1]	0.000 %	40.000 %
PL 127C[4]	88.083 %	100.000 %	PL 919	65.000 %	65.000 %
PL 146	77.800 %	77.800 %	PL 932	60.000 %	60.000 %
PL 150	65.000 %	65.000 %	PL 941[6]	80.000 %	50.000 %
PL 159D	23.835 %	23.835 %	PL 948[1]	0.000 %	40.000 %
PL 203	65.000 %	65.000 %	PL 951[1]	0.000 %	40.000 %
PL 212	30.000 %	30.000 %	PL 963[1]	0.000 %	70.000 %
PL 212B	30.000 %	30.000 %	PL 964	40.000 %	40.000 %
PL 212E	30.000 %	30.000 %	PL 977	60.000 %	60.000 %
PL 242	35.000 %	35.000 %	PL 978	60.000 %	60.000 %
PL 261	50.000 %	50.000 %	PL 979	60.000 %	60.000 %
PL 262	30.000 %	30.000 %	PL 986[6]	50.000 %	30.000 %
PL 300	55.000 %	55.000 %	PL 1005[5]	40.000 %	60.000 %
PL 333	77.800 %	77.800 %	PL 1008	60.000 %	60.000 %
PL 340	65.000 %	65.000 %	PL 1022	40.000 %	40.000 %
PL 340BS	65.000 %	65.000 %	PL 1026	40.000 %	40.000 %
PL 364	90.260 %	90.260 %	PL 1028	50.000 %	50.000 %
PL 442	90.260 %	90.260 %	PL 1030	50.000 %	50.000 %
PL 442B	90.260 %	90.260 %	PL 1041[2]	40.000 %	0.000 %
PL 442C[2]	90.260 %	0.000 %	PL 1042[2]	40.000 %	0.000 %
PL 460	65.000 %	65.000 %	PL 1045[2]	65.000 %	0.000 %
PL 685	40.000 %	40.000 %	PL 1047[2]	40.000 %	0.000 %
PL 762[1]	0.000 %	20.000 %	PL 1066[2]	50.000 %	0.000 %
PL 777[1]	0.000 %	40.000 %	PL 1081[2]	60.000 %	0.000 %
PL 777B[1]	0.000 %	40.000 %			
Number of licenses in which Aker BP is the operator				79	82

[1] Relinquished license or Aker BP has withdrawn from the license
[2] Interest awarded in the APA Licensing round
[3] Acquired license
[4] License swap with PGNiG - PL838 from partner to operator
[5] License swap with A/S Norske Shell
[6] Transfer of shares from Wellesley Petroleum

Fields non-operated:	31.12.2020	31.12.2019
Atla	10.000 %	10.000 %
Enoch	2.000 %	2.000 %
Gina Krog[4]	0.000 %	3.300 %
Johan Sverdrup	11.573 %	11.573 %
Oda	15.000 %	15.000 %

[4] License swap with PGNiG

Production licenses in which Aker BP is a partner:

License:	31.12.2020	31.12.2019	License:	31.12.2020	31.12.2019
PL 006C	15.000 %	15.000 %	PL 811[1]	0.000 %	20.000 %
PL 006E	15.000 %	15.000 %	PL 838[4]	0.000 %	30.000 %
PL 006F	15.000 %	15.000 %	PL 838B	30.000 %	30.000 %
PL 029B[4]	0.000 %	20.000 %	PL 844[1]	0.000 %	20.000 %
PL 035	50.000 %	50.000 %	PL 852	40.000 %	40.000 %
PL 035C	50.000 %	50.000 %	PL 852B	40.000 %	40.000 %
PL 048D	10.000 %	10.000 %	PL 852C	40.000 %	40.000 %
PL 102C	10.000 %	10.000 %	PL 857[1]	0.000 %	20.000 %
PL 127	50.000 %	50.000 %	PL 862	50.000 %	50.000 %
PL 127B	50.000 %	50.000 %	PL 863[1]	0.000 %	40.000 %
PL 220	15.000 %	15.000 %	PL 863B[1]	0.000 %	40.000 %
PL 265	20.000 %	20.000 %	PL 864[1]	0.000 %	20.000 %
PL 272	50.000 %	50.000 %	PL 892	30.000 %	30.000 %
PL 272B	50.000 %	50.000 %	PL 902	30.000 %	30.000 %
PL 405	15.000 %	15.000 %	PL 902B	30.000 %	30.000 %
PL 457BS	40.000 %	40.000 %	PL 942	30.000 %	30.000 %
PL 492	60.000 %	60.000 %	PL 954	20.000 %	20.000 %
PL 502	22.222 %	22.222 %	PL 955	30.000 %	30.000 %
PL 533	35.000 %	35.000 %	PL 961	30.000 %	30.000 %
PL 533B	35.000 %	35.000 %	PL 962	20.000 %	20.000 %
PL 554	30.000 %	30.000 %	PL 966	30.000 %	30.000 %
PL 554B	30.000 %	30.000 %	PL 968	20.000 %	20.000 %
PL 554C	30.000 %	30.000 %	PL 981	40.000 %	40.000 %
PL 554D	30.000 %	30.000 %	PL 982	40.000 %	40.000 %
PL 615[1]	0.000 %	4.000 %	PL 985	20.000 %	20.000 %
PL 615B[1]	0.000 %	4.000 %	PL 1031	20.000 %	20.000 %
PL 719	20.000 %	20.000 %	PL 1040[2]	30.000 %	0.000 %
PL 722	20.000 %	20.000 %	PL 1051[2]	20.000 %	0.000 %
PL 780	40.000 %	40.000 %	PL 1052[2]	20.000 %	0.000 %
PL 782S	20.000 %	20.000 %	PL 1054[2]	30.000 %	0.000 %
PL 782SB	20.000 %	20.000 %	PL 1056[5]	10.000 %	0.000 %
PL 782SC	20.000 %	20.000 %	PL 1064[2]	30.000 %	0.000 %
PL 782SD	20.000 %	20.000 %	PL 1069[2]	50.000 %	0.000 %
Number of licenses in which Aker BP is a partner				56	59

[1] Relinquished license or Aker BP has withdrawn from the license
[2] Interest awarded in the APA Licensing round
[3] Acquired license
[4] License swap with PGNiG - PL838 from partner to operator
[5] License swap with A/S Norske Shell

Note 30 Events after the balance sheet date

On 26 January 2021 the result of the exploration well Bask was announced by the operator Lundin Energy. Although traces of hydrocarbons were found, it is not considered commercial and the well is classified as dry. Hence, USD 7 million representing incurred capitalized exploration as of year end 2020, has been charged to the income statement as dry well cost in Q4 2020.

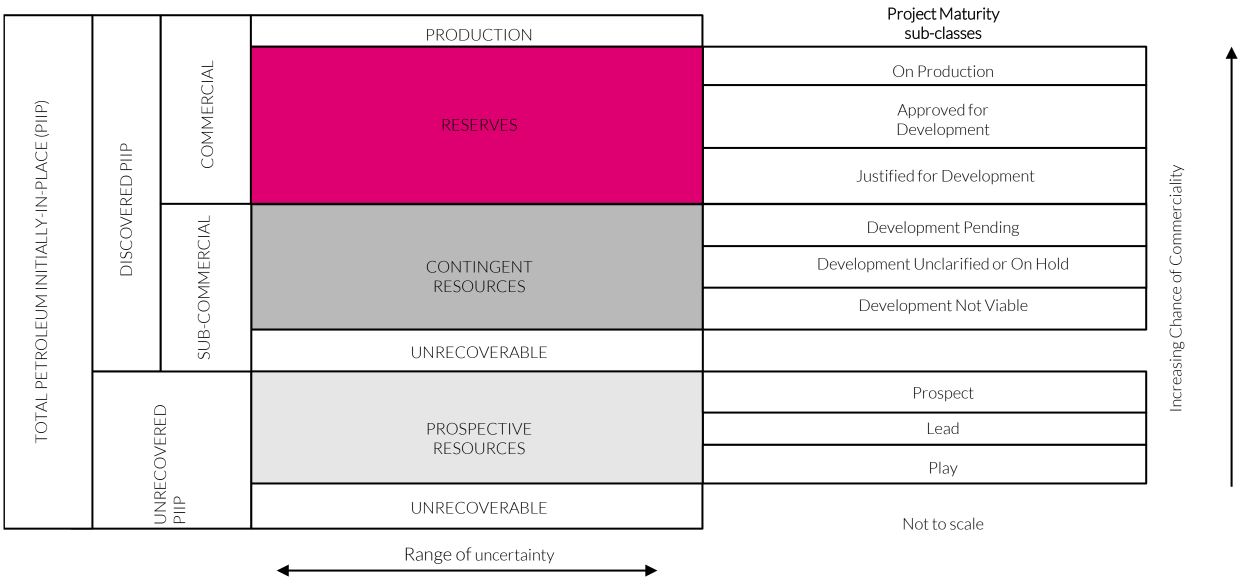
On 18 February 2021, Aker BP disbursed USD 112.5 million in dividend to shareholders.

Note 31 Classification of reserves and contingent resources (unaudited)

Classification of reserves and contingent resources

Aker BP ASA's reserve and contingent resource volumes have been classified in accordance with the Society of Petroleum Engineer's (SPE's) "Petroleum Resources Management System". This classification system is consistent with Oslo Børs requirements for the disclosure of hydrocarbon reserves and contingent resources. The framework of the classification system is illustrated in Figure 1.

Figure 1 - SPE's classification system used by Aker BP ASA



Reserves, developed and non-developed

All reserve estimates are based on all available data including seismic, well logs, core data, drill stem tests and production history. Industry standards are used to establish 1P and 2P. This includes decline analysis for mature fields in which reliable trends are established. For undeveloped fields and less mature producing fields reservoir simulation models or simulations models in combination with decline analysis have been used for profiles generation.

Note that an independent third party, AGR Petroleum Services AS, has certified 1P and 2P reserves for all Aker BP assets except for the minor assets Atla and Enoch, representing 0.002 percent of total 2P reserves.

Aker BP ASA has a working interest in 39 fields/projects containing reserves, see Table 1 and 2. Out of these fields/projects, 23 are in the sub-class "On Production"/Developed, 15 are in the sub-class "Approved for Development"/Undeveloped and one is in the sub-class "Justified for Development"/Undeveloped. Note that several fields have reserves in more than one reserve sub-class.

Table 1 - Aker BP fields - Developed reserves

Field/project	Investment share	Operator	Resource class
Alvheim (Norwegian part, including Kameleon, Kneler and Viper/Kobra)	65.00 %	Aker BP	On Production
Boa	57.62 %	Aker BP	On Production
Bøyla	65.00 %	Aker BP	On Production
Frosk Test Production	65.00 %	Aker BP	On Production
Kameleon Infill Mid	65.00 %	Aker BP	On Production
Skogul	65.00 %	Aker BP	On Production
Vilje	46.90 %	Aker BP	On Production
Volund	65.00 %	Aker BP	On Production
Ivar Aasen	34.79 %	Aker BP	On Production
Johan Sverdup Phase 1	11.57 %	Equinor	On Production
Oda	15.00 %	Spirit Energy	On Production
Skarv	23.84 %	Aker BP	On Production
Ærfugl A-1H	23.84 %	Aker BP	On Production
Ærfugl Phase 1	23.84 %	Aker BP	On Production
Ærfugl Phase 2	23.84 %	Aker BP	On Production
Tambar	55.00 %	Aker BP	On Production
Tambar East	46.20 %	Aker BP	On Production
Ula	80.00 %	Aker BP	On Production
Ula Drilling phase 1	80.00 %	Aker BP	On Production
Hod	90.00 %	Aker BP	On Production
Vahall	90.00 %	Aker BP	On Production
Atla	10.00 %	Total	On Production
Enoch	2.00 %	Repsol Sinopec	On Production

Table 2 - Aker BP fields - Undeveloped reserves

Field/project	Investment share	Operator	Resource class
Alvheim Kameleon Gas Cap Blow Down	65.00 %	Aker BP	Approved for Development
Boa Attic South	57.62 %	Aker BP	Approved for Development
Hanz	35.00 %	Aker BP	Approved for Development
Ivar Aasen OP-E-SK2 (D-20)	34.79 %	Aker BP	Approved for Development
Ivar Aasen OP-W (D-17)	34.79 %	Aker BP	Approved for Development
Johan Sverdup Phase 2 (incl WAG)	11.57 %	Equinor	Approved for Development
Snadd Outer	30.00 %	Aker BP	Approved for Development
Tambar K2 Sidetrack	55.00 %	Aker BP	Approved for Development
Ula A-10 Recompletion	80.00 %	Aker BP	Approved for Development
Ula Unit F Producer 1	80.00 %	Aker BP	Approved for Development
Hod Field Development	90.00 %	Aker BP	Approved for Development
Valhall Flank North Infill N1	90.00 %	Aker BP	Approved for Development
Valhall Flank North Infill Phase 2	90.00 %	Aker BP	Approved for Development
Valhall Flank North Water Injection	90.00 %	Aker BP	Approved for Development
Valhall WP Lifetime Extension	90.00 %	Aker BP	Approved for Development
Skarv Gråsel	23.84 %	Aker BP	Justified for Development

Total net proven reserves (1P/P90) as of 31 December 2020 to Aker BP ASA are estimated at 641 million barrels of oil equivalents. Total net proven plus probable reserves (2P/P50) are estimated at 842 million barrels of oil equivalents. The split between liquid and gas and between the different subcategories are given in tables 3 and 4.

Table 3 - Reserves by field, area and reserve class

	1P / P90 (low estimate)					2P / P50 (best estimate)				
	Gross oil	Gross NGL	Gross gas	Gross oil equiv	Net oil equiv.	Gross oil/cond	Gross NGL	Gross gas	Gross oil equiv	Net oil equiv.
31.12.2020	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)
Alvheim (incl Boa)	40	-	14	54	34	57	-	26	83	53
Volund	2	-	0	2	2	3	-	0	3	2
Vilje	1	-	0	1	1	1	-	0	1	1
Bøyla	2	-	0	2	1	5	-	0	6	4
Frosk Test Production	9	-	-	9	4	14	-	-	14	7
Skogul	4	-	1	5	3	6	-	2	9	6
Alvheim Area	**58**	**-**	**16**	**74**	**45**	**87**	**-**	**29**	**116**	**71**
Ula	24	1	-	25	20	35	1	-	36	29
Tambar	6	0	2	7	4	10	0	2	13	7
Tambar East	0	0	0	0	0	0	0	0	0	0
Ula Area	**30**	**1**	**2**	**33**	**24**	**46**	**2**	**2**	**50**	**36**
Valhall	190	9	34	233	210	238	11	43	292	263
Hod	27	1	4	33	29	36	1	6	43	39
Valhall Area	**217**	**10**	**39**	**266**	**240**	**274**	**13**	**49**	**336**	**302**
Ivar Aasen	47	3	8	57	20	82	4	13	100	35
Hanz	9	1	2	11	4	14	1	3	18	6
Ivar Aasen Area	**55**	**3**	**10**	**68**	**24**	**97**	**5**	**16**	**118**	**41**
Skarv	20	15	70	104	25	28	20	92	139	33
Ærfugl	22	31	146	199	49	29	41	192	262	64
Skarv Area	**42**	**46**	**216**	**303**	**74**	**57**	**60**	**283**	**401**	**97**
Johan Sverdrup	**1 917**	**39**	**47**	**2 003**	**232**	**2 397**	**54**	**57**	**2 508**	**290**
Atla	-	-	-	-	-	-	-	-	-	-
Enoch	-	-	-	-	-	1	-	-	1	0
Oda	16	1	1	17	3	22	1	1	24	4
Other (Atla, Enoch and Oda)	**16**	**1**	**1**	**17**	**3**	**23**	**1**	**1**	**25**	**4**
Total	**2 336**	**100**	**329**	**2 764**	**641**	**2 980**	**135**	**437**	**3 553**	**842**

Table 4 - Reserves by project and reserve class

	Interest	1P / P90 (low estimate)					2P / P50 (best estimate)				
On production		Gross oil/cond.	Gross NGL	Gross gas	Gross oil equiv	Net oil equiv.	Gross oil	Gross NGL	Gross gas	Gross oil equiv	Net oil equiv.
31.12.2020	%	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)	(mmboe)
Alvheim	65.0 %	27	-	2	29	19	39	-	7	46	30
Boa	57.6 %	7	-	1	8	5	10	-	2	12	7
Bøyla	65.0 %	2	-	0	2	2	3	-	0	3	2
Frosk Test Production	65.0 %	1	-	0	1	1	1	-	0	1	1
Kameleon Infill Mid	65.0 %	2	-	0	2	1	4	-	0	4	2
Skogul	65.0 %	2	-	0	2	1	5	-	0	6	4
Vilje	46.9 %	9	-	-	9	4	14	-	-	14	7
Volund	65.0 %	4	-	1	5	3	6	-	2	9	6
Ivar Aasen	34.8 %	42	2	7	52	18	75	4	12	91	32
Johan Sverdup Phase 1	11.6 %	1 538	38	46	1 622	188	1 797	49	52	1 898	220
Oda	15.0 %	16	1	1	17	3	22	1	1	24	4
Skarv	23.8 %	15	15	67	97	23	19	19	88	126	30
Ærfugl A-1H	23.8 %	5	7	34	47	11	8	12	55	74	18
Ærfugl Phase 1	23.8 %	9	11	53	73	17	10	13	61	84	20
Ærfugl Phase 2	23.8 %	7	9	41	57	14	9	12	56	76	18
Tambar	55.0 %	3	0	1	4	2	6	0	1	7	4
Tambar East	46.2 %	0	0	0	0	0	0	0	0	0	0
Ula	80.0 %	7	0	-	7	6	10	0	-	11	9
Ula Drilling phase 1	80.0 %	13	0	-	13	10	17	1	-	18	14
Hod	90.0 %	2	0	0	3	2	3	0	0	3	3
Vahall	90.0 %	162	8	30	200	180	197	9	36	242	218
Atla	10.0 %	-	-	-	-	-	-	-	-	-	-
Enoch	2.0 %	-	-	-	-	-	1	-	-	1	0
Total		**1 875**	**91**	**286**	**2 252**	**511**	**2 256**	**120**	**375**	**2 751**	**647**

Approved for development 31.12.2020	Interest %	1P / P90 (low estimate) Gross oil (mmboe)	Gross NGL (mmboe)	Gross gas (mmboe)	Gross oil equiv (mmboe)	Net oil equiv. (mmboe)	2P / P50 (best estimate) Gross oil/cond (mmboe)	Gross NGL (mmboe)	Gross gas (mmboe)	Gross oil equiv (mmboe)	Net oil equiv. (mmboe)
Alvheim Kameleon Gas Cap Blow Down	65.0 %	-	-	10	10	6	-	-	15	15	10
Boa Attic South	57.6 %	4	-	1	4	3	5	-	1	6	4
Hanz	35.0 %	9	1	2	11	4	14	1	3	18	6
Ivar Aasen OP-E-SK2 (D-20)	34.8 %	3	0	0	3	1	5	0	1	6	2
Ivar Aasen OP-W (D-17)	34.8 %	1	0	0	2	1	2	0	0	3	1
Johan Sverdup Phase 2 (incl WAG)	11.6 %	379	1	1	381	44	601	4	5	610	71
Ærfugl Nord	30.0 %	1	4	17	22	7	2	4	21	27	8
Tambar K2 Sidetrack	55.0 %	2	0	1	3	2	5	0	1	6	3
Ula A-10 Recompletion	80.0 %	3	0	-	3	3	4	0	-	4	4
Ula Unit F Producer 1	80.0 %	2	0	-	2	1	3	0	-	3	3
Hod Field Development	90.0 %	25	1	4	30	27	33	1	5	40	36
Valhall Flank North Infill N1	90.0 %	2	-0	-0	1	1	2	-0	-0	2	2
Valhall Flank North Infill Phase 2	90.0 %	4	0	1	5	5	7	0	1	8	7
Valhall Flank North Water Injection	90.0 %	6	0	0	6	6	7	0	0	8	7
Valhall WP Lifetime Extension	90.0 %	16	1	4	21	19	25	2	6	33	30
Total		456	8	41	505	128	715	14	60	789	192

Justified for development 31.12.2020	Interest %	1P / P90 (low estimate) Gross oil/cond. (mmboe)	Gross NGL (mmboe)	Gross gas (mmboe)	Gross oil equiv (mmboe)	Net oil equiv. (mmboe)	2P / P50 (best estimate) Gross oil/cond (mmboe)	Gross NGL (mmboe)	Gross gas (mmboe)	Gross oil equiv (mmboe)	Net oil equiv. (mmboe)
Skarv Gråsel	23.8 %	4	1	2	7	2	9	1	3	13	3
Total		4	1	2	7	2	9	1	3	13	3

	1P / P90	2P / P50
Total reserves 31.12.2020	641	842
Total reserves 31.12.2019	666	906

Changes from the 2019 reserve report are summarized in Table 5. During 2020, Aker BP 2P reserves were reduced by 63 mmboe from 906 to 842 mmboe. The production was 77 mmboe. Thus, net reserves increases were 14 mmboe (after the sale of Aker BPs interest in the Gina Krog field). The main reason for increased net reserve estimate (i.e. disregarding the produced volumes) is initiatives to increase recovery from existing or already decided projects, e.g. use of multilateral wells instead of single wellbore wells in Alvheim and Valhall, production from unit F in Ula, etc.

An oil price of 45 USD/bbl (2021), 55USD/bbl (2022) and 65 USD/bbl (following years) has been used for reserves estimation. Low- and high case sensitivities with oil prices of 35 and 90 USD/bbl, respectively, have been performed by AGR. This had only moderate effect on the reserves estimates. The low price resulted in a reduction in total net proven (1P/P90) reserves of 10 % and net proven plus probable (2P/P50) reserves of 12 %. The high oil price scenario did not result in any change to the proven (1P/P90)- or proven plus probable (2P/P50)-estimates.

Table 5 - Aggregated reserves, production, developments, and adjustments

Net attributed million barrels of oil equivalent (mmboe)	On production 1P/P90	2P/P50	Approved for devlop. 1P/P90	2P/P50	Justified for devlop. 1P/P90	2P/P50	Total 1P/P90	2P/P50
Balance as of 31.12.2019	449	580	192	288	25	38	666	906
Production	-77	-77	-	-	-	-	-77	-77
Transfer	93	142	-68	-104	-25	-38	-	-
Revisions	50	7	-9	-8	-	-	41	-0
IOR	-	-	14	16	2	3	15	19
Discovery and extensions	-	-	-	-	-	-	-	-
Acquisition and sale	-4	-5	-	-	-	-	-4	-5
Balance as of 31.12.2020	511	647	128	192	2	3	641	842
Delta	62	67	-64	-95	-23	-35	-25	-63

Note also that production numbers are preliminary pr October 2020, leaving numbers for the last two months of 2020 as estimates. The final numbers may be slightly different.

STATEMENT BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Pursuant to the Norwegian Securities Trading Act section § 5-5 with pertaining regulations, we hereby confirm that, to the best of our knowledge, the company's and the group's financial statements for 2020 have been prepared in accordance with IFRS, as adopted by the EU, and requirements in accordance with the Norwegian Accounting Act. The information presented in the financial statements gives a true and fair view of the company's liabilities, financial position and results overall.

To the best of our knowledge, the Board of Directors' Report gives a true and fair view of the development, performance and financial position of the company, and includes a description of the principal risk and uncertainty factors facing the company and the group. Additionally, we confirm to the best of our knowledge that the report 'Payment to governments' as provided in a separate section in this annual report has been prepared in accordance with the requirements in the Norwegian Securities Trading Act Section 5-5a with pertaining regulations.

The Board of Directors of Aker BP ASA

Akerkvartalet, 18 March 2021

ØYVIND ERIKSEN Chairman	ANNE MARIE CANNON Deputy chair	KJELL INGE RØKKE Board member
TROND BRANDSRUD Board member	GRO KIELLAND Board member	MURRAY AUCHINCLOSS Board member
KATE THOMSON Board member	INGARD HAUGEBERG Board member	ANETTE HOEL HELGESEN Board member
ØRJAN HOLSTAD Board member	TERJE SOLHEIM Board member	KARL JOHNNY HERSVIK Chief Executive Officer

Alternative performance measures

Aker BP may disclose alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Aker BP believes that the alternative performance measures provide useful supplemental information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Aker BP's business operations and to improve comparability between periods.

Abandonment spend (abex) is payment for removal and decommissioning of oil fields[1)]

Depreciation per boe is depreciation divided by number of barrels of oil equivalents produced in the corresponding period

Dividend per share (DPS) is dividend paid during the year divided by number of shares outstanding

Capex is disbursements on investments in fixed assets deducted by capitalized interest cost[1)]

EBITDA is short for earnings before interest and other financial items, taxes, depreciation and amortisation and impairments

EBITDAX is short for earnings before interest and other financial items, taxes, depreciation and amortisation, impairments and exploration expenses

Equity ratio is total equity divided by total assets

Exploration spend (expex) is exploration expenses plus additions to capitalized exploration wells less dry well expenses[1)]

Leverage ratio is calculated as Net interest-bearing debt divided by twelve months rolling EBITDAX, excluding any impacts from IFRS 16

Interest coverage ratio is calculated as twelve months rolling EBITDA, divided by interest expenses, excluding any impacts from IFRS 16.

Net interest-bearing debt is book value of current and non-current interest-bearing debt less cash and cash equivalents

Operating profit/loss is short for earnings/loss before interest and other financial items and taxes

Production cost per boe is production cost basd on produced volumes, divided by number of barrels of oil equivalents produced in the corresponding period (see note 5)

[1)] Includes payments of lease debt as disclosed in note 25.

(USD 1 000)	Note	2020	2019
Abandonment spend			
Payment for removal and decommissioning of oil fields		150 306	104 890
Payments of lease debt (abandonment activity)	25	27 660	4 444
Abandonment spend		177 966	109 334
Depreciation per boe			
Depreciation	12	1 121 818	811 874
Total produced volumes (boe 1 000)	5	77 101	56 886
Depreciation per boe		14.6	14.3
Dividend per share			
Paid dividend		425 000	750 000
Number of shares outstanding		359 808	360 014
Dividend per share		1.18	2.08
Capex			
Disbursements on investments in fixed assets		1 277 869	1 703 213
Payments of lease debt (investments in fixed assets)	25	67 125	108 587
Capitalized interest	9	-39 267	-144 686
CAPEX		1 305 727	1 667 113
EBITDA			
Total income	4	2 979 263	3 347 088
Production costs	5	-627 975	-720 321
Exploration expenses	6	-174 099	-305 516
Other operating expenses		-49 457	-35 328
EBITDA		2 127 731	2 285 922
EBITDAX			
Total income	4	2 979 263	3 347 088
Production costs	5	-627 975	-720 321
Other operating expenses		-49 457	-35 328
EBITDAX		2 301 830	2 591 439
Equity ratio			
Total equity		1 987 281	2 367 585
Total assets		12 420 091	12 226 786
Equity ratio		16%	19%
Exploration spend			
Disbursements on investments in capitalized exploration expenditures		127 283	370 185
Exploration expenses	6	174 099	305 516
Dry well	6	-56 626	-176 419
Payments of lease debt (exploration expenditures)	25	874	1 384
Exploration spend		245 629	500 666

(USD 1 000)	Note	2020	2019
Interest coverage ratio			
Twelve months rolling EBITDA		2 127 731	2 285 922
Twelve months rolling EBITDA, impacts from IFRS 16	25	-23 438	-20 636
Twelve months rolling EBITDA, excluding impacts from IFRS 16		*2 104 293*	*2 265 287*
Twelve months rolling interest expenses	9	184 501	175 672
Twelve months rolling amortized loan cost	9	19 813	21 705
Twelve months rolling interest income	9	3 763	16 490
Net interest expenses		*200 552*	*180 886*
Interest coverage ratio		10.5	12.5
Leverage ratio			
Long-term bonds	20	3 968 566	1 630 936
Other interest-bearing debt	23	-	1 429 132
Short-term bonds	20	-	226 700
Cash and cash equivalents	18	537 801	107 104
Net interest-bearing debt excluding lease debt		*3 430 766*	*3 179 664*
Twelve months rolling EBITDAX		2 301 830	2 591 439
Twelve months rolling EBITDAX, impacts from IFRS 16	25	-22 564	-19 839
Twelve months rolling EBITDAX, excluding impacts from IFRS 16		*2 279 266*	*2 571 600*
Leverage ratio		1.51	1.24
Net interest-bearing debt			
Long-term bonds	20	3 968 566	1 630 936
Long-term lease debt	25	131 856	202 592
Other interest-bearing debt	23	-	1 429 132
Short-term bonds	20	-	226 700
Short-term lease debt	25	83 904	110 664
Cash and cash equivalents	18	537 801	107 104
Net interest-bearing debt		3 646 526	3 492 920

Operating profit/loss see Income Statement

Production cost per boe see note 5

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To the General Meeting of Aker BP ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker BP ASA ("the Company", together with its subsidiaries "the Group". The financial statements comprise:

- The financial statements of the Company and the Group, which comprise the statement of financial position as at 31 December 2020, and income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2020, and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

Impairment of producing licence assets and associated goodwill
Refer to Board of Directors' report and financial statement Note 1.3 (Important accounting judgments, estimates and assumptions), Note 1.12 (Impairment accounting policy) and Note 13 (Impairments).

The key audit matter	*How the matter was addressed in our audit*
The recoverable amounts of producing licence assets and the associated goodwill are sensitive to changes in assumptions, in particular oil and gas prices, discount rate and forecast operational performance including the volumes of oil and gas to be produced and licence related expenditures. Any negative developments in these assumptions and forecasts may be an impairment trigger, even if other factors have moved favourably. Similarly, positive developments in such assumptions and forecasts may be a trigger to reverse previously recognised impairments. In addition, the goodwill balances allocated to producing licence cash generating units will be subject to impairment charges over time as the related oil and gas reserves are produced. Impairment of goodwill is not reversed. Management's determination of the recoverable amounts of producing licence assets requires a number of estimates and assumptions relating to operational and market factors, some of which involve a high degree of judgment. In addition, the calculation of recoverable amounts requires complex financial modelling of the cash flows of each cash generating unit. Significant auditor judgment is required when evaluating whether the recoverable amounts, and the assumptions which drive the underlying cash flow estimates, are reasonable and supportable.	For each producing licence cash generating unit where a material risk of impairment or reversal was identified, we critically assessed the key elements of the cash flow forecasts, including: • production profiles with reference to reserves estimates prepared by the Company's reservoir engineers and third party reserves certification reports; • three-year oil and gas prices with reference to forward curve data and the Company's long term oil price assumptions against benchmark data from third party analysts; • opex and capex expenditures with reference to historical forecasts, approved licence budgets and management forecasts; and • abandonment expenditures with reference to our audit work on the abandonment provision . In addition, KPMG valuation specialists assessed the mathematical and methodological integrity of management's impairment models, including the modelling of tax related cash flows, and assessed the reasonableness of the discount rate applied with reference to market data. We also considered whether the disclosures regarding key assumptions and sensitivities adequately reflected the underlying impairment assessments and reasonably possible changes in assumptions.

Other information

Management is responsible for the other information. The other information comprises information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Financial Statements

The Board of Directors and the Chief Executive Officer (Management) are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or the 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 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 or the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors 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 the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors’ report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors’ report, the statement on Corporate Governance and the Environmental, Social and Governance Report concerning the financial statements, the going concern assumption, and the proposal for the allocation of profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company’s accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 18 March 2021
KPMG AS

Mona Irene Larsen
State Authorised Public Accountant

CONTACT

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