

Aker BP

QUARTERLY AND HALF YEAR REPORT Q2 2020



SECOND QUARTER 2020 SUMMARY

Aker BP delivered strong operational performance and record high production in the second quarter. The company's field developments progressed as planned, including a successful start-up of the first Ærfugl phase 2 well. Following the recently introduced temporary changes to the Norwegian petroleum tax system, the company has submitted the plan for development for Hod and entered into an agreement with Equinor on commercial terms for a coordinated NOAKA development.

Minimising the COVID-19 risk

Aker BP has implemented a wide range of measures to minimise the risk to people and operations from the COVID-19 pandemic, including reduced offshore manning, social distancing, travel restrictions and working from home. During the quarter, the company has implemented mandatory testing for all offshore personnel. The company has so far avoided any virus-related disruptions to its operations and will continue to enforce proper measures to minimise the risk level.

Second quarter results

The company's net production in the second quarter was 209.8 (208.1) thousand barrels of oil equivalents per day (mboepd). Net sold volume was 232.0 (207.5) mboepd. Production efficiency remained high and was not significantly impacted by COVID-19. The production curtailments imposed by the Norwegian government have been mitigated by strong operational performance and increased capacity at Johan Sverdrup, hence the company maintains its full-year production estimate of 205-220 mboepd.

Total income for the second quarter amounted to USD 590 (872) million, negatively impacted by low oil prices following the COVID-19 pandemic. Average realised liquids price was USD 29.9 (44.7) per barrel, while the realised price for natural gas averaged USD 0.08 (0.14) per standard cubic metre (scm).

Production costs for the oil and gas sold in the quarter amounted to USD 196 (156) million. Production cost per produced barrel oil equivalents (boe) increased slightly to USD 9.1 (8.7), impacted by well maintenance costs which are expected to be reduced in the coming quarters. The company maintains its guidance of USD 7-8 per boe on average for the full year.

Exploration expenses amounted to USD 50 (50) million and included costs of the Sandia well which was dry. Total cash spend on exploration was USD 59 (53) million. The company's expected exploration spend is around USD 350 million for the full year, in line with previous guidance.

Depreciation was USD 286 (277) million, equivalent to USD 15.0 (14.6) per boe. The sharp drop in oil prices caused an impairment charge of USD 654 million in the first quarter. Due to recovering oil prices, reversal of prior period impairments amounted to USD 136 million in the second quarter.

Net financial expenses were USD 27 (149) million in the quarter. Profit before taxes amounted to USD 151 million, compared to a loss before taxes of USD 414 million in the first quarter. Tax credit was USD 19 (80) million due to a catch-up effect from the first quarter of the increased uplift introduced as part of the recently implemented temporary changes to the Petroleum Tax Law and by a positive currency effect on the value of the company's tax balances.

Overall, the company reported a net profit of USD 170 million for the quarter, compared to a net loss of USD 335 in the previous quarter.

Investments in fixed assets amounted to USD 360 (343) million in the second quarter. All field development projects progressed according to plan. Abandonment expenditures were USD 16 (22) million.

Changes to Norwegian petroleum tax unlock new investments

Certain temporary changes in the Petroleum Tax Law were enacted on 19 June 2020. These changes included a temporary ruling for depreciation and uplift, whereas all investments incurred for income years 2020 and 2021 including 24 percent uplift can be deducted from the basis for special tax in the year of investment. These changes also apply for all investments according to Plans for Development and Operation delivered by the end of 2022. In addition, the tax value of any losses incurred in 2020 and 2021 can be refunded from the state.

Following these changes Aker BP has submitted the Plan for Development and Operation for Hod. The Hod field will be developed as a copy of the Valhall Flank West development, with a normally unmanned installation remotely controlled from the Valhall field centre. Total investments for the development are estimated at around USD 600 million and the recoverable reserves are estimated at around 40 million barrels of oil equivalents. Work is already well underway at the yard at Kvaerner Verdal.

During the quarter, Aker BP and Equinor entered into an agreement in principle on commercial terms for a coordinated development of the NOAKA area. The companies have started preparations for submitting Plans for Development and Operation in 2022.

Strong financial position

Maintaining a strong financial position is a key strategic priority for Aker BP. At the end of the second quarter Aker BP had USD 3.7 (4.0) billion in available liquidity. Net interest-bearing debt was USD 3.8 (3.5) billion, including 0.2 (0.3) billion in lease debt.

In May, the company disbursed dividends of USD 70.8 million, equivalent to USD 0.1967 per share. The Board has resolved to pay a quarterly dividend of USD 70.8 million (USD 0.1967 per share) in August 2020. It is the Board's ambition to maintain this level through the fourth quarter, implying total dividend payments of USD 425 million for the full year.

Forward-looking statements in this report reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may not be within our control. All figures are presented in USD unless otherwise stated, and figures in brackets apply to the previous quarter.

Summary of financial results

	UNIT	Q2 2020	Q1 2020	Q2 2019	2020 YTD	2019 YTD
Total income	USDm	590	872	785	1 462	1 621
EBITDA	USDm	329	666	522	994	1 061
Net profit/loss	USDm	170	-335	62	-165	73
Earnings per share (EPS)	USD	0.47	-0.93	0.17	-0.46	0.20
Capex	USDm	372	360	397	732	740
Exploration spend	USDm	59	53	119	112	278
Abandonment spend	USDm	16	22	41	39	62
Production cost	USD/boe	9.1	8.7	15.4	8.9	14.3
Taxes paid	USDm	81	48	208	129	314
Net interest-bearing debt*	USDm	3 806	3 548	2 907	3 806	2 907
Leverage ratio		1.5	1.2	0.9	1.5	0.9

*The definition of net interest-bearing debt includes Lease debt. See also the description of "Alternative performance measures" at the end of this report for definitions.

Summary of production

	UNIT	Q2 2020	Q1 2020	Q2 2019	2020 YTD	2019 YTD
Alvheim area	mboepd	58.0	57.5	53.1	57.8	55.0
Ivar Aasen	mboepd	22.1	22.7	19.1	22.4	20.8
Johan Sverdrup	mboepd	51.0	43.9	-	47.5	-
Skarv	mboepd	20.6	19.8	22.7	20.2	22.6
Ula area	mboepd	10.4	12.8	6.2	11.6	7.2
Valhall area	mboepd	47.0	50.1	24.5	48.5	35.1
Other	mboepd	0.6	1.4	1.7	1.0	2.2
Net production	mboepd	209.8	208.1	127.3	208.9	142.9
Over/underlift	mboepd	22.2	-0.6	13.4	10.8	8.4
Net sold volume	mboepd	232.0	207.5	140.7	219.7	151.3
- liquids	mboepd	198.2	174.3	112.8	186.2	120.8
- natural gas	mboepd	33.8	33.2	27.9	33.5	30.5
Realised price liquids	USD/boe	29.9	44.7	69.3	36.8	66.4
Realised price natural gas	USD/scm	0.08	0.14	0.16	0.11	0.20

FINANCIAL REVIEW

Income statement

(USD MILLION)	Q2 2020	Q1 2020	Q2 2019	2020 YTD	2019 YTD
Total income	590	872	785	1 462	1 621
EBITDA	329	666	522	994	1 061
EBIT	178	-266	354	-87	641
Pre-tax profit	151	-414	268	-263	517
Net profit	170	-335	62	-165	73
EPS (USD)	0.47	-0.93	0.17	-0.46	0.20

Total income in the second quarter 2020 amounted to USD 590 (872) million. The decrease compared to the previous quarter is due to the sharp decrease in realised prices. Realised prices declined by 33 percent for liquids and 40 percent for natural gas. The price effect on total income was partly offset by a significant increase in sold volumes to 232.0 (207.5) mboepd, due to strong production and overlift.

The company is using oil put options in its hedging program to protect near-term cash flow against sharp drops in the oil price. In the second quarter, the company realised gains on these instruments of USD 56 million before tax (subject to ordinary corporate tax). This was however offset by a reversal of unrealised gains recognised in previous periods and the net effect on other income from the hedging program was therefore slightly negative for the quarter. Adjusted for the differences in taxation, the average realised liquids price including hedging was equivalent to USD 40.9 per barrel in the second quarter.

Production costs related to oil and gas sold in the quarter amounted to USD 196 (156) million. Production cost per produced unit in the quarter amounted to USD 9.1 (8.7) per boe, impacted by well maintenance costs which are expected to be reduced in the coming quarters.

Exploration expenses amounted to USD 50 (50) million and included purchase of seismic of USD 22 (2) million and costs for the Sandia well, which was drilled and concluded as dry.

Depreciation amounted to USD 286 (277) million. The depreciation per produced boe was stable at USD 15.0 (14.6). The sharp drop in oil prices caused an impairment charge of USD 654 million in the first quarter. Following the partial recovery in spot and forward oil prices observed in the second quarter the company has reversed certain impairments amounting to USD 136 million.

Operating profit was USD 178 million compared to an operating loss of USD 266 million in the previous quarter. Net financial expenses amounted to USD 27 (149) million. The decrease compared to the previous quarter mainly reflects the losses on currency positions and derivatives in the first quarter.

Profit before taxes amounted to USD 151 million, compared to a loss before taxes of USD 414 million in the first quarter. Tax credit was USD 19 million, mainly caused by a catch-up effect from the first quarter of the increased uplift introduced as part of the recently implemented temporary changes to the Petroleum Tax Law and by a positive currency effect on the value of the company's tax balances. This compares to a tax credit of USD 80 million in the previous quarter.

This resulted in a net profit for the second quarter 2020 of USD 170 million, compared to a net loss of USD 335 million in the previous quarter.

Statement of financial position

(USD MILLION)	Q2 2020	Q1 2020	Q4 2019	Q2 2019
Total non-current assets	11 050	10 913	11 508	10 889
Total current assets	839	814	719	603
Total assets	11 889	11 727	12 227	11 493
Total equity	1 912	1 813	2 368	2 664
Bank and bond debt	3 712	3 593	3 287	2 635
Total abandonment provisions	2 817	2 795	2 788	2 607
Deferred taxes	2 471	2 153	2 235	1 991
Other liabilities	976	1 372	1 549	1 596
Total equity and liabilities	11 889	11 727	12 227	11 493
Net interest-bearing debt	3 806	3 548	3 493	2 907

At the end of the second quarter 2020, total assets amounted to USD 11,889 (11,727) million, of which current assets were USD 839 (814) million.

Equity amounted to USD 1,912 (1,813) million at the end of the quarter, corresponding to an equity ratio of 16 (15) percent.

Deferred tax liabilities amounted to USD 2,471 (2,153) million. The main reason for the increase is the recently implemented temporary changes to the Petroleum Tax Law, which contributes to increase in deferred tax liabilities and decrease in tax payable. See note 9 to the financial statements for further details.

Bank and bond debt totalled USD 3,712 (3,593) million, of which bonds made up 90 percent.

At the end of the first quarter, the company had total available liquidity of USD 3.7 (4.0) billion, comprising USD 142 (323) million in cash and cash equivalents, and USD 3.6 (3.7) billion in undrawn credit facilities.

Cash flow

(USD MILLION)	Q2 2020	Q1 2020	Q2 2019	2020 YTD	2019 YTD
Cash flow from operations	162	524	387	686	977
Cash flow from investments	-339	-395	-541	-734	-1 052
Cash flow from financing	-2	86	141	84	132
Net change in cash & cash equivalents	-179	215	-13	36	57
Cash and cash equivalents	142	323	102	142	102

Net cash flow from operating activities was USD 162 (524) million in the quarter. The main reason for the reduction was lower realised oil and gas prices. Taxes paid were USD 81 (48) million.

Net cash used for investment activities was USD 339 (395) million, of which investments in fixed assets amounted to USD 360 (343) million for the quarter. Investments in capitalised exploration were USD 19 (31) million, and payments for decommissioning activities amounted to USD 15 (21) million in the quarter.

Net cash flow from financing activities was negative at USD 2 million, compared to a positive net cash flow from financing activities of USD 86 million in the previous quarter. Dividend disbursements of USD 71 (213) million and payments on lease debt of USD 30 (32) million was almost offset by a drawdown of USD 98 (-1,150) of the revolving credit facility.

Risk management

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.

The following table shows the company's inventory of oil put options at the time of this report:

OIL PUT OPTIONS	Q3 2020	Q4 2020
Share of oil prod. covered (after tax)	85 %	79 %
Average strike (USD/bbl)	30	30
Average premium (USD/bbl)	1.9	1.9

Dividends

At the Annual General Meeting in April 2020, the Board was authorised to approve the distribution of dividends based on the company's annual accounts for 2019 pursuant to section 8-2 (2) of the Norwegian Public Limited Companies Act.

In February, the company disbursed dividends of USD 212.5 million, corresponding to USD 0.5901 per share. In May, the company disbursed dividends of USD 70.8 million, equivalent to USD 0.1967 per share.

On 13 July 2020, the Board declared a dividend of USD 0.1967 per share, to be disbursed on or around 10 August. It is the Board's ambition to maintain this level through the fourth quarter, implying total dividend payments of USD 425 million for the full year.

OPERATIONAL REVIEW

Aker BP's net production was 19.1 (18.9) mmbœe in the second quarter of 2020, corresponding to 209.8 (208.1) mboepd. Due to overlift, net sold volume represented 232.0 (207.5) mboepd. The average realised liquids price was USD 29.9 (44.7) per barrel, while the average realised gas price was USD 0.08 (0.14) per scm.

Alvheim Area

Key figures	Aker BP interest	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Production, boepd						
Alvheim	65 %	33 770	36 995	36 588	36 826	39 943
Bøyla	65 %	6 568	7 631	7 534	4 490	2 364
Skogul	65 %	7 899	1 622	-	-	-
Vilje	46.904 %	3 259	3 472	3 279	-	2 300
Volund	65 %	6 511	7 774	9 040	10 088	8 518
Total production		58 006	57 494	56 441	51 403	53 125
Production efficiency		96 %	98 %	98 %	96 %	97 %

Production from Skogul commenced in March and contributed to high and stable production at Alvheim in the second quarter. Optimal use of the gas handling facilities, deferred water breakthrough in several of the fields and continued high production efficiency also contributed to good operational results during the quarter and mitigated the effect of the production curtailments implemented by the Ministry of Petroleum and Energy (MPE) from June.

Drilling of the Kameleon Infill Mid well started in late March with the Semi-submersible rig Deepsea Nordkapp. Challenges in the overburden section of the well resulted in delays in getting down to the reservoir section. However, first oil is still expected during the fourth quarter.

Test production at Frosk continued through the Bøyla template. Development of the Frosk discovery has been further matured and the partners agreed to enter the concept phase during the quarter. The ambition is to select a concept by the end of 2020. The existing test production permit is valid until August 2020. The company will apply for an extended permit.

During the quarter a new subsea tie-back well has been matured as a new tri-lateral production well drilled from the Boa extension manifold to the southern Boa area. The planned spud for this well is in the fourth quarter with first oil during the second quarter next year. The well is a part of the strategy to arrest production decline in the Alvheim area.

Ivar Aasen

Key figures	Aker BP interest	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Production, boepd						
Total production	34.7862 %	22 089	22 705	23 139	22 481	19 069
Production efficiency		98 %	97 %	97 %	94 %	87 %

Ivar Aasen maintained high production efficiency during the quarter. The lower production in the second quarter compared to the first quarter mainly reflects reduced offtake in order to manage reservoir pressure. Ivar Aasen is targeting higher voidage replacement in 2020 which implies higher water injection than production. Production was also negatively impacted by the production curtailments implemented by the MPE. A maintenance shutdown originally planned for execution in June has been rescheduled to late August.

During the quarter a two-well IOR campaign has been matured for execution. The first well is scheduled to be spud by end of August. The campaign will be completed by the end of the year.

The licence partners in the Hanz development are currently considering a re-start of the work to mature the development. The work was put on hold earlier this year in response to the high market uncertainty.

From 2022 the Johan Sverdrup field will supply the fields on the Utsira high with power from shore. During the second quarter, the area's licence partners have formalised the area solution.

The Sørvesten exploration well will be drilled in the neighbouring PL 780 licence during the next quarter. Spirit Energy Norway is the operator and Aker BP has a 40 percent ownership interest.

Johan Sverdrup

Key figures	Aker BP interest	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Production, boepd						
Total production	11.5733 %	51 027	43 877	31 521	-	-

The ramp-up of production from Johan Sverdrup continued safely through the second quarter. Late April the oil production at the field reached the new phase 1 plateau of 470 thousand barrels of oil per day ("mblpd"), after a successful debottlenecking of the process plant. However, production was negatively impacted by the production curtailments implemented by the MPE.

During the quarter two new production wells were successfully drilled from the fixed rig drilling platform. Overall, 11 wells have now been put on stream.

Phase 2 of the Johan Sverdrup development progressed according to plan, despite challenges caused by COVID-19 at several construction sites. The debottlenecking measures on the phase 1 process plant is also being implemented on the phase 2 process plant, increasing the total field oil process capacity from 660 mblpd to 690 mblpd.

Skarv Area

Key figures	Aker BP interest	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Production, boepd						
Total production	23.835 %	20 599	19 788	22 119	21 717	22 657
Production efficiency		97 %	99 %	100 %	98 %	98 %

Production efficiency remained high at Skarv during the second quarter. Production decline was arrested by the start-up of production from Ærfugl Phase 2 in April. The production start was characterised by quick turnaround from drilling to production. A successful clean-out was conducted to remove drilling and completion fluids from the well. However, oil wells at Skarv were shut-in during the final week of June in order to stay within the production permit following the production curtailments implemented by the MPE.

Phase 1 of the Ærfugl development project progressed well during the quarter. Installation and tie-in of static umbilicals and installation

of subsea production jumpers were completed. The pipelay campaign is scheduled for the third quarter and the project remains on schedule for production to start in the fourth quarter 2020.

Phase 2 of the Ærfugl development project is progressing according to plan. A pre-lay rock installation campaign has been successfully completed. Production is expected to start for the two remaining wells in the fourth quarter next year.

Ula Area

Key figures	Aker BP interest	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Production, boepd						
Ula	80 %	4 250	5 512	4 339	4 751	2 811
Tambar	55 %	2 932	3 642	3 054	2 531	1 455
Oda	15 %	3 258	3 623	3 713	1 280	1 949
Total production		10 441	12 777	11 106	8 562	6 214
Production efficiency*		80 %	88 %	78 %	76 %	46 %

*Oda not included.

Production from the Ula and Tambar fields decreased in the second quarter due to the revised production permits following the production curtailments implemented by the MPE. In addition, a planned maintenance shut down and a temporary shut-in of a Tambar well led to a decrease in production. Production from the Oda field decreased due to corrective work on the chemical injection system.

Maersk Integrator finalised drilling at Ula during the second quarter. Four wells were successfully completed during the campaign, which started in July last year.

Valhall Area

Key figures	Aker BP interest	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Production, boepd						
Valhall	90 %	46 750	49 093	44 205	39 403	23 896
Hod	90 %	225	982	1 176	880	618
Total production		46 975	50 075	45 381	40 283	24 514
Production efficiency		78 %	88 %	90 %	87 %	53 %

Second quarter production from Valhall decreased slightly from the previous quarter. This was mainly driven by a planned shut-down in June, thus Valhall production was not constrained by the production curtailments implemented by the MPE.

At Valhall Flank West two new wells were brought on stream during the quarter. Maersk Invincible has now concluded the nine well drilling campaign, but the rig will remain at Flank West to support stimulation operations. The rig will be moved to the field centre for plugging of wells at the old DP platform later this year.

A plan for development and operations (PDO) for the re-development of the Hod field was submitted to the authorities on 24 June. Hod is among the first projects to be realised under the temporary changes to the Norwegian petroleum tax system recently introduced.

The Hod field will be developed in collaboration with Aker BP's alliance partners with a normally unmanned installation remotely controlled from the Valhall field centre, with very low CO2 emissions due to power from shore. Total investments for the Hod development are estimated at around USD 600 million (gross). Production start is planned for first quarter 2022, and the recoverable reserves are estimated at around 40 million barrels of oil equivalents.

North of Alvheim and Krafla-Askja (NOAKA)

The NOAKA area 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.

During the quarter Aker BP and Equinor have entered into an agreement in principle on commercial terms for a coordinated development of the licences Krafla, Fulla and North of Alvheim (NOAKA) on the Norwegian Continental Shelf and have started preparations for submitting Plans for Development and Operation (PDO) in 2022.

The 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 tie-backs to cover the various discoveries. The concept will be further optimised prior to submitting the PDO.

Aker BP has established a project team to lead the company's activities in the early phase of the project until concept selection. The partners in the licences are Aker BP, Equinor and LOTOS.

EXPLORATION

Total exploration spend in the second quarter was USD 59 (53) million, while USD 50 (50) million was recognised as exploration expenses in the period, relating to dry well costs, seismic, area fees, field evaluation and G&G costs.

The company participated in one exploration well in the quarter, on the Sandia prospect in licence 719 in the Barents Sea. Aker BP has a 20 percent working interest in the licence. The well, which was operated by Spirit Energy Norge AS, was dry.

BUSINESS DEVELOPMENT

In February, Aker BP entered into an agreement with PGNiG Upstream Norway AS to swap its 3.3 percent interest in the non-operated Gina Krog field and an 11.9175 percent interest in licence 127C, in exchange for a 5 percent interest and operatorship in licence 838 and a cash consideration of up to USD 62 million.

Licence 838 is located near Skarv and contains the recent Shrek discovery as well as further exploration potential. Licence 127C contains the Alve Nord discovery and the Alve NE prospect, which is also located in the Skarv area. After the transaction, Aker BP holds 35 percent interest in licence 838 and 88.0825 percent interest in licence 127C, while it has fully divested its interest in the Gina Krog field.

The cash consideration consists of a firm payment of USD 51 million upon closing and an additional payment of USD 11 million contingent on progressing a development of the Alve Nord discovery. The transaction was completed on 30 April 2020, hence the second quarter cash flow from investment activities increased by USD 55 million (including working capital adjustments). A gain of USD 5 million has been recognised under "Other income" in the Income statement.

HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT

HSE 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 HSE standards.

KEY HSE INDICATORS	UNIT	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Total recordable injury frequency (TRIF)	Per mill. exp. hours	1.5	0.4	2.0	2.7	4.0
Serious incident frequency (SIF)	Per mill. exp. hours	0.5	0	0.8	0.4	0.8
Loss of primary containment (LOPC)	Count	0	0	0	0	0
Process safety events Tier 1 and 2	Count	0	0	0	0	0
CO2 emissions intensity*	Kg CO2/boe	4.6	5.1	7.9	8.1	8.1

* From Q1 2020 Aker BP reports equity-based CO2-intensity. This includes equity share (financial ownership interest) of non-operated and operated assets based on scope 1 emissions. The figures for previous periods are not restated and only apply for operated assets (gross).

The COVID-19 barriers and preventative measures to protect personnel have been effective and will remain in place as long as necessary.

The company continues to work systematically to maintain safe and reliable operations as activity returns to more normal levels and this is being addressed through a safety summer campaign initiated in June at all operated assets.

REPORT FOR THE FIRST HALF 2020

	UNIT	PER 30 JUNE 2020	PER 30 JUNE 2019
Oil and gas production	mboepd	208.9	142.9
Realised price liquids	USD/boe	36.8	66.4
Total income	USDm	1 462	1 621
EBITDA	USDm	994	1 061
Net profit	USDm	-165	73
Net interest-bearing debt	USDm	3 806	2 907

The first half of 2020 was extraordinary. Aker BP delivered strong operational performance and set new production records. This was however overshadowed by the COVID-19 pandemic and the sharp drop in global oil prices. The company's key priorities in this challenging situation have been, and continue to be, to safeguard its people, its production and its financial capacity.

In order to secure its financial strength in response to the uncertainty caused by the COVID-19 situation and the sharp reduction in oil prices, Aker BP made significant changes to its investment program presented at the company's Capital Markets Update in February 2020. All non-sanctioned field development projects were put on hold, and several exploration wells were postponed. The Board also decided to retract the original dividend plan in order to retain financial flexibility and position the company for future value accretive organic and inorganic growth opportunities.

In June 2020, the Norwegian parliament (Stortinget) approved a set of temporary changes to the petroleum tax system to stimulate investments in the Norwegian petroleum sector. Aker BP subsequently sanctioned the Hod field development. In addition, Aker BP and Equinor entered into an agreement in principle on commercial terms for a coordinated development of the NOAKA area. Aker BP and Equinor have started preparations for submitting Plans for Development and Operation in 2022.

During the first six months of 2020, the company reported consolidated revenues of USD 1,462 (1,621)* million. Production in the period was 208.9 (142.9) thousand barrels of oil equivalent per day (mboepd). Average realised liquids prices were USD 36.8 (66.4) per barrel of oil equivalents and USD 0.11 (0.20) per standard cubic metre of natural gas. The increase in production compared to first half last year was mainly due to the successful production start at Johan Sverdrup in the fourth quarter 2019.

Production costs for the oil and gas sold were USD 352 (399) million. Production costs were USD 8.9 (14.3) per produced boe. The decrease per boe was driven by higher production, weaker NOK and the postponements of non-critical activities in response to the COVID-19 pandemic.

Exploration expenses amounted to USD 100 (151) million. EBITDA amounted to USD 994 (1,061) million and EBIT was USD -87 (641) million. Net loss for the first half of 2020 was USD 165 million, compared to a net profit of USD 73 million for the first half of 2019.

Net cash flow to investment activities amounted to USD 734 (1,052) million, driven by field development activities across the company's portfolio.

The company further strengthened its liquidity by issuing USD 1.5 billion in new long-dated bonds at attractive terms in January. Furthermore, the maturity for USD 2 billion of the company's bank facility (RCF) was in April extended by one year from 2024 to 2025.

As of 30 June 2020, the company had net interest-bearing debt of USD 3,806 (2,907) million. Available liquidity was USD 3.7 (3.3) billion comprising of cash and cash equivalents of USD 142 (102) million and undrawn credit facilities of USD 3.6 (3.2) billion.

HSSE remains 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 HSSE standards. The company delivered strong HSSE performance during the first half of 2020, with a strong safety record, efficient management of the COVID-19 situation and record low CO2 emissions per unit produced.

* In the report for the first-half 2020 all figures in brackets apply to first-half 2019.

RISKS AND UNCERTAINTY

Investment in Aker BP involves risks and uncertainties as described in the company's annual report for 2019.

As an oil and gas company operating on the Norwegian Continental Shelf, exploration results, reserve and resource estimates and estimates for capital and operating expenditures are associated with uncertainty. The production performance of oil and gas fields may be variable over time.

The company is exposed to various forms of financial risks, including, but not limited to, fluctuation in oil prices, exchange rates, interest rates and capital requirements; these are described in the company's annual report and accounts, and in note 29 to the accounts for 2019. The company is also exposed to uncertainties relating to the international capital markets and access to capital and this may influence the speed with which development projects can be brought on stream.

The COVID-19 pandemic has created increased uncertainty and disruption to the global economy and potentially longer-term impact on demand for oil and gas. This represents a risk to the company's future price realisations, results from operations, cash flows, financial condition and access to capital. The pandemic also represents an additional risk of interruptions to the company's operations with potential negative effect on the company's results from operations and cash flows, as it could lead to temporary production shortfalls, increased costs and / or delays or cancellations to the company's investment program. Correspondingly, there is also a risk of future impairments of the book value of the company's assets.

OUTLOOK

The COVID-19 pandemic and the sharp drop in oil prices have created challenges for the oil industry. Under these extraordinary circumstances, Aker BP's main financial priorities are 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 going forward.

Four months into the COVID-19 situation, the financial position continues to be very robust, and the company remains well prepared for future value creation.

The recently introduced changes to Norwegian petroleum tax incentivise investment activity through improved liquidity and project economics. Subsequent to these changes, Aker BP launched the Hod development project, and continues to mature other projects.

Compared with the guiding provided in the report for the first quarter, the company's capex estimate has been increased to reflect the Hod development decision. The main items of the company's updated financial plan for 2020 are as follows*:

- Production of 205-220 mboepd (unchanged)
- Capex of USD ~1.35 billion (previously USD ~1.2 billion, the increase reflects the investment decision for the Hod development)
- Exploration spend of USD ~350 million (unchanged)
- Production cost of USD 7-8 per boe (unchanged)
- Abandonment spend of USD ~0.2 billion (unchanged)
- Dividends of USD 425 million (unchanged)

* The majority of the company's cost elements (both capex and production cost) are denominated in NOK. The estimated USD amounts are based on an USDNOK exchange rate of 10.0.

FINANCIAL STATEMENTS
WITH NOTES

INCOME STATEMENT

(USD 1 000)	Note	Group				
		Q2 2020	Q1 2020	Q2 2019	01.01.-30.06. 2020 2019	
Petroleum revenues		584 170	779 084	780 071	1 363 254	1 638 176
Other income		5 614	93 021	4 744	98 635	-17 098
Total income	2	589 784	872 105	784 816	1 461 889	1 621 077
Production costs	3	196 174	156 043	198 320	352 217	398 783
Exploration expenses	4	49 774	50 336	60 261	100 110	150 621
Depreciation	6	286 353	277 412	167 889	563 765	350 991
Impairments	5, 6	-135 872	653 697	-	517 825	68 941
Other operating expenses		14 897	223	3 882	15 120	10 740
Total operating expenses		411 326	1 137 711	430 352	1 549 038	980 076
Operating profit/loss		178 458	-265 606	354 464	-87 148	641 002
Interest income		1 224	1 369	6 735	2 593	12 799
Other financial income		112 550	108 709	6 872	82 203	16 591
Interest expenses		47 430	40 041	15 532	87 471	29 361
Other financial expenses		93 762	218 729	84 307	173 435	123 642
Net financial items	8	-27 418	-148 691	-86 232	-176 110	-123 613
Profit/loss before taxes		151 040	-414 298	268 232	-263 258	517 388
Tax expense (+)/income (-)	9	-18 649	-79 564	205 734	-98 213	444 465
Net profit/loss		169 689	-334 734	62 498	-165 045	72 923
Weighted average no. of shares outstanding basic and diluted		359 613 509	359 984 388	360 059 807	359 798 949	360 086 510
Basic and diluted earnings/loss USD per share		0.47	-0.93	0.17	-0.46	0.20

STATEMENT OF COMPREHENSIVE INCOME

(USD 1 000)	Note	Group				
		Q2 2020	Q1 2020	Q2 2019	01.01.-30.06. 2020 2019	
Profit/loss for the period		169 689	-334 734	62 498	-165 045	72 923
Total comprehensive income/loss in period		169 689	-334 734	62 498	-165 045	72 923

STATEMENT OF FINANCIAL POSITION

(USD 1 000)	Note	Group			
		30.06.2020	31.03.2020	31.12.2019	30.06.2019
ASSETS					
Intangible assets					
Goodwill	6	1 647 436	1 647 436	1 712 809	1 791 185
Capitalized exploration expenditures	6	487 027	478 761	621 315	554 293
Other intangible assets	6	1 566 521	1 522 389	1 915 968	1 967 332
Tangible fixed assets					
Property, plant and equipment	6	7 175 129	7 060 700	7 023 276	6 299 710
Right-of-use assets	6	137 296	170 834	194 328	238 879
Financial assets					
Long-term receivables		25 535	23 400	27 418	27 333
Other non-current assets		10 709	9 869	10 364	10 416
Long-term derivatives	12	-	-	2 706	-
Total non-current assets		11 049 653	10 913 389	11 508 183	10 889 148
Inventories					
Inventories		99 324	97 337	87 539	99 205
Receivables					
Accounts receivable		82 722	19 529	193 444	124 623
Tax receivables	9	186 630	-	-	17 418
Other short-term receivables	10	327 922	307 635	330 516	259 518
Short-term derivatives	12	-	66 611	-	840
Cash and cash equivalents					
Cash and cash equivalents	11	142 333	322 789	107 104	101 828
Total current assets		838 931	813 902	718 603	603 432
TOTAL ASSETS		11 888 584	11 727 291	12 226 786	11 492 580

STATEMENT OF FINANCIAL POSITION

(USD 1 000)	Note	Group			
		30.06.2020	31.03.2020	31.12.2019	30.06.2019
EQUITY AND LIABILITIES					
Equity					
Share capital		57 056	57 056	57 056	57 056
Share premium		3 637 297	3 637 297	3 637 297	3 637 297
Other equity		-1 782 268	-1 881 123	-1 326 767	-1 030 555
Total equity		1 912 084	1 813 229	2 367 585	2 663 797
Non-current liabilities					
Deferred tax	9	2 471 221	2 153 376	2 235 357	1 991 371
Long-term abandonment provision	16	2 640 527	2 642 264	2 645 420	2 528 672
Long-term bonds	14	3 121 781	3 120 062	1 630 936	1 858 665
Long-term derivatives	12	14 951	56 982	-	30 173
Long-term lease debt	7	156 396	179 501	202 592	252 467
Other interest-bearing debt	15	380 708	280 784	1 429 132	775 920
Total non-current liabilities		8 785 584	8 432 968	8 143 437	7 437 268
Current liabilities					
Trade creditors		93 702	117 681	144 942	79 071
Short-term bonds	14	209 803	192 541	226 700	-
Accrued public charges and indirect taxes		27 217	15 482	25 974	24 702
Tax payable	9	-	260 081	361 157	439 270
Short-term derivatives	12	89 867	153 527	42 994	216
Short-term abandonment provision	16	176 520	153 043	142 798	78 410
Short-term lease debt	7	79 863	97 855	110 664	122 127
Other current liabilities	13	513 945	490 884	660 535	647 720
Total current liabilities		1 190 916	1 481 094	1 715 765	1 391 516
Total liabilities		9 976 500	9 914 063	9 859 201	8 828 783
TOTAL EQUITY AND LIABILITIES		11 888 584	11 727 291	12 226 786	11 492 580

STATEMENT OF CHANGES IN EQUITY - GROUP

(USD 1 000)	Share capital	Share premium	Other equity				Total other equity	Total equity
			Other paid-in capital	Other comprehensive income		Retained earnings		
				Actuarial gains/losses	Foreign currency translation reserves ¹⁾			
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/loss 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	-1 178 274	-1 326 767	2 367 585
Dividend distributed	-	-	-	-	-	-212 500	-212 500	-212 500
Profit/loss for the period	-	-	-	-	-	-334 734	-334 734	-334 734
Purchase of treasury shares ²⁾	-	-	-	-	-	-7 122	-7 122	-7 122
Equity as of 31.03.2020	57 056	3 637 297	573 083	-85	-115 491	-2 338 630	-1 881 123	1 813 229
Dividend distributed	-	-	-	-	-	-70 833	-70 833	-70 833
Profit/loss for the period	-	-	-	-	-	169 689	169 689	169 689
Equity as of 30.06.2020	57 056	3 637 297	573 083	-85	-115 491	-2 239 774	-1 782 268	1 912 084

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

²⁾ The treasury shares are purchased for use in the company's share saving plan.

STATEMENT OF CASH FLOW

(USD 1 000)	Note	Group				
		Q2 2020	Q1 2020	Q2 2019	01.01.-30.06. 2020 2019	
CASH FLOW FROM OPERATING ACTIVITIES						
Profit/loss before taxes		151 040	-414 298	268 232	-263 258	517 388
Taxes paid	9	-80 581	-48 150	-208 440	-128 731	-314 370
Depreciation	6	286 353	277 412	167 889	563 765	350 991
Impairment	5, 6	-135 872	653 697		517 825	68 941
Accretion expenses	8, 16	29 474	29 265	30 419	58 738	60 002
Interest expenses (including interest element of lease payments)	8	51 473	47 905	53 576	99 377	102 726
Interest paid (including interest element of lease payments)		-22 653	-55 954	-53 580	-78 607	-99 423
Changes in derivatives	2, 8	-39 080	103 609	-8 751	64 529	11 744
Amortized loan costs	8	4 930	5 036	6 112	9 966	12 788
Expensed capitalized dry wells	4, 6	9 866	28 982	29 163	38 847	87 237
Changes in inventories, accounts payable and receivables		-89 159	136 856	-112 609	47 697	5 654
Changes in other current balance sheet items		-3 708	-240 662	214 626	-244 370	173 518
NET CASH FLOW FROM OPERATING ACTIVITIES		162 083	523 698	386 636	685 780	977 196
CASH FLOW FROM INVESTMENT ACTIVITIES						
Payment for removal and decommissioning of oil fields		-15 007	-20 929	-39 554	-35 936	-60 316
Disbursements on investments in fixed assets		-359 514	-342 508	-414 194	-702 022	-778 176
Disbursements on investments in capitalized exploration		-19 413	-31 253	-87 155	-50 666	-213 489
Cash received from sale of licenses		54 747	-	-	54 747	-
Disbursements on investments in licenses		-	-	-	-	-143
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-339 186	-394 691	-540 903	-733 877	-1 052 125
CASH FLOW FROM FINANCING ACTIVITIES						
Net drawdown/repayment of revolving credit facility		98 450	-1 150 000	775 314	-1 051 550	775 314
Net drawdown/repayment of reserve-based lending facility		-	-	-1 150 000	-	-950 000
Net proceeds from bond issue		-	1 487 406	740 159	1 487 406	740 159
Payments on lease debt related to investments in fixed assets		-18 372	-26 606	-21 492	-44 978	-37 775
Payments on other lease debt		-11 609	-5 183	-4 758	-16 792	-9 777
Paid dividend		-70 833	-212 500	-187 500	-283 333	-375 000
Net purchase/sale of treasury shares		-	-7 122	-10 665	-7 122	-10 665
NET CASH FLOW FROM FINANCING ACTIVITIES		-2 365	85 995	141 057	83 630	132 256
Net change in cash and cash equivalents		-179 469	215 002	-13 209	35 533	57 327
Cash and cash equivalents at start of period		322 789	107 104	113 680	107 104	44 944
Effect of exchange rate fluctuation on cash held		-987	682	1 358	-305	-443
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	142 333	322 789	101 828	142 333	101 828

NOTES

(All figures in USD 1 000 unless otherwise stated)

These condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") IAS 34 "Interim Financial Reporting", thus the interim financial statements do not include all information required by IFRS and should be read in conjunction with the group's annual financial statements as at 31 December 2019. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have been subject to a review in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

These interim financial statements were authorised for issue by the company's Board of Directors on 13 July 2020.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the group's annual financial statements as at 31 December 2019.

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are in all material respects the same as those that applied to the annual financial statements as at 31 December 2019.

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.

In the second quarter, temporary changes to the Norwegian petroleum tax system have strengthened the company's investment capacity and are expected to provide additional liquidity (see note 9).

The recovery in shorter term oil prices as at Q2 2020 has been the main reason for a reversal of USD 135.9 million of the impairments of producing fields recognized in Q1 2020 (see note 5).

Actions have been taken to protect financial flexibility, including an updated and reduced investment program and cut in dividends. As of 30 June 2020 available liquidity on the Revolving Credit Facility is USD 3.6 billion and the related financial covenants meets the applicable thresholds by a substantial margin (see note 15).

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 2 Income

Breakdown of petroleum revenues (USD 1 000)	Group				
	Q2 2020	Q1 2020	Q2 2019	01.01.-30.06. 2020 2019	
Sales of liquids	539 643	708 927	710 913	1 248 570	1 451 693
Sales of gas	40 652	66 187	64 978	106 839	178 905
Tariff income	3 874	3 971	4 181	7 845	7 578
Total petroleum revenues	584 170	779 084	780 071	1 363 254	1 638 176
Sales of liquids (boe 1 000)	18 036	15 858	10 264	33 895	21 858
Sales of gas (boe 1 000)	3 073	3 026	2 541	6 099	5 528
Other income (USD 1 000)					
Realized gain/loss (-) on oil derivatives	55 914	14 483	-6 710	70 397	-8 768
Unrealized gain/loss (-) on oil derivatives	-70 764	68 416	6 654	-2 348	-17 469
Gain on license transactions ¹⁾	5 417	-	-	5 417	-
Other income ²⁾	15 047	10 122	4 801	25 169	9 139
Total other income	5 614	93 021	4 744	98 635	-17 098

¹⁾ Gain on sale of the 3.3 percent interest in the Gina Krog field, which was completed during Q2 2020.

²⁾ Includes insurance settlement during Q2 2020, in addition to partner coverage of RoU assets recognized on gross basis in the balance sheet and used in operated activity.

Note 3 Produced volumes and over/underlift adjustment

(USD 1 000)	Q2	Q1	Group	01.01.-30.06.	
	2020	2020	Q2 2019	2020	2019
Total produced volumes (boe 1 000)	19 090	18 938	11 585	38 028	25 866
Production cost per boe produced (USD/boe)	9.1	8.7	15.4	8.9	14.3
Production cost based on produced volumes	173 479	165 218	177 874	338 696	368 872
Adjustment for over/underlift (-)	22 695	-9 175	20 446	13 521	29 910
Production cost based on sold volumes	196 174	156 043	198 320	352 217	398 783

Note 4 Exploration expenses

Breakdown of exploration expenses (USD 1 000)	Q2	Q1	Group	01.01.-30.06.	
	2020	2020	Q2 2019	2020	2019
Seismic	21 559	2 402	9 767	23 961	10 299
Area fee	4 371	3 773	4 717	8 143	9 291
Field evaluation	6 790	6 531	6 898	13 321	22 823
Dry well expenses ¹⁾	9 866	28 982	29 163	38 847	87 237
Other exploration expenses	7 188	8 650	9 716	15 838	20 971
Total exploration expenses	49 774	50 336	60 261	100 110	150 621

¹⁾ Dry well expenses in Q2 2020 are mainly related to the Sandia well.

Note 5 Impairments

Impairment testing

Q1 2020 included impairments of the book value of assets other than associated goodwill. As such, prior period impairments may be subject to reversal if changes have occurred in the estimates used for the calculation of the recoverable amount. Impairment tests of individual cash-generating units are performed when impairment/reversal triggers are identified, and goodwill is tested for impairment at least annually. In Q2 2020, two categories of impairment tests have been performed:

- Impairment test of fixed assets and related intangible assets, including technical goodwill
- Impairment test of residual 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 Q2 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 30 June 2020.

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 Q3 2020 to the end of Q2 2023. From Q3 2023, 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
2020	41.4
2021	43.1
2022	45.1
2023	57.7
From 2024 (in real terms)	65.0

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

Year	GBP/therm
2020	0.23
2021	0.34
2022	0.39
2023	0.49
From 2024 (in real terms)	0.53

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves.

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 post tax nominal discount rate used is 7.8 percent, consistent with the rate applied at Q4 2019, with the reduction in risk free rate at Q2 2020 offset by increased market risk due to the high volatility in oil and gas prices. Cash flows used in impairment testing have been adjusted to reflect changes to planned future investments made in response to the current market conditions and the associated forecasted production profiles.

Currency rates

Year	USD/NOK
2020	9.63
2021	9.62
2022	9.63
2023	8.82
From 2024	8.00

Inflation

The long-term inflation rate is assumed to be 2.0 percent.

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 line with the methodology described in the annual report, deferred tax (from the date of acquisitions) reduces the net carrying value prior to the impairment charges. 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 reversal of impairment charge and the carrying value per cash generating unit where impairment reversals have been recognized in Q2 2020:

Cash-generating unit (USD 1 000)	Ula/Tambar	Ivar Aasen
Net carrying value	613 462	933 214
Recoverable amount	677 803	1 004 745
Impairment/reversal (-)	-64 340	-71 532
Allocated as follows:		
Technical goodwill	-	-
Other intangible assets/license rights	-64 340	-2 565
Tangible fixed assets	-	-68 967

The main reasons for the reversal of impairment are the increase in the short-term oil and gas prices and updated cost and production profiles.

For an overview of the impairment/reversal allocation, see note 6.

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.

Assumption (USD 1 000)	Change	Change in impairment after	
		Increase in assumptions	Decrease in assumptions
Oil and gas price forward period	+/- 50 %	-88 719	489 705
Oil and gas price long-term	+/- 20 %	-89 821	401 537
Production profile (reserves)	+/- 5 %	-53 387	137 774
Discount rate	+/- 1 % point	52 264	-46 343
Currency rate USD/NOK	+/- 2.0 NOK	-85 837	351 580
Inflation	+/- 1 % point	-44 221	75 512

Residual goodwill

Residual goodwill is allocated across all CGUs for impairment testing. The combined recoverable amount exceeds the carrying amount by a substantial margin.

Note 6 Tangible fixed assets and intangible assets

TANGIBLE FIXED ASSETS - GROUP

Property, plant and equipment (USD 1 000)	Assets under development	Production facilities including wells	Fixtures and fittings, office machinery	Total
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	287 168	46 167	9 174	342 508
Disposals/retirement	-	-	-	-
Reclassification	-393 038	363 055	48 492	18 509
Acquisition cost 31.03.2020	1 144 495	9 475 244	228 078	10 847 817
Accumulated depreciation and impairments 31.12.2019	-	3 378 065	85 459	3 463 524
Depreciation	-	235 399	9 735	245 134
Impairment/reversal (-)	-	78 459	-	78 459
Disposals/retirement depreciation	-	-	-	-
Accumulated depreciation and impairments 31.03.2020	-	3 691 923	95 194	3 787 117
Book value 31.03.2020	1 144 495	5 783 321	132 884	7 060 700
Acquisition cost 31.03.2020	1 144 495	9 475 244	228 078	10 847 817
Additions	129 169	247 441	4 135	380 745
Disposals/retirement ¹⁾	-	675 733	-69	675 664
Reclassification	-192 438	201 898	-	9 460
Acquisition cost 30.06.2020	1 081 226	9 248 849	232 283	10 562 358
Accumulated depreciation and impairments 31.03.2020	-	3 691 923	95 194	3 787 117
Depreciation	-	243 217	10 085	253 302
Impairment/reversal (-)	-	-68 967	-	-68 967
Disposals/retirement depreciation ¹⁾	-	-584 292	69	-584 223
Accumulated depreciation and impairments 30.06.2020	-	3 281 881	105 348	3 387 229
Book value 30.06.2020	1 081 226	5 966 968	126 935	7 175 129

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

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 fields under development.

Right-of-use assets					
(USD 1 000)	Drilling Rigs	Vessels and Boats	Office	Other	Total
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	-	-	-	-	-
Abandonment activity	-974	-273	-	-	-1 247
Disposals/retirement	-	-	-	-	-
Reclassification	-17 529	-979	-	-	-18 509
Acquisition cost 31.03.2020	88 354	70 854	29 593	2 303	191 104
Accumulated depreciation and impairments 31.12.2019	5 369	3 166	7 820	177	16 531
Depreciation	1 071	668	1 955	44	3 738
Impairment/reversal (-)	-	-	-	-	-
Disposals/retirement depreciation	-	-	-	-	-
Accumulated depreciation and impairments 31.03.2020	6 440	3 834	9 775	221	20 270
Book value 31.03.2020	81 913	67 019	19 819	2 082	170 834
Acquisition cost 31.03.2020	88 354	70 854	29 593	2 303	191 104
Additions	-	-	-	-	-
Abandonment activity ¹⁾	-610	-226	-	-	-836
Disposals/retirement ²⁾	16 197	5 920	-	-	22 117
Reclassification ³⁾	-8 808	-652	-	-	-9 460
Acquisition cost 30.06.2020	62 739	64 056	29 593	2 303	158 691
Accumulated depreciation and impairments 31.03.2020	6 440	3 834	9 775	221	20 270
Depreciation	8 194	871	1 923	44	11 032
Impairment/reversal (-)	-	-	-	-	-
Disposals/retirement depreciation ²⁾	-8 535	-1 373	-	-	-9 907
Accumulated depreciation and impairments 30.06.2020	6 099	3 333	11 698	265	21 395
Book value 30.06.2020	56 640	60 723	17 895	2 038	137 296

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 during Q2 2020.

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

(USD 1 000)	Other intangible assets			Capitalized exploration expenditures	Goodwill
	Licenses etc.	Software	Total		
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	-	-	-	31 253	-
Disposals/retirement/expensed dry wells	-	-	-	28 982	-
Reclassification	-	-	-	-	-
Acquisition cost 31.03.2020	2 396 433	7 501	2 403 934	623 587	2 738 973
Accumulated depreciation and impairments 31.12.2019	480 465	7 501	487 966	-	1 026 165
Depreciation	28 540	-	28 540	-	-
Impairment/reversal (-)	365 040	-	365 040	144 826	65 373
Disposals/retirement depreciation	-	-	-	-	-
Accumulated depreciation and impairments 31.03.2020	874 044	7 501	881 546	144 826	1 091 537
Book value 31.03.2020	1 522 389	-	1 522 389	478 761	1 647 436
Acquisition cost 31.03.2020	2 396 433	7 501	2 403 934	623 587	2 738 973
Additions	-	-	-	19 413	-
Disposals/retirement/expensed dry wells	27 448	-	27 448	9 866	12 391
Reclassification	-	-	-	-	-
Acquisition cost 30.06.2020	2 368 985	7 501	2 376 486	633 134	2 726 583
Accumulated depreciation and impairments 31.03.2020	874 044	7 501	881 546	144 826	1 091 537
Depreciation	22 018	-	22 018	-	-
Impairment/reversal (-)	-68 186	-	-68 186	1 281	-
Disposals/retirement depreciation	-25 413	-	-25 413	-	-12 391
Accumulated depreciation and impairments 30.06.2020	802 463	7 501	809 964	146 107	1 079 146
Book value 30.06.2020	1 566 521	-	1 566 521	487 027	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				
	Q2 2020	Q1 2020	Q2 2019	01.01.-30.06. 2020 2019	
Depreciation of tangible fixed assets	253 302	245 134	144 399	498 436	303 926
Depreciation of right-of-use assets	11 032	3 738	3 836	14 771	8 369
Depreciation of other intangible assets	22 018	28 540	19 654	50 558	38 696
Total depreciation in the income statement	286 353	277 412	167 889	563 765	350 991
Impairment in the income statement (USD 1 000)					
Impairment/reversal of tangible fixed assets	-68 967	78 459	-	9 492	-
Impairment/reversal of other intangible assets	-68 186	365 040	-	296 854	-
Impairment/reversal of capitalized exploration expenditures	1 281	144 826	-	146 107	-
Impairment of goodwill	-	65 373	-	65 373	68 941
Total impairment in the income statement	-135 872	653 697	-	517 825	68 941

Note 7 Leasing

The incremental borrowing rate applied in discounting of the nominal lease debt is between 4.16 percent and 6.67 percent, dependent on the duration of the lease and when it was initially recognized.

(USD 1 000)	Group		
	2020	2019	
	Q2	01.01.-31.03.	01.01.-31.12.
Lease debt as of beginning of period	277 356	313 256	389 833
New lease debt recognized in the period	-	-	34 385
Payments of lease debt ¹⁾	-34 314	-36 699	-134 253
Lease debt derecognized in the period ²⁾	-12 767	-	-
Interest expense on lease debt	4 333	4 911	23 897
Currency exchange differences	1 652	-4 111	-606
Total lease debt	236 259	277 356	313 256
Short-term	79 863	97 855	110 664
Long-term	156 396	179 501	202 592

¹⁾ Payments of lease debt split by activities (USD 1 000):

Investments in fixed assets	21 027	30 716	108 587
Abandonment activity	1 077	1 521	4 444
Operating expenditures	11 010	3 116	15 278
Exploration expenditures	123	221	1 384
Other income	1 077	1 126	4 561
Total	34 314	36 699	134 253

²⁾ The derecognition is related to termination of the Maersk Reacher rig and sale of the Gina Krog field during Q2 2020.

Nominal lease debt maturity breakdown (USD 1 000):

Within one year	93 231	113 045	127 747
Two to five years	129 902	153 037	175 947
After five years	54 562	57 693	61 518
Total	277 695	323 775	365 212

The identified leases have no significant impact on the group's financing, loan covenants or dividend policy. The group does not have any residual value guarantees. Extension options are included in the lease liability when, based on management's judgement, it is reasonably certain that an extension will be exercised.

Note 8 Financial items

(USD 1 000)	Group				
	Q2	Q1	Q2	01.01.-30.06.	
	2020	2020	2019	2020	2019
Interest income	1 224	1 369	6 735	2 593	12 799
Realized gains on derivatives	2 706	3 739	2 547	6 445	6 967
Change in fair value of derivatives	109 844	-	4 324	-	9 623
Net currency gains	-	104 970	-	75 758	-
Total other financial income	112 550	108 709	6 872	82 203	16 591
Interest expenses	47 140	42 994	47 360	90 134	90 052
Interest on lease debt	4 333	4 911	6 216	9 243	12 674
Capitalized interest cost, development projects	-8 972	-12 900	-44 156	-21 873	-86 152
Amortized loan costs	4 930	5 036	6 112	9 966	12 788
Total interest expenses	47 430	40 041	15 532	87 471	29 361
Net currency loss	29 211	-	9 011	-	9 616
Realized loss on derivatives	35 071	11 036	6 578	46 107	13 272
Change in fair value of derivatives	-	172 025	2 227	62 181	3 898
Accretion expenses	29 474	29 265	30 419	58 738	60 002
Other financial expenses	6	6 403	36 072	6 408	36 854
Total other financial expenses	93 762	218 729	84 307	173 435	123 642
Net financial items	-27 418	-148 691	-86 232	-176 110	-123 613

Note 9 Tax

Tax for the period (USD 1 000)	Q2	Q1	Group	Group	
	2020	2020	Q2	01.01.-30.06.	
			2019	2020	2019
Current year tax payable/receivable	-370 512	-5 348	77 657	-375 860	206 939
Change in current year deferred tax	355 571	-78 385	122 856	277 186	233 542
Prior period adjustments	-3 708	4 169	5 221	461	3 984
Tax expense (+)/income (-)	-18 649	-79 564	205 734	-98 213	444 465

Calculated tax payable (-)/tax receivable (+) (USD 1 000)	Group		
	2020	2019	
	Q2	01.01.-31.03.	01.01.-31.12.
Tax payable/receivable at beginning of period	-260 081	-361 157	-540 860
Current year tax payable/receivable	370 512	5 348	-461 984
Tax payable/receivable related to acquisitions/sales ¹⁾	-3 548	-	520
Net tax payment/refund	80 581	48 150	618 593
Prior period adjustments and change in estimate of uncertain tax positions	3 708	-7 764	16 955
Currency movements of tax payable/receivable	-4 543	55 343	5 619
Net tax payable (-)/receivable (+)	186 630	-260 081	-361 157
Tax receivable included as current assets (+)	186 630	-	-
Tax payable included as current liabilities (-)	-	-260 081	-361 157

Deferred tax liability (-)/asset (+) (USD 1 000)	Group		
	2020	2019	
	Q2	01.01.-31.03.	01.01.-31.12.
Deferred tax liability/asset at beginning of period	-2 153 376	-2 235 357	-1 752 757
Change in current year deferred tax	-355 571	78 385	-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	-	-	15
Net deferred tax liability (-)/asset (+)	-2 471 221	-2 153 376	-2 235 357

¹⁾ Related to sale of the Gina Krog field during Q2 2020.

Reconciliation of tax expense (USD 1 000)	Q2	Q1	Group	Group	
	2020	2020	Q2	01.01.-30.06.	
			2019	2020	2019
78 % tax rate on profit/loss before tax	117 811	-323 152	209 221	-205 341	403 563
Tax effect of uplift	-109 217	-35 291	-33 012	-144 508	-64 076
Permanent difference on impairment	-2 613	170 786	-	168 174	53 774
Foreign currency translation of NOK monetary items	21 497	-78 670	6 706	-57 173	7 177
Foreign currency translation of USD monetary items	219 217	-411 206	25 541	-191 989	26 679
Tax effect of financial and other 22 % items	-98 302	242 250	11 486	143 949	29 005
Currency movements of tax balances ²⁾	-162 338	351 367	-23 757	189 029	-24 080
Other permanent differences, prior period adjustments and change in estimate of uncertain tax positions	-4 705	4 351	9 550	-353	12 423
Tax expense (+)/income (-)	-18 649	-79 564	205 734	-98 213	444 465

²⁾ Tax balances are in NOK and converted to USD using the period end currency rate. When NOK weakens against USD, the tax rate increases as there is less remaining tax depreciation measured in USD (and vice versa).

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. The tax effect for 2020 of the temporary changes are included as of Q2.

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.

Note 10 Other short-term receivables

(USD 1 000)	Group			
	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Prepayments	67 247	80 134	65 813	64 682
VAT receivable	14 638	6 796	8 904	6 086
Underlift of petroleum	33 695	49 152	46 515	26 409
Accrued income from sale of petroleum products	110 866	78 019	80 514	60 066
Other receivables, mainly balances with license partners	101 476	93 534	128 770	102 275
Total other short-term receivables	327 922	307 635	330 516	259 518

Note 11 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.

Breakdown of cash and cash equivalents (USD 1 000)	Group			
	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Bank deposits	142 333	322 789	107 104	101 828
Cash and cash equivalents	142 333	322 789	107 104	101 828
Unused RCF facility (see note 15)	3 600 000	3 700 000	2 550 000	3 200 000

Note 12 Derivatives

(USD 1 000)	Group			
	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Unrealized gain currency contracts	-	-	2 706	-
Long-term derivatives included in assets	-	-	2 706	-
Unrealized gain on commodity derivatives	-	66 611	-	-
Unrealized gain currency contracts	-	-	-	840
Short-term derivatives included in assets	-	66 611	-	840
Total derivatives included in assets	-	66 611	2 706	840
Unrealized losses interest rate swaps	-	-	-	30 173
Unrealized losses currency contracts	14 951	56 982	-	-
Long-term derivatives included in liabilities	14 951	56 982	-	30 173
Unrealized losses commodity derivatives	4 153	-	1 805	216
Unrealized losses interest rate swaps ¹⁾	57 246	73 727	37 017	-
Unrealized losses currency contracts	28 468	79 800	4 172	-
Short-term derivatives included in liabilities	89 867	153 527	42 994	216
Total derivatives included in liabilities	104 818	210 509	42 994	30 389

¹⁾ The unrealized loss is related to DETNOR02 (see note 14) and realized on 2 July 2020, in connection with the repayment of the bond.

The group has various types of economic hedging instruments. Commodity derivatives are used to hedge the risk of oil price reduction. The group manages its interest rate exposure using interest rate derivatives, including interest rate swap and a cross currency interest rate swap. 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. The nature of the instruments and the valuation method is consistent with the disclosed information in the annual financial statements as at 31 December 2019.

Note 13 Other current liabilities

Breakdown of other current liabilities (USD 1 000)	Group			
	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Balances with license partners	39 482	47 198	67 199	49 242
Share of other current liabilities in licenses	299 451	269 887	379 787	412 322
Overlift of petroleum	17 145	9 123	15 660	11 450
Unpaid wages and vacation pay, accrued interest and other provisions	157 866	164 676	197 889	174 706
Total other current liabilities	513 945	490 884	660 535	647 720

Note 14 Bonds

Senior unsecured bonds (USD 1 000)	Maturity	Group			
		30.06.2020	31.03.2020	31.12.2019	30.06.2019
DETNOR02 Senior unsecured bond ¹⁾	Jul 2020	-	-	-	230 296
AKERBP – Senior Notes 6.000% (17/22) ²⁾	Jul 2022	396 027	395 537	395 046	394 225
AKERBP – Senior Notes 5.875% (18/25) ²⁾	Mar 2025	494 996	494 733	494 470	493 943
AKERBP – Senior Notes 4.750% (19/24) ²⁾	Jun 2024	742 376	741 900	741 421	740 201
AKERBP – Senior Notes 3.750% (20/30) ²⁾	Jan 2030	992 405	992 180	-	-
AKERBP – Senior Notes 3.000% (20/25) ²⁾	Jan 2025	495 976	495 712	-	-
Long-term bonds - book value		3 121 781	3 120 062	1 630 936	1 858 665
Long-term bonds - fair value		3 089 480	2 568 155	1 727 205	1 963 965
DETNOR02 Senior unsecured bond ¹⁾	Jul 2020	209 803	192 541	226 700	-
Short-term bonds - book value		209 803	192 541	226 700	-
Short-term bonds - fair value		211 229	198 847	238 744	-

¹⁾ The bond is denominated in NOK and carries an interest rate of 3 month Nibor + 6.5 percent. The interest is paid on a quarterly basis. The bond has been swapped into USD using a cross currency interest rate swap whereby the group pays Libor + 6.81 percent quarterly. The financial covenants for this bond are consistent with the RCF as described in note 15. The bond was repaid 2 July 2020 by drawing on the Revolving Credit Facility.

²⁾ Interest is paid on a semi annual basis. None of the long-term bonds have financial covenants.

Note 15 Other interest-bearing debt

(USD 1 000)	Group			
	30.06.2020	31.03.2020	31.12.2019	30.06.2019
Revolving credit facility ¹⁾	380 708	280 784	1 429 132	775 920
Other interest-bearing debt	380 708	280 784	1 429 132	775 920

¹⁾ Utilization is made under the Working Capital facility.

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 30 June 2020 the Leverage Ratio is 1.46 and Interest Coverage Ratio is 11.6 (see APM section for further details), which are well within the thresholds mentioned above. Applying the forward curve at end of Q2 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 16 Provision for abandonment liabilities

(USD 1 000)	Group		
	2020	2019	
	Q2	01.01.-31.03.	01.01.-31.12.
Provisions as of beginning of period	2 795 306	2 788 218	2 552 592
Change in abandonment liability due to asset sales ¹⁾	-13 122	-	-
Incurred cost removal	-15 843	-22 176	-108 332
Accretion expense - present value calculation	29 474	29 265	121 723
Changed net present value from changed discount rate	-	-	238 053
Change in estimates and incurred liabilities on new drilling and installations	21 231	-	-15 818
Total provision for abandonment liabilities	2 817 047	2 795 306	2 788 218
Short-term	176 520	153 043	142 798
Long-term	2 640 527	2 642 264	2 645 420

¹⁾ Related to sale of the Gina Krog field during Q2 2020.

The estimate is 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 3.77 percent and 4.59 percent. The discount rate is unchanged from Q4 2019 with the reduction in risk free rate in 2020 offset by increased credit margin.

Note 17 Contingent liabilities and assets

During the normal course of its business, the group will be involved in disputes, including tax disputes. The group 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.

Note 18 Subsequent events

The company has not identified any events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

Note 19 Investments in joint operations

Fields operated:	30.06.2020	31.03.2020
Alvheim	65.000%	65.000 %
Bøyla	65.000%	65.000 %
Hod	90.000%	90.000 %
Ivar Aasen Unit	34.786%	34.786 %
Valhall	90.000%	90.000 %
Vilje	46.904%	46.904 %
Volund	65.000%	65.000 %
Tambar	55.000%	55.000 %
Skogul	65.000%	65.000 %
Tambar Øst	46.200%	46.200 %
Ula	80.000%	80.000 %
Skarv	23.835%	23.835 %

Production licenses in which Aker BP is the operator:

License:	30.06.2020	31.03.2020	License:	30.06.2020	31.03.2020
PL 001B	35.000%	35.000 %	PL 777D	40.000%	40.000 %
PL 006B	90.000%	90.000 %	PL 784	40.000%	40.000 %
PL 019	80.000%	80.000 %	PL 814	40.000%	40.000 %
PL 019C	80.000%	80.000 %	PL 818	40.000%	40.000 %
PL 019E	80.000%	80.000 %	PL 818B	40.000%	40.000 %
PL 019F	55.000%	55.000 %	PL 822S	60.000%	60.000 %
PL 026	92.130%	92.130 %	PL 838 ²⁾	35.000%	30.000 %
PL 026B	90.260%	90.260 %	PL 858	40.000%	40.000 %
PL 028B	35.000%	35.000 %	PL 867	40.000%	40.000 %
PL 033	90.000%	90.000 %	PL 867B	40.000%	40.000 %
PL 033B	90.000%	90.000 %	PL 868	60.000%	60.000 %
PL 036C	65.000%	65.000 %	PL 869	60.000%	60.000 %
PL 036D	46.904%	46.904 %	PL 873	40.000%	40.000 %
PL 036E	64.000%	64.000 %	PL 874	90.260%	90.260 %
PL 036F	64.000%	64.000 %	PL 906	60.000%	60.000 %
PL 065	55.000%	55.000 %	PL 907	60.000%	60.000 %
PL 065B	55.000%	55.000 %	PL 914S	34.786%	34.786 %
PL 088BS	65.000%	65.000 %	PL 915	35.000%	35.000 %
PL 102D	50.000%	50.000 %	PL 919	65.000%	65.000 %
PL 102F	50.000%	50.000 %	PL 932	60.000%	60.000 %
PL 102G	50.000%	50.000 %	PL 941	50.000%	50.000 %
PL 102H	50.000%	50.000 %	PL 951	40.000%	40.000 %
PL 127C ¹⁾	88.083%	100.000 %	PL 963 ³⁾	0.000%	70.000 %
PL 146	77.800%	77.800 %	PL 964	40.000%	40.000 %
PL 150	65.000%	65.000 %	PL 977	60.000%	60.000 %
PL 159D	23.835%	23.835 %	PL 978	60.000%	60.000 %
PL 203	65.000%	65.000 %	PL 979	60.000%	60.000 %
PL 212	30.000%	30.000 %	PL 986	30.000%	30.000 %
PL 212B	30.000%	30.000 %	PL 1005	60.000%	60.000 %
PL 212E	30.000%	30.000 %	PL 1008	60.000%	60.000 %
PL 242	35.000%	35.000 %	PL 1022	40.000%	40.000 %
PL 261	50.000%	50.000 %	PL 1026	40.000%	40.000 %
PL 262	30.000%	30.000 %	PL 1028	50.000%	50.000 %
PL 300	55.000%	55.000 %	PL 1030	50.000%	50.000 %
PL 333	77.800%	77.800 %	PL 1041	40.000%	40.000 %
PL 340	65.000%	65.000 %	PL 1042	40.000%	40.000 %
PL 340BS	65.000%	65.000 %	PL 1045	65.000%	65.000 %
PL 364	90.260%	90.260 %	PL 1047	40.000%	40.000 %
PL 442	90.260%	90.260 %	PL 1066	50.000%	50.000 %
PL 442B	90.260%	90.260 %	PL 1081	60.000%	60.000 %
PL 442C	90.260%	90.260 %			
PL 460	65.000%	65.000 %			
PL 685	40.000%	40.000 %			
PL 762	20.000%	20.000 %			
PL 777	40.000%	40.000 %			
PL 777B	40.000%	40.000 %			
PL 777C	40.000%	40.000 %			

Number of licenses in which Aker BP is the operator

86

87

¹⁾ Decreased ownership as a result of the PGNiG transaction

²⁾ Aker BP became the operator as a result of the PGNiG transaction

³⁾ Relinquished license

Fields non-operated:	30.06.2020	31.03.2020
Atla	10.000%	10.000 %
Enoch	2.000%	2.000 %
Gina Krog ¹⁾	0.000%	3.300 %
Johan Sverdrup	11.573%	11.573 %
Oda	15.000%	15.000 %

¹⁾ Share sold to PGNiG

Production licenses in which Aker BP is a partner:

License:	30.06.2020	31.03.2020	License:	30.06.2020	31.03.2020
PL 006C	15.000%	15.000 %	PL 838B	30.000%	30.000 %
PL 006E	15.000%	15.000 %	PL 852	40.000%	40.000 %
PL 006F	15.000%	15.000 %	PL 852B	40.000%	40.000 %
PL 029B ¹⁾	0.000%	20.000 %	PL 852C	40.000%	40.000 %
PL 035	50.000%	50.000 %	PL 857 ²⁾	0.000%	20.000 %
PL 035C	50.000%	50.000 %	PL 862	50.000%	50.000 %
PL 048D	10.000%	10.000 %	PL 864 ²⁾	0.000%	20.000 %
PL 102C	10.000%	10.000 %	PL 892	30.000%	30.000 %
PL 127	50.000%	50.000 %	PL 902	30.000%	30.000 %
PL 127B	50.000%	50.000 %	PL 902B	30.000%	30.000 %
PL 220	15.000%	15.000 %	PL 942	30.000%	30.000 %
PL 265	20.000%	20.000 %	PL 954	20.000%	20.000 %
PL 272	50.000%	50.000 %	PL 955	30.000%	30.000 %
PL 272B	50.000%	50.000 %	PL 961	30.000%	30.000 %
PL 405	15.000%	15.000 %	PL 962	20.000%	20.000 %
PL 457BS	40.000%	40.000 %	PL 966	30.000%	30.000 %
PL 492	60.000%	60.000 %	PL 968	20.000%	20.000 %
PL 502	22.222%	22.222 %	PL 981	40.000%	40.000 %
PL 533	35.000%	35.000 %	PL 982	40.000%	40.000 %
PL 533B	35.000%	35.000 %	PL 985	20.000%	20.000 %
PL 554	30.000%	30.000 %	PL 1031	20.000%	20.000 %
PL 554B	30.000%	30.000 %	PL 1040	30.000%	30.000 %
PL 554C	30.000%	30.000 %	PL 1051	20.000%	20.000 %
PL 554D	30.000%	30.000 %	PL 1052	20.000%	20.000 %
PL 615 ²⁾	0.000%	4.000 %	PL 1054	30.000%	30.000 %
PL 615B ²⁾	0.000%	4.000 %	PL 1064	30.000%	30.000 %
PL 719	20.000%	20.000 %	PL 1069	50.000%	50.000 %
PL 722	20.000%	20.000 %			
PL 780	40.000%	40.000 %			
PL 782S	20.000%	20.000 %			
PL 782SB	20.000%	20.000 %			
PL 782SC	20.000%	20.000 %			
PL 782SD	20.000%	20.000 %			

Number of licenses in which Aker BP is the partner

55

60

¹⁾ Share sold to PGNiG

²⁾ Relinquished license

Note 20 Results from previous interim reports

(USD 1 000)	2020		2019		
	Q2	Q1	Q4	Q3	Q2
Total income	589 784	872 105	1 002 673	723 338	784 816
Production costs	196 174	156 043	154 272	167 267	198 320
Exploration expenses	49 774	50 336	84 683	70 213	60 261
Depreciation	286 353	277 412	255 015	205 867	167 889
Impairments	-135 872	653 697	-509	78 376	-
Other operating expenses	14 897	223	18 550	6 038	3 882
Total operating expenses	411 326	1 137 711	512 011	527 760	430 352
Operating profit/loss	178 458	-265 606	490 661	195 578	354 464
Net financial items	-27 418	-148 691	-66 663	-52 710	-86 232
Profit/loss before taxes	151 040	-414 298	423 998	142 868	268 232
Tax expense (+)/income (-)	-18 649	-79 564	312 448	186 291	205 734
Net profit/loss	169 689	-334 734	111 550	-43 423	62 498

(boe 1 000)	2020		2019		
	Q2	Q1	Q4	Q3	Q2
Sold volumes					
Liquids	18 036	15 858	13 930	10 437	10 264
Gas	3 073	3 026	3 046	2 743	2 541

(USD 1 000)	2020		2019		
	Q2	Q1	Q4	Q3	Q2
Assets					
Goodwill	1 647 436	1 647 436	1 712 809	1 712 809	1 791 185
Other intangible assets	2 053 548	2 001 150	2 537 283	2 570 893	2 521 625
Property, plant and equipment	7 175 129	7 060 700	7 023 276	6 613 597	6 299 710
Right-of-use asset	137 296	170 834	194 328	215 328	238 879
Receivables and other assets	546 212	524 382	651 986	609 112	521 934
Calculated tax receivables (short)	186 630	-	-	-	17 418
Cash and cash equivalents	142 333	322 789	107 104	5 066	101 828
Total assets	11 888 584	11 727 291	12 226 786	11 726 805	11 492 580
Equity and liabilities					
Equity	1 912 084	1 813 229	2 367 585	2 443 539	2 663 797
Other provisions for liabilities incl. P&A (long)	2 655 478	2 699 246	2 645 420	2 542 083	2 558 845
Deferred tax	2 471 221	2 153 376	2 235 357	2 279 415	1 991 371
Bonds and bank debt	3 712 292	3 593 387	3 286 768	2 939 545	2 634 585
Lease debt	236 259	277 356	313 256	341 071	374 595
Other current liabilities incl. P&A	901 251	930 616	1 017 244	986 162	830 119
Tax payable	-	260 081	361 157	194 991	439 270
Total equity and liabilities	11 888 584	11 727 291	12 226 786	11 726 805	11 492 580

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 fields¹⁾

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 in the quarter divided by number of shares outstanding

Capex is disbursements on investments in fixed assets deducted by capitalized interest cost¹⁾

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 expenses¹⁾

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 based on produced volumes, divided by number of barrels of oil equivalents produced in the corresponding period (see note 3)

¹⁾ Includes payments of lease debt as disclosed in note 7.

(USD 1 000)	Note	Q2 2020	Q1 2020	01.01.-30.06. 2020	Q2 2019	01.01.-31.12. 2019
Abandonment spend						
Payment for removal and decommissioning of oil fields		15 007	20 929	35 936	39 554	104 890
Payments of lease debt (abandonment activity)	7	1 077	1 521	2 598	497	4 444
Abandonment spend		16 084	22 450	38 534	40 052	109 334
Depreciation per boe						
Depreciation	6	286 353	277 412	563 765	167 889	811 874
Total produced volumes (boe 1 000)	3	19 090	18 938	38 028	11 585	56 886
Depreciation per boe		15.0	14.6	14.8	14.5	14.3
Dividend per share						
Paid dividend		70 833	212 500	283 333	187 500	750 000
Number of shares outstanding		359 614	359 984	359 799	360 060	360 014
Dividend per share		0.20	0.59	0.79	0.52	2.08
Capex						
Disbursements on investments in fixed assets		359 514	342 508	702 022	414 194	1 703 213
Payments of lease debt (investments in fixed assets)	7	21 027	30 716	51 743	26 581	108 587
Capitalized interest	8	-8 972	-12 900	-21 873	-44 156	-144 686
CAPEX		371 568	360 324	731 892	396 619	1 667 113
EBITDA						
Total income	2	589 784	872 105	1 461 889	784 816	3 347 088
Production costs	3	-196 174	-156 043	-352 217	-198 320	-720 321
Exploration expenses	4	-49 774	-50 336	-100 110	-60 261	-305 516
Other operating expenses		-14 897	-223	-15 120	-3 882	-35 328
EBITDA		328 939	665 503	994 442	522 353	2 285 922
EBITDAX						
Total income	2	589 784	872 105	1 461 889	784 816	3 347 088
Production costs	3	-196 174	-156 043	-352 217	-198 320	-720 321
Other operating expenses		-14 897	-223	-15 120	-3 882	-35 328
EBITDAX		378 713	715 839	1 094 552	582 614	2 591 439
Equity ratio						
Total equity		1 912 084	1 813 229	1 912 084	2 663 797	2 367 585
Total assets		11 888 584	11 727 291	11 888 584	11 492 580	12 226 786
Equity ratio		16%	15%	16%	23%	19%
Exploration spend						
Disbursements on investments in capitalized exploration expenditures		19 413	31 253	50 666	87 155	370 185
Exploration expenses	4	49 774	50 336	100 110	60 261	305 516
Dry well	4	-9 866	-28 982	-38 847	-29 163	-176 419
Payments of lease debt (exploration expenditures)	7	123	221	343	468	1 384
Exploration spend		59 443	52 829	112 272	118 721	500 666

(USD 1 000)	Note	Q2 2020	Q1 2020	01.01.-30.06. 2020	Q2 2019	01.01.-31.12. 2019
Interest coverage ratio						
Twelve months rolling EBITDA	20	2 219 431	2 412 844	2 219 431	2 417 110	2 285 922
Twelve months rolling EBITDA, impacts from IFRS 16	7	-27 485	-20 638	-27 485	-9 823	-20 636
<i>Twelve months rolling EBITDA, excluding impacts from IFRS 16</i>		<i>2 191 945</i>	<i>2 392 206</i>	<i>2 191 945</i>	<i>2 407 287</i>	<i>2 265 287</i>
Twelve months rolling interest expenses	8	175 754	175 975	175 754	197 069	175 672
Twelve months rolling amortized loan cost	8	18 883	20 065	18 883	26 791	21 705
Twelve months rolling interest income	8	6 284	11 795	6 284	27 870	16 490
<i>Net interest expenses</i>		<i>188 354</i>	<i>184 244</i>	<i>188 354</i>	<i>195 990</i>	<i>180 886</i>
Interest coverage ratio		11.6	13.0	11.6	12.3	12.5
Leverage ratio						
Long-term bonds	14	3 121 781	3 120 062	3 121 781	1 858 665	1 630 936
Other interest-bearing debt	15	380 708	280 784	380 708	775 920	1 429 132
Short-term bonds	14	209 803	192 541	209 803	-	226 700
Cash and cash equivalents	11	142 333	322 789	142 333	101 828	107 104
<i>Net interest-bearing debt excluding lease debt</i>		<i>3 569 959</i>	<i>3 270 598</i>	<i>3 569 959</i>	<i>2 532 757</i>	<i>3 179 664</i>
Twelve months rolling EBITDAX	20	2 474 436	2 678 337	2 474 436	2 733 708	2 591 439
Twelve months rolling EBITDAX, impacts from IFRS 16	7	-26 965	-19 797	-26 965	-9 202	-19 839
<i>Twelve months rolling EBITDAX, excluding impacts from IFRS 16</i>		<i>2 447 471</i>	<i>2 658 540</i>	<i>2 447 471</i>	<i>2 724 505</i>	<i>2 571 600</i>
Leverage ratio		1.46	1.23	1.46	0.93	1.24
Net interest-bearing debt						
Long-term bonds	14	3 121 781	3 120 062	3 121 781	1 858 665	1 630 936
Long-term lease debt	7	156 396	179 501	156 396	252 467	202 592
Other interest-bearing debt	15	380 708	280 784	380 708	775 920	1 429 132
Short-term bonds	14	209 803	192 541	209 803	-	226 700
Short-term lease debt	7	79 863	97 855	79 863	122 127	110 664
Cash and cash equivalents	11	142 333	322 789	142 333	101 828	107 104
Net interest-bearing debt		3 806 218	3 547 954	3 806 218	2 907 352	3 492 920

Operating profit/loss see Income Statement

Production cost per boe see note 3

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 interim financial statements for the period 1 January to 30 June 2020 have been prepared in accordance with IAS 34, as endorsed by the EU, and in accordance with the requirements for additional information provided for by the Norwegian Accounting Act. The information presented in the financial statements gives a true and fair picture of the company's liabilities, financial position and results overall.

To the best of our knowledge, the Board of Directors' half-yearly report together with the yearly report, gives a true and fair picture of the development, performance and financial position of the company, and includes a description of the principal risk and uncertainty factors facing the company.

The Board of Directors and the CEO of Aker BP ASA
Akerkvartalet, 13 July 2020

Øyvind Eriksen, Chair of the Board

Kjell Inge Røkke, Board member

Anne Marie Cannon, Deputy Chair

Trond Brandsrud, Board member

Gro Kielland, Board member

Murray Auchincloss, Board member

Ingard Haugeberg, Board member

Terje Solheim, Board member

Anette Hoel Helgesen, Board member

Kate Thomson, Board member

Karl Johnny Hersvik, Chief Executive Officer

Ørjan Holstad, Board member



To the Board of Directors of Aker BP ASA

Independent Auditors' Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated statements of financial position of Aker BP ASA as at 30 June 2020, 30 June 2019 and 31 March 2020, and the related condensed consolidated income statements and statements of comprehensive income and cash flows for the six-month periods ended 30 June 2020 and 2019, and the three-month periods ended 30 June 2020, 30 June 2019 and 31 March 2020, and the related condensed consolidated statement of changes in equity for the three-month periods ended 30 June 2020 and 31 March 2020, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* as adopted by the EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information, is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting* as adopted by the EU.

Other matters

Our report does not extend to the summary financial information for interim periods included in note 20 which is not a required disclosure under International Accounting Standard 34 *Interim Financial Reporting*.

Oslo, 13 July 2020

KPMG AS

Mona Irene Larsen
State Authorised Public Accountant (Norway)

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



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