2015

Statutory report

Statoil

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in accordance with Norwegian authority requirements

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Cover photo: Øyvind Hagen

Statutory report 2015

Board of directors report

The profitability of the oil and gas industry continues to be challenged and Statoil's overall financial result for 2015 was highly affected by the decrease in prices. However, production efficiency was significantly improved and Statoil exceeded its targets in the improvement programmes. The company continued to deliver good safety results and achieved solid operational performance.

Net operating income was NOK 14.9 billion in 2015, down 86% from NOK 109.5 billion in 2014. The significant decrease was mainly attributable to lower prices for liquids and gas leading to increased net impairment losses.

Operational performance was improved, with safety improvements and increased production. Total equity liquids and gas production in 2015 was 1,971 mboe per day, up 2% compared to 2014 when total equity production amounted to 1,927 mboe per day. Organic production growth was 6% in 2015. The increase was driven by improved production regularity, ramp-up and start-up of new fields and the pursuit of our value-over-volume strategy. Expected annual organic production growth is around 1% from 2014-2017 and 2-4% annually from 2017-2019.

Cash flows provided by operating activities were NOK 109.0 billion in 2015 compared to NOK 126.5 billion in 2014. The decrease was mainly due to reduced liquids and gas prices. At the end of the year, Statoil's net debt to capital employed was 26.8%.

Statoil continues to be among the top exploration companies in the industry. The organic reserve replacement ratio in 2015 was 88%, while the three-year average was 110%.

The good safety levels continued in 2015. Regrettably, however, there were three fatalities among Statoil's contractor workforce in the fourth quarter. This is a clear reminder of the risks involved in the oil and gas business and that safety of people and operations is and will remain, the company's top priority. The serious incident frequency, measured as incidents per million hours worked and including both Statoil employees and contractors, was 0.6 in 2015.

High volatility characterised the oil market in 2015, with the price of Brent in a range between USD 66 per barrel in May to USD 35 per barrel at the end of December. Refinery margins were well above normal levels due to low crude prices throughout the year. Natural gas prices fell during 2015 in most markets and European gas prices reached the lowest level since early 2010. Reasons include weak demand, good supplies and low prices for coal, oil and other competing fuels. We see that natural gas prices are under pressure in the short term. In the medium to longer term, however, we see a stronger gas market emerging.

Statoil continues to make strong progress and is now further stepping up the corporate efficiency programme to address the fundamental cost challenge in the oil and gas industry. By the end of 2015 Statoil had delivered USD 1.9 billion in savings (pre-tax) in the programme, already exceeding the USD 1.7 billion target set for 2016. Statoil expects to deliver efficiency improvements with pre-tax cash flow effects of around USD 2.5 billion annually from 2016.

In 2015, Statoil continued to optimise the portfolio, announcing divestments with net proceeds of NOK 33 billion in a challenging market environment. Through portfolio optimisation, a 15% interest in the Gudrun field was farmed down and the sale of a 20% interest in Trans Adriatic Pipeline AG was completed. Statoil also completed its sale of the remaining 15.5% interest in Shah Deniz and the South Caucasus Pipeline. In addition, Statoil agreed with Repsol to increase the working interest in Eagle Ford in the US from 50% to 63%, to take over operatorship of the BMC-33 licence offshore Brazil and acquire a 31% equity share in the UK licence Alfa Sentral, a field which spans the UK-Norway maritime border. The transactions for BM-C-33 and Alfa Sentral are pending governmental approval. In the first quarter of 2016 Statoil acquired 11.93% of the shares and votes in Lundin Petroleum AB for a total purchase price of SEK 4.6 billion.

Maintaining flexibility in a broad portfolio of operated assets, Statoil is well positioned to capture value from an expected upturn in the market. The non-sanctioned project portfolio with planned start-up by 2022 has been substantially improved, reducing the average break-even oil price from USD 70 per boe in 2013 to USD 41 per boe in 2016. Capital expenditures were USD 14.7 billion in 2015, down from the original guiding of USD 18 billion and a reduction of more than USD 5 billion from 2014. In 2016, Statoil expects capital expenditures of around USD 13 billion.

The Norwegian continental shelf (NCS) field Valemon and the fast-track projects Oseberg Delta, Gullfaks Sør Olje and Smørbukk Sør Extension started production in 2015, and the plan for Development and Operations (PDO) for the Johan Sverdrup field and Gullfaks Rimfaksdalen Fast track project were approved by the Ministry of Petroleum and Energy (MPE). The PDO for Oseberg Vestflanken 2 was submitted to the MPE. In the international business, the Shell operated Corrib gas field in Ireland and the Kizomba Satellites Phase 2 project in Block 15 offshore Angola started production.

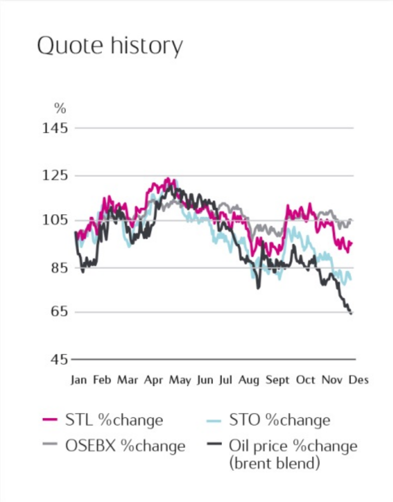
Statoil also delivered an extensive application in the 23rd licensing round and was awarded interest in 24 licenses on the NCS, 13 as operator and 11 as partner.

Statoil has a commitment to long-term sustainable value creation and has an ambition to be the most carbon-efficient oil and gas producer. In 2015, the New Energy Solutions business area was established. Its main task will be to pursue profitable business opportunities within renewable energy by building on existing capabilities and our position in offshore wind.

Statoil enters 2016 in a robust financial position, with strong operational performance and good progress on the improvement programmes. The company is well prepared to deal with the volatility in the markets and the demanding situation for the industry and have the competency, capacity and the leadership capabilities necessary to meet challenges ahead.

The Statoil share

The board of directors proposes ordinary dividend at an aggregate total of NOK 23.5 billion for 2015.



It is Statoil's ambition to grow the annual cash dividend measured in USD per share in line with long-term underlying earnings.

Statoil commenced quarterly dividends in 2014. The dividend policy is conditional upon the annual general meeting (AGM) authorising the board of directors to decide upon payment of quarterly dividends. Such authorisation must be renewed at each AGM in order to remain valid. The board of directors updated the dividend policy in 2015 to reflect USD as declaration currency.

Statoil's board approves first, second and third quarter interim dividends, based on an authorisation from the AGM, while the AGM approves the fourth quarter dividend and implicit the total dividend based on a proposal from the board. When deciding the interim dividends and recommending the total annual dividend level, the board will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. In addition to cash dividend, Statoil might buy back shares as part of total distribution of capital to the shareholders. The shareholders at the AGM may vote to reduce, but may not increase, the fourth quarter dividend proposed by the board of directors. It is Statoil's intention to have this authorisation approved at the AGM. Statoil announces dividend payments in connection with quarterly results. Payment of quarterly dividends is expected to take place approximately four months after the announcement of each quarterly dividend.

During 2015 Statoil paid four quarterly dividends. The third quarter 2014 dividend was paid out in February 2015, the fourth quarter 2014 dividend was paid out in May 2015, the first quarter 2015 dividend was paid out in August 2015 and the second quarter 2015 dividend was paid out in November 2015. The third quarter 2015 dividend was paid out in February 2016. The proposed fourth quarter 2015 dividend will be considered at the AGM 11 May 2016. The Statoil share will be traded ex dividend on 12 May 2016. If approved, the dividend will be disbursed around late June 2016. For US ADR holders, the ex-dividend date will be 12 May 2016 and expected payment date for ADR holders will be in June 2016.

The board of directors proposes to the AGM a dividend of USD 0.2201 per share for the fourth quarter 2015 and the introduction of a two-year scrip dividend programme for eligible shareholders starting from the fourth quarter 2015. The scrip programme will give shareholders the option to receive quarterly dividends in cash or in newly issued shares in Statoil, at a 5% discount for the fourth quarter 2015. The Norwegian Government, as majority shareholder, supports the proposal and will seek the Norwegian Parliament's approval to vote in favour of the proposal at the AGM. The Norwegian government intends to match subscription of shares by minority shareholders, and thereby maintain its ownership share of 67% throughout the programme.

The Statoil share, listed on the Oslo Børs (Norway) under the ticker code STL, decreased during 2015, starting out in January 2015 at NOK 131,20 and closed at NOK 123,70 at the end of 2015. Statoil is also listed on the New York Stock Exchange (US) under the ticker code STO.

Our business

Statoil is an energy company primarily engaged in oil and gas exploration and production activities.

Statoil ASA is a public limited liability company organised under the laws of Norway and subject to the provisions of the Norwegian Public Limited Liability Companies Act. The Norwegian State is the largest shareholder in Statoil ASA, with a direct ownership interest of 67%.

Statoil has business operations in more than 30 countries and employs about 21,600 employees worldwide. The company is the leading operator on the NCS and the head office is located in Stavanger, Norway.

Statoil is present in several of the most important oil and gas provinces in the world. In 2015, 37% of Statoil's equity production came from international activities. Statoil also holds operatorships internationally.

Statoil is among the world's largest net sellers of crude oil and condensate, and is the one of the largest suppliers of natural gas to the European market. Processing and refining are also part of our operations. Statoil is also participating in projects that focus on other forms of energy and other low-carbon energy solutions, such as offshore wind and carbon capture and storage, in anticipation of the need to expand energy production, strengthen energy security and combat adverse climate change.

Statoil creates value by accessing, exploring, developing, and producing energy sources globally, and by enhancing the value of such production through its mid- and downstream positions.

Fundamental changes are happening in the oil and gas industry. The industry faces new challenges, such as increased pressure on margins, changing patterns of energy supply and consumption, geopolitical instability and rising climate change concerns.

Statoil's top priorities remain to conduct safe and reliable operations with zero harm to people and the environment, and to grow value through disciplined investments and prudent financial management with competitive redistribution of capital to shareholders. To succeed going forward in turning Statoil's vision into reality, Statoil pursues a strategy that will:

- Deepen and prolong Statoil's NCS position
- Grow material and profitable international positions
- Pursue focused and value-adding mid- and downstream activities
- Provide energy for a low carbon future

In addition, Statoil will research, develop, and deploy technology to create opportunities and enhance the value of Statoil's current and future assets.

Statoil's operations are managed through the following business areas:

Development and Production Norway (DPN)
DPN comprises the upstream activities on the NCS. DPN aims to continue its leading role and ensure maximum value creation on the NCS. Through excellent HSE and improved operational performance and cost, DPN strives to maintain and strengthen Statoil's position as a world-leading operator of producing offshore fields. DPN seeks to open new acreage and to mature improved oil recovery and exploration prospects. New and existing fields are primarily developed using an industrial approach, in which speed of delivery and cost improvements through standardisation and repeated use of proved solutions are key elements. In 2015, production from DPN constituted 68% of Statoil's total entitlement production.

Development and Production International (DPI)
DPI comprises our worldwide upstream activities that are not included in the DPN and Development and Production USA (DPUSA) business areas. DPI's ambition is to build a large and profitable international production portfolio comprising activities ranging from accessing new opportunities to delivering on existing projects and managing a production portfolio. DPI endeavours to ensure the delivery of profitable projects in a range of complex technical and stakeholder environments, and it manages a broad non-operated production portfolio that will be complemented with operated positions.

Development and Production United States (DPUSA)
DPUSA comprises our upstream activities in the USA and Mexico. DPUSA's ambition is to develop a material and profitable position in the US and Mexico, including the deep water regions of the Gulf of Mexico and unconventional oil and gas in the US. In this connection, Statoil aims to further strengthen its capabilities in deep water and unconventional oil and gas operations.

Marketing, Midstream and Processing (MMP)
MMP comprises our marketing and trading of oil products and natural gas, transportation, processing and manufacturing, and the development of oil and gas value chains. MMP's ambition is to maximise value creation in Statoil's midstream, marketing and renewable energy business. MMP is responsible for the marketing and trading of crude oil, natural gas, power, emissions, liquids and refined products, for transportation and processing, and for developing business opportunities in renewables. MMP markets Statoil's own volumes and purchases the Norwegian state's direct financial interest (SDFI) total equity production of crude oil in addition to third-party volumes. MMP is also responsible for marketing SDFI's gas.

Exploration (EXP)
EXP is responsible for positioning Statoil as one of the leading global exploration companies and for deploying resources to priority exploration activities across the portfolio. This is achieved through accessing high potential new acreage in priority basins, globally prioritising and drilling more significant wells in growth and frontier basins, delivering near-field exploration on the NCS and other select areas, and achieving step-change improvements in performance.

Technology, Projects and Drilling (TPD)
TPD is responsible for delivering projects and drilling wells and providing global support on standards and procurement. TPD is also responsible for developing Statoil as a technology company. TPD's ambition is to provide safe, efficient and cost-competitive global well and project delivery, technological excellence, and research and development. Cost-competitive procurement is an important contributory factor, although group-wide procurement services are also expected to help to drive costs in the group down.

Global Strategy and Business Development (GSB)
GSB is Statoil's functional centre for strategy and business development. The ambition of the GSB business area is to closely link corporate strategy and business development to actively drive Statoil's corporate development. GSB is responsible for Statoil's global strategy processes, and identifies, develops and delivers inorganic business development opportunities. This is achieved through close collaboration across geographic locations and business areas. Statoil's strategy forms the basis for guiding the company's business development focus.

New Energy Solutions (NES)
The NES business area reflects Statoil's aspirations to gradually complement its oil and gas portfolio with profitable renewable energy and other low-carbon energy solutions. NES is responsible for wind parks, carbon capture and storage as well as other renewable energy and low-carbon energy solutions. Offshore wind and carbon capture and storage have been key focus areas in 2015. In February 2016, Statoil launched a new energy investment fund dedicated to investing in attractive and ambitious growth companies in renewable energy, supporting its strategy of growth in new energy solutions. The new fund, Statoil Energy Ventures, will invest up to USD 200 million over a period of four to seven years.

Group profit and loss analysis

Net operating income was down by 86% in 2015, impacted by significantly lower prices and increased net impairment losses.

Operational data	For the year ended 31 December 2015	2014	15-14 change
Prices			
Average Brent oil price (USD/bbl)	**55.3**	98.9	(44%)
Development and Production Norway average liquids price (USD/bbl)	**48.2**	90.6	(47%)
Development and Production International average liquids price (USD/bbl)	**42.9**	85.6	(50%)
Group average liquids price (USD/bbl)	**45.9**	88.6	(48%)
Group average liquids price (NOK/bbl)	**370.7**	558.5	(34%)
Transfer price natural gas (NOK/scm)	**1.58**	1.57	1%
Average invoiced gas prices - Europe (NOK/scm)	**2.16**	2.28	(5%)
Average invoiced gas prices - North America (NOK/scm)	**0.79**	1.04	(24%)
Refining reference margin (USD/bbl)	**8.0**	4.7	70%
Entitlement production (mboe per day)			
Development and Production Norway entitlement liquids production	**595**	588	1%
Development and Production International entitlement liquids production	**436**	383	14%
Group entitlement liquids production	**1,032**	971	6%
Development and Production Norway entitlement gas production	**637**	595	7%
Development and Production International entitlement gas production	**144**	163	(12%)
Group entitlement gas production	**781**	758	3%
Total entitlement liquids and gas production	**1,812**	1,729	5%
Equity production (mboe per day)			
Development and Production Norway equity liquids production	**595**	588	1%
Development and Production International equity liquids production	**569**	538	6%
Group equity liquids production	**1,165**	1,127	3%
Development and Production Norway equity gas production	**637**	595	7%
Development and Production International equity gas production	**170**	205	(17%)
Group equity gas production	**806**	801	1%
Total equity liquids and gas production	**1,971**	1,927	2%
Liftings (mboe per day)			
Liquids liftings	**1,035**	967	7%
Gas liftings	**802**	779	3%
Total liquids and gas liftings	**1,837**	1,746	5%
Marketing, Processing and Renewable Energy sales volumes			
Crude oil sales volumes (mmbl)	**829.0**	811.0	2%
Natural gas sales Statoil entitlement (bcm)	**44.0**	43.1	2%
Natural gas sales third-party volumes (bcm)	**8.6**	8.1	6%
Production cost (NOK/boe, last 12 months)			
Production cost entitlement volumes	**52**	55	(5%)
Production cost equity volumes	**48**	49	(2%)

Total equity liquids and gas production was 1,971 mboe per day in 2015 compared to 1,927 mboe per day in 2014. The 2% increase in total equity production was primarily due to start-up and ramp-up on various fields, higher gas sales from the NCS and improved operational performance. Expected natural decline and reduced ownership shares as a result of divestments and redeterminations, partially offset the increase.

Total entitlement liquids and gas production was 1,812 mboe per day in 2015 compared to 1,729 mboe in 2014, up 5% for the same reasons as described above. The benefit of lower effect from production sharing agreements (PSA effect) mainly driven by the reduction in prices, added to the increase in entitlement production. The PSA effect was 116 mboe and 157 mboe per day in 2015 and 2014, respectively.

Income statement under IFRS (in NOK billion)	For the year ended 31 December 2015	2014 (restated)	15-14 change
Revenues	**465.3**	606.8	(23%)
Net income from equity accounted investments	**(0.3)**	(0.3)	2%
Other income	**17.8**	16.1	11%
Total revenues and other income	**482.8**	622.7	(22%)
Purchases [net of inventory variation]	**(211.2)**	(301.3)	(30%)
Operating expenses and selling, general and administrative expenses	**(91.9)**	(80.2)	15%
Depreciation, amortisation and net impairment losses	**(133.8)**	(101.4)	32%
Exploration expenses	**(31.0)**	(30.3)	2%
Net operating income	**14.9**	109.5	(86%)
Net financial items	**(10.6)**	(0.0)	>100%
Income before tax	**4.3**	109.4	(96%)
Income tax	**(41.6)**	(87.4)	(52%)
Net income	**(37.3)**	22.0	>(100%)

Total revenues and other income amounted to NOK 482.8 billion in 2015 compared to NOK 622.7 billion in 2014. Revenues are generated from both the sale of lifted crude oil, natural gas and refined products produced and marketed by Statoil, and from the sale of liquids and gas purchased from third parties. In addition, we market and sell the Norwegian State's share of liquids from the NCS. All purchases and sales of the Norwegian State's production of liquids are recorded as purchases [net of inventory variations] and revenues, respectively, while sales of the Norwegian State's share of gas from the NCS are recorded net.

The 23% decrease in **revenues** from 2014 to 2015 was mainly due to the significant reduction in both liquids and gas prices measured in NOK. Stronger refinery margins in 2015 and higher volumes of both liquids and gas sold partially offset the decrease.

Other income was NOK 17.8 billion in 2015 compared to NOK 16.1 billion in 2014. Other income in 2015 is mainly related to gains from sales of certain ownership interest in the Shah Deniz project (NOK 12.4 billion), the Trans Adriatic Pipeline AG (NOK 1.4 billion) and the Gudrun field (NOK 1.2 billion). Also, gain from sales of office buildings in Norway (NOK 2.1 billion) impacted other income in 2015. Other income in 2014 consisted of the gain from the sale of certain ownership interests on the NCS to Wintershall (NOK 5.9 billion) and the divestment of working interests in the Shah Deniz Project and South Caucasus Pipeline (NOK 5.4 billion.) In addition, an arbitration settlement (NOK 2.8 billion) following an arbitration ruling in Statoil's favour, impacted other income in 2014.

As a result of the factors explained above, **total revenue and other income** decreased by 22% in 2015.

Purchases [net of inventory variation] include the cost of liquids purchased from the Norwegian State and the cost of liquids and gas purchased from third parties. Purchases [net of inventory variation] amounted to NOK 211.2 billion in 2015 compared to 301.3 billion in 2014. The 30% decrease from 2014 to 2015 was mainly related to the significant lower prices for liquids and gas and other oil products, and a write-down of inventories from cost to market value of NOK 3.9 billion, partially offset by the USD/NOK exchange rate development.

Operating expenses and selling, general and administrative expenses amounted to NOK 91.9 billion in 2015 compared to NOK 80.2 billion in 2014. The 15% increase from 2014 to 2015 was mainly due to the USD/NOK exchange rate development in 2015 and because a curtailment gain related to the change of pension plan of NOK 3.5 billion was included in 2014. Lower operation and maintenance costs, lower royalties due to reduced liquids prices, reduced transportation costs and portfolio changes in addition to positive effects from on-going cost initiatives, partially offset the increase. Excluding the USD/NOK exchange rate development and the effect of the curtailment gain in 2014, operating expenses and selling, general and administrative expenses decreased by 3%.

Depreciation, amortisation and net impairment losses amounted to NOK 133.8 billion in 2015 compared to NOK 101.4 billion in 2014. Included in these totals were net impairment losses of NOK 47.8 billion in 2015 and NOK 26.9 billion in 2014, related to the continuously falling commodity prices.

Net impairment losses of NOK 47.8 billion in 2015 were mainly related to unconventional onshore assets in the USA and other conventional assets in the DPI segment (NOK 42.7 billion), conventional offshore assets in the development phase in the DPN segment (NOK 8.7 billion) and a net impairment reversal of NOK 3.5 mainly related to a refinery in the MMP segment. See note 11 *Property, plant and equipment* to the Consolidated financial statements for further details.

Compared to 2014, the 32% increase in 2015 was mainly due to increased impairment charges primarily as a result of the further declining long-term commodity price assumptions in the first quarter of 2015. In addition, the USD/NOK exchange rate development and start-up and ramp-up of production of several fields added to the increase in depreciation. Reduced overall depreciation because of net impairments of assets in both 2014 and 2015 with a corresponding lower basis for depreciation partially offset the increase.

In 2015, **exploration expenses** were NOK 31.0 billion, a 2% increase compared to 2014 when exploration expenses were NOK 30.3 billion. Exploration expenses increased mainly due to the USD/NOK exchange rate development and increased impairment of exploration prospects and signature bonuses in 2015. A lower level of drilling activity, a higher capitalisation rate and a lower portion of previously capitalised expenditures being expensed in 2015, partially offset the increase.

As a result of the factors explained above, **net operating income** was NOK 14.9 billion in 2015, compared to NOK 109.5 billion in 2014.

Net financial items were negative NOK 10.6 billion in 2015, compared to NOK 0 billion in 2014. The decrease in 2015 was mainly related to loss of NOK 3.8 billion on derivatives related to the long term debt portfolio in 2015, compared to a gain on derivatives of NOK 5.8 billion in 2014, mainly due to changes in the interest yield curves.

Income taxes were NOK 41.6 billion in 2015, equivalent to an effective tax rate of more than 100%, compared to NOK 87.4 billion, equivalent to an effective tax rate of 79.9% in 2014.

In 2015, aggregated accounting losses were recognised in countries with higher than average tax rates, hence the "weighted average of statutory tax rates" was negative. The **effective tax rate** in 2015 was primarily influenced by losses, mainly caused by impairments recognised in countries where deferred tax assets could not be recognised (NOK 23.5 billion), partially offset by tax exempted gains on sale of assets including Statoil's interest in the Shah Deniz project (NOK 3.7 billion) and the tax effect of foreign exchange losses in entities that are taxable in other currencies than the functional currency (NOK 5.8 billion). These losses are tax deductible, but do not impact the Consolidated statement of income. Furthermore, the effective tax rate in 2015 was influenced by the de-recognition of deferred tax assets within the Development and Production International segment, due to uncertainty related to future taxable income (NOK 4.7 billion), as described in Note 9 *Income taxes* to the Consolidated financial statements.

The effective tax rate in 2014 was primarily influenced by losses, mainly caused by impairments, recognised in countries where deferred tax assets could not be recognised (NOK 12.1 billion), partially offset by tax exempted gains on sale of assets including NCS and Statoil's interest in the Shah Deniz project of NOK 6.2 billion and the tax effect of foreign exchange losses in entities that are taxable in other currencies than the functional currency of NOK 5.1 billion. These losses are tax deductible, but do not impact the Consolidated statement of income. The effective tax rate in 2014 was also influenced by the recognition of a non-cash tax income of NOK 2.0 billion following a verdict in the Norwegian Supreme Court in February 2014. The Supreme Court voted in favour of Statoil in a tax dispute regarding the tax treatment of foreign exploration expenditures.

In 2015, **net income** was negative NOK 37.3 billion compared to positive NOK 22.0 billion in 2014. The significant decrease from 2014 to 2015 was mainly due to the reduced commodity prices, leading to lower earnings and impairment losses. Increased losses on net financial items related to derivatives added to the decrease, which was partially offset by the reduction in income taxes.

Return on average capital employed (ROACE) was negative 8.0% in 2015 compared to positive 2.7% in 2014. The decrease is due to the negative development in net income adjusted for financial items, combined with an increase in average capital employed.

Annual ordinary dividends for 2015 amounted to an aggregate total of NOK 23.5 billion. Considering the proposed dividend, NOK 70.3 billion will be transferred from retained earnings in the parent company. For 2014, annual ordinary dividends amounted to an aggregate total of NOK 22.9 billion.

For the period 2005-2014 Statoil ASA made group contributions to subsidiaries totaling NOK 15,551 million. For more information, see note 17 *Shareholders' equity* to the Consolidated financial statements.

With effect from first quarter of 2016, Statoil will change to USD as presentation currency. The change reflects the company`s underlying exposure to the USD as well as better alignment of its reporting to peers.

In accordance with §3-3 of the Norwegian Accounting Act, the board of directors confirms that the **going concern** assumption on which the financial statements have been prepared, is appropriate.

Cash flows

Statoil`s cash flows in 2015 reflect a high investment level, continued portfolio optimisation and issuance of new debt resulting in a small decrease in cash and cash equivalents and an increase in short-term financial investments.

Cash flows provided by operations

Cash flows provided by operating activities were NOK 109.0 billion in 2015 compared to NOK 126.5 billion in 2014, which is a decrease of NOK 17.5 billion. Cash flows provided by operating activities before taxes paid and working capital items were reduced by NOK 43.0 billion compared to 2014, driven by a significant reduction in both liquids and gas prices measured in NOK. The decrease was partially offset by positive changes in working capital and lower taxes paid in 2015 compared to 2014.

Cash flows used in investing activities

Cash flows used in investing activities were NOK 115.1 billion in 2015 compared to NOK 112.0 billion in 2014, an increase of NOK 3.1 billion mainly due to increased capital expenditures, financial investments and additions through business combinations, partially offset by higher proceeds from sale of assets and businesses. The proceeds from sale of assets in 2015 of NOK 33.2 billion were mainly related to the divestment of the remaining interests in the Shah Deniz field and the South Caucasus pipeline, sale of office buildings, sale of interest in the Marcellus onshore play, sale of interests in Trans Adriatic Pipeline AG and the sale of interests in licences on the NCS.

Cash flows provided by (used in) financing activities

Cash flows used in financing activities were NOK 7.5 billion and were mainly related to payments of dividends NOK 22.9 and repayments of debt NOK 11.4, partially offset by issuance of new debt of NOK 32.2 billion. In 2014, cash flows used in financing activities were NOK 23.1 billion and were mainly related to payments of dividends and repayments of debt, partly offset by issuance of new debt in November 2014 of NOK 20.6 billion.

In 2015, Net operating income significantly deviates from Cash flows provided by operating activities before taxes paid and working capital items, mainly due to depreciation, net impairments losses and gains from sale of assets.

Liquidity and capital resources

Statoil has a strong balance sheet and considerable financial flexibility. The net debt ratio before adjustments was 25.6% at the end of 2015. Net interest-bearing debt before adjustments increased by NOK 32.8 billion in 2015, and was NOK 122.0 billion at the end of 2015.

Financial position and liquidity

Statoil's financial position is strong although its net debt ratio before adjustments at year end increased from 19.0% in 2014 to 25.6% in 2015. Net interest-bearing debt increased from NOK 89.2 billion to NOK 122.0 billion. During 2015 Statoil's total equity decreased from NOK 381.2 billion to NOK 355.1 billion, mainly due to impairments recognised in 2015. Current level of net debt ratio is below levels from previous periods of low prices. Cash flows provided by operating activities were reduced in 2015, mainly due to lower prices and increased cash flows used in investments.

Statoil believes that, given its current liquidity reserves, including committed credit facilities of USD 5.0 billion and its access to various capital markets, Statoil will have sufficient capital available to meet its liquidity needs.

Funding needs arise as a result of Statoil's general business activity. Statoil generally seek to establish financing at the corporate level. Project financing may be used in cases involving joint ventures with other companies. Statoil aims to have access at all times to a variety of funding sources in respect of markets and instruments as well as maintaining relationships with a core group of international banks that provide various kinds of banking services.

We have diversified our cash investments across a range of financial instruments and counterparties to avoid concentrating risk in any one type of investment or any single country. As of 31 December 2015, approximately 6% of our liquid assets were held in USD-denominated assets, 17% in NOK, 51% in EUR, 7% in DKK, 15% in SEK, and 1% in GBP, before the effect of currency swaps and forward contracts. Approximately 72% of our liquid assets were held in treasury bills and commercial papers, 23% in time deposits, 3% in liquidity funds and 2% at bank available. As of 31 December 2015, approximately 3% of our liquid assets were classified as restricted cash (including collateral deposits).

Long-term funding is raised when we identify a need for such financing based on our business activities, cash flows and required financial flexibility or when market conditions are considered to be favourable. Bond transactions were made in 2015 at very favourable terms, pre-funding longer-term commitments.

The group's borrowing needs are usually covered through the issuing of short-, medium- and long-term securities, including utilisation of a US Commercial Paper Programme (programme limit USD 4.0 billion) and a Shelf Registration Statement (unlimited) filed with the Securities and Exchange Commission (SEC) in the USA as well as through issues under a Euro Medium-Term Note (EMTN) Programme (programme limit updated to EUR 20.0 billion 5 February, 2016) listed on the London Stock Exchange. Committed credit facilities and credit lines may also be utilised. After the effect of currency swaps, the major part of our borrowings is in USD.

During 2015 Statoil issued bonds with maturities from four to 20 years for a total amount of EUR 3.75 billion (NOK 32.1 billion). The bonds were issued in EUR and swapped into USD. All of the bonds are unconditionally guaranteed by Statoil Petroleum AS. In 2014, Statoil ASA issued new debt securities equivalent to NOK 20.5 billion as follows for general corporate purposes. For more information see note 18 *Finance debt*.

Financial indicators (in NOK billion)	For the year ended 31 December 2015	2014
Gross interest-bearing financial liabilities	**284.5**	231.6
Net interest-bearing liabilities before adjustments	**122.0**	89.2
Net debt to capital employed ratio	**25.6%**	19.0%
Net debt to capital employed ratio adjusted	**26.8%**	20.0%
Cash and cash equivalents	**76.0**	83.1
Current financial investments	**86.5**	59.2

Gross interest-bearing debt
Gross interest-bearing debt was NOK 284.5 and 231.6 billion at 31 December 2015 and 2014, respectively. The NOK 52.9 billion increase from 2014 to 2015 was due to an increase in non-current finance debt of NOK 58.9 billion, offset by a reduction in current finance debt of NOK 6.0 billion. Our weighted average annual interest rate was 3.39% and 3.78% at 31 December 2015 and 2014, respectively. Our weighted average maturity on finance debt was nine years at 31 December 2015, compared to nine years at 31 December 2014.

Net interest-bearing debt
Net interest-bearing debt before adjustments were NOK 122.0 billion, NOK 89.2 billion and NOK 58.0 billion at 31 December 2015, 2014 and 2013, respectively. The increase of NOK 32.8 billion from 2014 to 2015 was mainly related to an increase in gross interest-bearing debt of NOK 52.9 billion offset in part by an increase in cash and cash equivalents and current financial investments of NOK 20.1 billion mainly due to negative net cash flow in 2015. The increase of NOK 31.2 billion from 2013 to 2014 was mainly related to an increase in gross interest-bearing debt of NOK 49.0 billion offset in part by an increase in cash and cash equivalents and current financial investments of NOK 17.9 billion.

The net debt to capital employed ratio
The net debt to capital employed ratio before adjustments was 25.6% and 19.0% in 2015 and 2014, respectively.

Cash, cash equivalents and current financial investments
Cash and cash equivalents were NOK 76.0 billion and NOK 83.1 billion at 31 December 2015 and 2014, respectively. See note 16 *Cash and cash equivalents* to the Consolidated financial statements for information concerning restricted cash. Current financial investments, which are part of our liquidity management, amounted to NOK 86.5 billion and 59.2 billion at 31 December 2015 and 2014, respectively.

Group outlook

Statoil's plans address the current environment while continuing to invest in high-quality projects. Statoil continues to reiterate its efforts and commitment to deliver on the priorities of high value creation, increased efficiency and competitive shareholder return.

- Organic capital expenditures for 2016 (i.e. excluding acquisitions, capital leases and other investments with significant different cash flow pattern) are estimated at around USD 13 billion
- Statoil intends to continue to mature the large portfolio of exploration assets and estimates a total exploration activity level of around USD 2 billion for 2016, excluding signature bonuses
- Statoil aims to deliver efficiency improvements with pre-tax cash flow effects of around USD 2.5 billion annually from 2016
- Statoil's ambition is to keep the unit of production cost in the top quartile of Statoil`s peer group
- For the period 2014 - 2017, organic production growth is expected to come from new projects resulting in around 1% CAGR (Compound Annual Growth Rate) from a 2014 level rebased for divestments
- The equity production for 2016 is estimated to be somewhat lower than the 2015 level
- Scheduled maintenance activity is estimated to reduce quarterly production by approximately 25 mboe per day in the first quarter of 2016 of which the majority is liquids internationally. In total, the maintenance is estimated to reduce equity production by around 60 mboe per day for the full fiscal year 2016, which is higher than the 2015 impact
- Indicative effects from Production Sharing Agreement (PSA-effect) and US royalties are estimated to be around 135 mboe per day in 2016 based on an oil price of USD 40 per barrel and 165 mboe per day based on an oil price of USD 70 per barrel
- Deferral of production to create future value, gas off-take, timing of new capacity coming on stream and operational regularity represent the most significant risks related to the production guidance
- The board of directors proposes to the annual general meeting maintaining a dividend of USD 0.2201 per share for the fourth quarter 2015 and to introduce a two-year scrip dividend programme for eligible shareholders starting from the fourth quarter 2015
- With effect from first quarter of 2016, Statoil will change to USD as presentation currency

These forward-looking statements 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 will occur in the future.

Risk review

Statoil is exposed to a number of risks that could affect its operational and financial performance. The results of Statoil's operations depend on a number of factors, most significantly those that affect the prices received for the products.

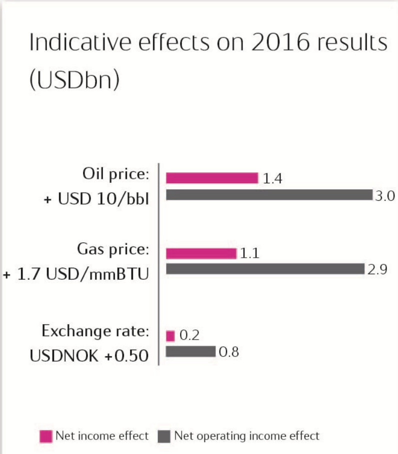
The factors that influence the results of Statoil's operations include: the level of crude oil and natural gas prices; trends in the exchange rate between the USD in which the trading price of crude oil is generally stated, EUR and GBP where Statoil has a large share of its natural gas sales, and NOK, in which its accounts are reported and a substantial proportion of the costs are incurred; Statoil's oil and natural gas production volumes, which in turn depend on entitlement volumes under PSAs and available petroleum reserves, and Statoil's own, as well as partners' expertise and cooperation in recovering oil and natural gas from those reserves; and changes in Statoil's portfolio of assets due to acquisitions and disposals.

Statoil's results will also be affected by trends in the international oil industry, including possible actions by governments and other regulatory authorities in the jurisdictions in which Statoil operates, or possible or continued actions by members of the Organization of Petroleum Exporting Countries (Opec) and/or other producing nations that affect price levels and volumes, refining margins, the cost of oilfield services, supplies and equipment, competition for exploration opportunities and operatorships, and deregulation of the natural gas markets, all of which may cause substantial changes to existing market structures and to the overall level and volatility of prices and price differentials. Also, policy and regulatory change due to rising climate change concerns, and the physical effects of climate change, could impact Statoil's business.

Market risk

Statoil operates in the worldwide crude oil, refined products, natural gas, and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates, and electricity prices that can affect the revenues and costs of operating, investing and financing. These risks are managed primarily on a short-term basis with a focus on achieving the highest risk-adjusted returns for Statoil within the given mandate. Long-term exposures are managed at the corporate level, while short-term exposures are managed according to trading strategies and mandates approved by Statoil's corporate risk committee.

In the marketing of commodities Statoil has established guidelines for entering into derivative contracts in order to manage commodity price, foreign currency rate, and interest rate risks. Statoil uses both financial and commodity-based derivatives to manage the risks in revenues, financial items and the present value of future cash flows.



The sensitivity analysis shows the estimated 12 month effects on net operating income and net income. The sensitivities do not have the same probability.

The illustration shows the indicative full-year effect on the financial result for 2016 given certain changes in the crude oil price, natural gas contract prices and the USD/NOK exchange rate. The estimated price sensitivity of Statoil's financial results to each of the factors has been estimated based on the assumption that all other factors remain unchanged.

Significant downward adjustments of Statoil's commodity price assumptions will result in impairment losses on certain producing and development assets in the portfolio. Subsequent to year end 2015, commodity prices have continued to be volatile. See note 11 *Property, plant and equipment* and note 12 *Intangible assets* to the Consolidated financial statements for sensitivity analysis related to impairment losses.

Statoil's oil and gas price hedging policy is designed to support the long-term strategic development and the attainment of targets by protecting financial flexibility and cash flows.

Fluctuating foreign exchange rates can have a significant impact on the operating results. Statoil's revenues and cash flows are mainly denominated in or driven by USD, while a large portion of the operating expenses, capital expenditures and income taxes payable accrue in NOK. Statoil seeks to manage this currency mismatch by issuing or swapping non-current financial debt in USD. This long-term funding policy is an integrated part of our total risk management programme. Statoil also engages in foreign currency management in order to cover the non-USD needs, which are primarily in NOK. In general, an increase in the value of USD in relation to NOK can be expected to increase Statoil's reported earnings.

Historically, Statoil's revenues have largely been generated by the production of oil and natural gas on the NCS. Norway imposes a 78% marginal tax rate on income from offshore oil and natural gas activities (a symmetrical tax system).

Statoil's earnings volatility is moderated as a result of the significant proportion of its Norwegian offshore income that is subject to a 78% tax rate in profitable periods, and the significant tax assets generated by its Norwegian offshore operations in any loss-making periods. Most of the taxes Statoil pays are paid to the Norwegian State. Dividends received in Norway are 97% exempt from tax, with the remaining 3% taxed at the ordinary rate of 27%. For dividends received from companies in a low-tax jurisdiction within the European Economic Area (EEA), the 97% exemption only applies if real business activities are conducted in that jurisdiction. Dividends received from companies in non-EEA countries are 97% exempt if the Norwegian recipient has held at least 10% of the shares for a minimum of two years and the foreign country is not a low-tax jurisdiction.

Government fiscal policy is an issue in several of the countries in which Statoil operates, such as, but not limited to, Algeria, Angola, Nigeria, Brazil, the USA and Venezuela. However, Statoil's exposure in Venezuela is low. For instance, government fiscal policy could require royalties in cash or in kind, increased tax rates, increased government participation and changes in terms and conditions as defined in various production or income-sharing contracts. Statoil's financial statements are based on currently enacted regulations and on any current claims from tax authorities regarding past events. Developments in government fiscal policy may have a negative effect on future net income.

Financial risk management

Statoil's business activities naturally expose the group to financial risk. The group's approach to risk management includes identifying, evaluating and managing risk in all activities using a top-down approach for the purpose of avoiding sub-optimisation and utilising correlations observed from a group perspective. Summing up the different market risks without including the correlations will overestimate Statoil's total market risk. For this reason, Statoil utilises correlations between all of the most important market risks, such as oil and natural gas prices, product prices, currencies and interest rates, to calculate the overall market risk and thereby utilise the natural hedges embedded in its portfolio. This approach also reduces the number of unnecessary transactions, which reduces transaction costs and avoids sub-optimisation.

In order to achieve the above effects, Statoil has centralised trading mandates (financial positions taken to achieve financial gains, in addition to established policies) so that all major/strategic transactions are coordinated through the corporate risk committee (CRC). Local trading mandates are therefore relatively small.

Statoil's activities expose the company to the following financial risks: market risks (including commodity price risk, interest rate risk and currency risk), liquidity risk and credit risk. See note 5 *Financial risk management* to the Consolidated financial statements for a discussion of financial risk management.

Liquidity risk

Liquidity risk is the risk that Statoil will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to assure that Statoil has sufficient funds available at all times to cover its financial obligations.

Statoil manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover Statoil's operational requirements. Statoil has high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting the financial obligations, Statoil maintains a conservative liquidity management policy. To identify future long-term financing needs, Statoil carries out three-year cash forecasts at least monthly.

The main cash outflows are the quarterly dividend payments and Norwegian petroleum tax payments paid six times per year. If the monthly cash flow forecast shows that the liquid assets one month after tax and dividend payments will fall below the defined policy level, new long-term funding will be considered.

Short-term funding needs will normally be covered by the USD 4.0 billion US Commercial Papers Programme (CP) which is backed by a revolving credit facility of USD 5.0 billion, supported by 21 core banks, maturing in 2020. The facility supports secure access to funding, supported by the best available short-term rating. It has not been drawn.

Statoil raises debt in all major capital markets (USA, Europe and Asia) for long-term funding purposes. The policy is to have a smooth maturity profile with repayments not exceeding five percent of capital employed in any year for the nearest five years.

Credit risk

Credit risk is the risk that Statoil's customers or counterparties will cause Statoil financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.

Key elements of the credit risk management approach include:

- A global credit risk policy
- Credit mandates
- An internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, Statoil's credit policy requires all counterparties to be formally identified and approved. In addition, all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed regularly and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements and other relevant business information. In addition, Statoil evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect Statoil's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management and regularly reviewed with regard to changes in market conditions.

Statoil uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral. For bank guarantees, only investment grade international banks are accepted as counterparties.

Statoil has pre-defined limits for the absolute credit risk level allowed at any given time on Statoil's portfolio level as well as maximum credit exposures for individual counterparties. Statoil monitors the portfolio on a regular basis and individual exposures against limits on a daily basis. The total credit exposure portfolio of Statoil is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of Statoil's credit exposure is with investment grade counterparties.

See note 5 *Financial risk management* to the Consolidated financial statements for more information.

Safety, security and sustainability

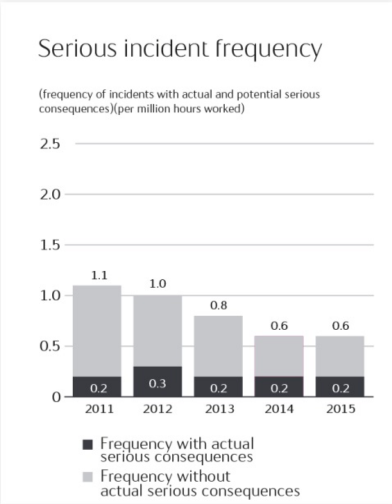
Statoil's ambition is to be an industry leader in safety, security and carbon efficiency.

Safety and security

Statoil's ambition is to ensure safe and secure operations that protect people, the environment, communities and assets. Statoil's approach to safety and security entails preventing accidents and incidents, avoiding oil spills, ensuring a healthy work environment and developing a strong security culture.

Statoil works closely with industry peers on incident prevention and emergency preparedness. Through assurance activities, and by analysing Statoil's own incidents along with those of the industry at large, Statoil aims to ensure a dynamic approach to safety and security performance management. A global oil spill response system has been established, which includes close collaboration with industry peers and national and local communities.

Everyone working for Statoil, and in the joint ventures controlled by Statoil, is required to comply with Statoil's safety, health and security standards. Statoil actively engages with contractors and joint ventures to encourage the embedding of a strong safety and security culture in the workforce.



Statoil uses serious incident frequency (SIF) as a key indicator to monitor safety performance. This indicator (number of serious incidents, including near misses, per million hours worked) combines actual consequences of incidents and the potential for incidents to develop into serious or major accidents. The SIF has significantly improved over the last years, from 1.1 incidents per million hours worked in 2011 to 0.6 incidents per million hours worked in 2015.

Total recordable injuries per million hours worked (TRIF) improved from 3.0 in 2014 to 2.7 in 2015. The TRIF for Statoil's employees was 2.3 and the TRIF for contractors working under Statoil's management was 2.8.

Regrettably, there were three fatalities related to Statoil's operations in 2015. One person died and two persons were injured as a result of a breaking wave that hit the drilling rig COSL Innovator on 30 December 2015. Two separate road accidents in the USA resulted in two fatalities.

Accidental oil spills were significantly reduced from 2014 to 2015. The total volume spilt was 23 m^3, down from 125 m^3 in 2014. Of the 170 spills that took place this year, the largest was at Statfjord (Norway).

Preventing oil and gas leakages is important to avoid major accidents. In 2015, the total number of serious leakages (leakages above 0.1kg/sec) increased to 21, up from 13 in 2014. All leakages are undergoing formal investigations and in-depth studies in order to capture learning and prevent similar incidents in the future.

One of the leakages had major accident potential - the Gudrun condensate leakage that took place on 18 February 2015. The main cause for this leakage was the design failure of a process valve. The main areas of improvement identified were to change the design of the valve in question, change the vendor specification in contractual documents and enforce the focus on regular stress analysis once the project is taken over and the plant starts operations.
The incident was investigated by Statoil's corporate audit team and the Norwegian Petroleum Safety Agency.

Security is a key issue for the oil and gas industry because it operates in many unstable regions. At Statoil, security risk is systematically assessed on a continuous basis in order to achieve effective and proportionate security risk management. No security incidents with major consequences for Statoil were recorded in 2015. The two-year Security Improvement Programme, established to significantly raise security capabilities and develop a stronger security culture, was finished on schedule in 2015. A road map has been established to further strengthen our security culture and capabilities by 2020, focusing on areas such as working together with suppliers and developing Statoil's security culture.

Health and work environment

Statoil is committed to providing a healthy working environment for its employees. Systematic efforts are made to design and improve working conditions in order to prevent occupational injuries, work-related illness and sickness absence, due to both physical and psychosocial risk factors in the working environment. Statoil promotes the good health and well-being of its employees. A proactive psychosocial risk indicator is used to monitor health and work environment risk factors, in addition to the work related illness frequency indicator.

The most significant risk factors related to the work environment for Statoil's employees are noise, ergonomics, chemical risk as well as psychosocial risk related to on-going organisational change processes. In 2015, Statoil continued to fund research projects in areas where technical development is required to better manage work environment risks, including noise and chemicals.

Statoil was audited by the Norwegian Labour Inspection in 2014. The audit report concluded that improvements were required regarding employee involvement in organisational change processes. An improvement programme was executed in 2015 in close collaboration with employee representatives.

The sickness absence rate increased slightly from 3.7% in 2014 to 4.1% in 2015.

Climate change

Statoil recognises the ambition to limit the average global temperature rise to below two degrees centigrade compared to pre-industrial levels. The Paris Agreement on climate change negotiated in December 2015 provides the prospect of improved policy support around the world for accelerating the shift to low carbon solutions. Statoil welcomes the agreement and believes that the company is well positioned to play its part.

In 2015, Statoil joined the Oil and Gas Climate Initiative, a voluntary, CEO-led grouping that aims to accelerate and guide the industry's shift towards a low carbon world. This complements Statoil's participation in other significant initiatives such as the World Bank's Global Gas Flaring Reduction Initiative and the Climate and Clean Air Coalition Oil and Gas Methane Partnership, to mention a few.

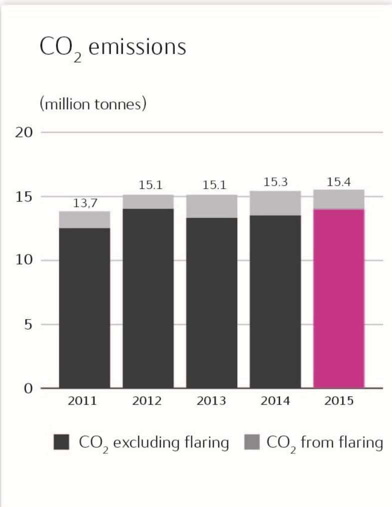
Statoil's approach to climate change entails four key aspects:

- supporting the development of viable global climate policies
- managing climate risks and opportunities
- managing emissions
- developing low carbon energy solutions

Statoil carefully monitors and assesses the potential impact of climate change. Both the corporate executive committee and board of directors frequently discuss the business risks and opportunities associated with climate change, including market, regulatory and physical risk factors. Tools such as internal carbon pricing, scenario planning and stress testing of projects against various oil and gas price assumptions, are used. Statoil regularly assesses how the development of technologies and changes in regulations, including the introduction of stringent climate policies, may impact the oil price, the costs of developing new oil and gas assets, and the demand for oil and gas.

Statoil has assessed the sensitivity of its project portfolio (equity production and expected production from accessed exploration acreage) against the assumptions regarding commodity and carbon prices in the International Energy Agency's (IEA) Current Policies scenario, the IEA New Policies scenario and the IEA 450 scenario, as laid out in their "World Economic Outlook 2015" report. The assessment demonstrated that the IEA's "450 ppm scenario", which is compatible with a global warming of maximum of two degrees Celsius with more than 50% probability, could have a negative impact of approximately 5% on Statoil's net present value compared to Statoil's internal planning assumptions as of December 2015. This assessment is based on Statoil's and the IEA's assumptions which may not be accurate and which are likely to change over time as new information becomes available. Accordingly, there can be no assurance that the assessment, which is presented in Statoil ASA's 2015 Sustainability report, is a reliable indicator of the actual impact of climate change on Statoil.

Statoil's efforts to reduce direct greenhouse gas (GHG) emissions includes improving energy efficiency; reducing methane emissions; eliminating routine flaring and scaling up carbon capture and storage. In 2015, the flaring level at Bakken (USA) was reduced with over 40%. Statoil has committed to delivering energy efficiency measures for its operated offshore operations in Norway with a total effect of saving 0.8 million tonnes (accumulated) of CO_2 per year between 2008 and 2020. This target was met in 2015, and as a result, Statoil raised the 2020 target by 50%.



The production from Statoil-operated assets increased from 997 mmboe in 2014 to 1,073 mmboe in 2015[1]. The total GHG emissions remained stable at 16.3 million tonnes CO_2 equivalents in 2015. GHG emissions include carbon dioxide (CO_2) and methane (CH_4), where CO_2 constitutes the largest part (15.4 million tonnes in 2015). Methane (CH_4) emissions decreased from 40.6 thousand tonnes in 2014 to 36.3 thousand tonnes in 2015.

In 2015, Statoil established a 2020 carbon intensity target of 9 kg CO_2/boe for upstream (exploration and production) activities. In 2015, Statoil's upstream carbon intensity was 10kg CO_2/boe - less than 60% of the industry average of 18kg as measured by the International Association of Oil and Gas Producers (Environmental Performance Indicators, 2014 data). Upstream carbon intensity has been incorporated as a key performance indicator at corporate level for 2016. We follow up progress towards our carbon intensity target through emission reduction initiatives.

Indirect (scope 2) GHG emissions, which include emissions from energy imported from third parties, were 0.3 million tonnes CO_2 equivalents in 2015, using a location based emission factor. Scope 3 GHG emissions (emissions from the use of Statoil's equity production) were estimated to 295 million tonnes CO_2 equivalents.

Statoil's operations in Europe are subject to emissions allowances according to the EU Emissions Trading System (EU ETS). Statoil's Norwegian operations are subject to both the Norwegian offshore CO_2 tax and EU ETS quotas. In 2015, Statoil paid some NOK 4 billion in CO_2 tax and quotas, in line with 2014 payments.

[1] Climate and environmental performance data represent total figures from Statoil-operated assets (operational control), except from scope 3 emissions.

Statoil's approach to growth opportunities within renewables and new energy solutions in the new business area New Energy Solutions includes both commercial investments and research and development (R&D). Statoil has made investments in offshore wind projects and is engaged in carbon capture and storage. A significant proportion of Statoil's R&D efforts address energy efficiency, carbon capture and renewables.

Environmental impact and resource efficiency

Statoil is committed to using resources efficiently and strives to apply high standards in dealing with waste management, emissions to air and impact on ecosystems. This reduces the impact on the local environment and can also save costs.

Responsible water management is important for Statoil. Total fresh water consumption decreased from 14.8 million cubic metres in 2014 to 14.5 million cubic metres in 2015. Improving water efficiency in the onshore activities in North America, through means such as water recycling and substituting fresh water with brackish water, is a priority.

Nitrogen oxide emissions were 42 thousand tonnes in 2015, down from 47 thousand tonnes in 2014. Sulphur oxide emissions were 2.5 thousand tonnes, up from 2.2 thousand tonnes in 2014. Total emissions of non-methane volatile organic compounds were 60 thousand tonnes, down from 72 thousand tonnes in 2014.

Statoil is concerned with valuing and protecting biodiversity and the ecosystem and follows precautionary rules and regulations to minimise potential negative effects of the company's activities. Statoil supports research programmes to increase knowledge about ecosystems and biodiversity and collaborates with industry peers to share knowledge and develop tools for biodiversity management. In addition, Statoil works with our suppliers to minimise invasive aquatic species and reduce risks pertaining to accidental spills related to shipping transportation.

In 2015, hazardous waste was 309 thousand tonnes and non-hazardous waste was 38 thousand tonnes. The hazardous waste recovery rate improved from 13% in 2014 to 16% in 2015 and the non-hazardous waste recovery rate increased from 58% to 67%. Regular discharges of oil to water remained stable at 1.4 thousand tonnes in 2015.

Waste from the US onshore operations in the form of drill cuttings and produced and flow-back water are exempt from regulation as hazardous waste. Consequently, these wastes are not been included in the waste recovery figures. In 2015, drill cuttings and other solids for landfill for Statoil's US onshore operations were 117 thousand tonnes, and produced and flow back water from deep-well disposal was 5 million cubic metres.

Working with suppliers

Statoil is committed to using suppliers who operate consistently in accordance with Statoil's values and who maintain high standards of safety, security and sustainability. These aspects are incorporated in all phases of the procurement process. All potential suppliers must meet Statoil's minimum requirements in order to qualify as a supplier and these include safety, security and sustainability criteria.

Potential suppliers for contracts valued at more than NOK 7 million are required to sign Statoil's Supplier Declaration, which establishes minimum standards for ethics, anti-corruption, security, health and safety, and respect for human rights and to promote these standards among their sub-suppliers. Additionally, potential suppliers are screened for integrity risk if a contract is assessed to involve a certain level of risk of breach of Statoil's Code of Conduct.

After awarding a contract, a supplier follow-up strategy is established, based on a risk assessment. Statoil's expectations regarding safety, security and sustainability are communicated to the supplier in the contract start-up meeting and throughout the contract period. Assurance activities are conducted, such as follow-up meetings, verifications and audits to manage identified risks. Supply chain personnel are trained in safety, security and sustainability risk handling through classroom courses, e-learning courses and awareness sessions.

In 2015, Statoil strengthened the process for assessing human rights risks related to procurement, by using an internationally recognised database as a supplement to internal guidance. Based on these assessments, human rights verifications of relevant potential bidders and existing suppliers were conducted.

Human rights

Statoil seeks to conduct its business in a way that is consistent with the ten UN Guiding Principles on Business and Human Rights (the UN Guiding Principles), the UN Global Compact principles and the Voluntary Principles on Security and Human Rights. Statoil is committed to respecting internationally recognised human rights as laid out in the International Bill of Human Rights, the International Labour Organization's 1998 Declaration on Fundamental Rights and Principles at Work, and applicable standards of international humanitarian law.

Human rights aspects are integrated into relevant internal management processes, tools and training. On-going activities, business relationships and new business opportunities are assessed for potential human rights impacts and aspects, following a risk-based approach. In 2015, supplier verification practices were enhanced.

Throughout 2015, a stand-alone human rights policy was developed, to give greater weight to Statoil's long-standing commitment to respect human rights. The policy was based on consultations and workshops with relevant experts and stakeholders. A gap analysis has been initiated to identify how Statoil's human rights processes and practices need to further evolve to reflect the new policy.

In 2015, the corporate executive committee established a human rights steering committee to further strengthen the commitment to human rights performance management. The committee consists of senior representatives from key business areas and staff functions and is chaired by the chief compliance officer. It is mandated to oversee and provide advice on the implementation of the policy and its further development. The performance is reported to senior management and the board of directors' Safety, Sustainability and Ethics Committee.

Human rights training is provided to employees, based on risk and relevance. In 2015, specific training was given to employees in relevant technical, procurement and security roles, and in specific countries and projects. In addition, human rights issues were addressed as part of an internal e-learning course on sustainability offered to all employees.

In some places, the context of Statoil's operations requires that security services are engaged to safeguard Statoil's people and property. Particular focus is needed to ensure respect for human rights in security arrangements, where security services are not well regulated or security personnel are not adequately trained. Statoil follows the international standards of good practices in security and human rights. Statoil's commitment to the Voluntary Principles on Security and Human Rights is reflected in policies and procedures for risk assessment, deployment, training and follow-up of private and public security providers.

Transparency, ethics and anti-corruption

Transparency is a cornerstone of good governance, and vital to ensuring that the wealth derived from oil and gas production is put to effective and equitable use. Statoil supports global transparency initiatives such as the Extractive Industries Transparency Initiative, the United Nations Global Compact and the World Economic Forum's Partnering Against Corruption Initiative. Statoil was one of the first major oil and gas companies to voluntarily start disclosing payments to governments on a country-by-country basis. In 2015, Statoil's first Payments to Governments report was published, disclosing payments per project for extractive activities, aligned with new mandatory requirements in Norway.

Statoil believes that responsible and ethical behaviour is a prerequisite for sustainable business. Statoil is opposed to all forms of corruption, including facilitation payments. A company-wide anti-corruption compliance programme has been established to ensure implementation of our zero-tolerance policy. This entails mandatory procedures designed to comply with applicable laws and regulations. Compliance officers, who are responsible for ensuring that ethics and anti-corruption considerations are integrated into Statoil's business activities, constitute an important part of the programme.

Statoil seeks to work with others who share the company's commitment to ethics and compliance. Risk is managed through knowledge of suppliers, business partners and markets. Before entering into a new business relationship, or extending an existing one, the relationship has to satisfy Statoil's integrity due diligence requirements. The integrity due diligence process helps Statoil to understand potential partners and suppliers, how their business is conducted and their values. In joint ventures and business partnerships that are not controlled by Statoil, Statoil makes good faith efforts to encourage the adoption of ethics and anti-corruption policies and procedures that are consistent with the company's standards.

In 2015, Statoil prioritised support and follow up activities of compliance officers across the company and on strengthening the compliance officer network. The Code of Conduct was updated and made more user-friendly. The Code of Conduct reflects Statoil's values and the commitment to high ethical standards in business activities. The Code of Conduct describes Statoil's business practice requirements in areas such as anti-corruption, fair competition, human rights and a non-discriminatory working environment with equal opportunities. It applies to Statoil employees, board members and hired personnel.

All employees have to confirm annually, electronically, that they understand and will comply with the Code of Conduct. The purpose of this confirmation is to remind the individual about their duty to comply with Statoil's values and ethical requirements. Disciplinary measures are in place for anyone working for Statoil who does not comply with the code. This may entail termination of their contract.

Statoil carries out Code of Conduct training and other more comprehensive training sessions on specific issues, such as anti-corruption, sanctions and anti-trust, and training specifically tailored to the board of directors, to explain how the code applies and to describe the tools made available to address risk. In 2015, more than 1,900 individuals were trained.

The Code of Conduct requires reporting of suspected misconduct. Concerns can be reported through internal channels or through the publicly available Ethics Helpline, which ensures confidentiality. The number and types of cases from the helpline is reported quarterly to the board of directors. In 2015 we received 42 cases, mainly concerning People & Organisation, covering issues such as harassment, discrimination and personal misconduct.

Other relevant reports

More information about Statoil's safety and sustainability policies, activities, plans and performance is available in Statoil ASA's 2015 Sustainability Report, based on the Global Reporting Initiative G4 Guidelines. Information about Statoil's payments to governments related to extractive activities is available in the 2015 Payments to governments report. Both reports are available at www.statoil.com/annualreport2015.

People

Statoil's overall strategic objective is to build a globally competitive company which is an exceptional place to perform and develop.

Statoil's global people policy is the most important guideline for our people processes, together with our values and Code of Conduct. The policy is available in The Statoil Book at Statoil.com.

Statoil aims to offer challenging and meaningful job opportunities that attract and retain the right people. We also have a global people policy in place intended to create a caring and inspiring working environment, value diversity and promote equal opportunities for all employees.

At the same time, given the current commercial environment, the company is focusing on reducing costs and staff levels. We are committed to doing this in a way that is respectful and considerate of those affected. In particular, employees are involved in the on-going initiatives to increase efficiency. The employees have demonstrated strong engagement in this process, which is also confirmed by the high employee engagement score of 4.6 (6 being the highest) in the 2015 Global People Survey (GPS).

Learning and development is at the core of Statoil. We encourage our employees to take responsibility for their own learning and development, continuously build new skills and share knowledge. Statoil's Corporate University, LEAP, is the platform for learning. It enables the company to build the capabilities needed to further increase competitiveness, take the lead in the development of leadership and technology and deliver on the strategy. People@Statoil is the common process for people development, deployment, performance and reward. It is an integrated part of performance management and applies to all employees.

Statoil promote diversity among our employees. The importance of diversity is stated explicitly in Statoil's values and Code of Conduct. We try to create the same opportunities for everyone and do not tolerate discrimination or harassment of any kind in the workplace. In 2015, Statoil continued to focus on strengthening women in leadership and professional positions and on building broad international experience in our workforce. The 2015 GPS results demonstrate our commitment to diversity and inclusion. We maintained the high score of 5.1 for the existence of zero tolerance for discrimination and harassment within the workplace.

In 2015, the overall percentage of women in the company was 30%. The percentage of women in the board of directors is 50% (67% among the employee representatives and 43% among members elected by the shareholders). In the corporate executive committee the female representation has increased from last year's 11% to 18% in 2015. We pay close attention to male-dominated positions and discipline areas, and in 2015 the proportion of female engineers remained stable at 27% in Statoil ASA. Among staff engineers with up to 20 years' experience, the proportion of women increased to 31%. We continue to strive to increase the number of female managers through our development programmes, and in 2015 despite the overall reduction of 181 leadership positions, we increased the share of women in management by 0.5%. The percentage of appointment of women in new leadership positions in 2015 was 36%.

Statoil works systematically with recruitment and development programmes in order to build a diverse workforce by attracting, recruiting and retaining people of both genders and different nationalities and age groups across all types of positions. The intake of apprentices in Norway is an important part of the company's recruitment of skilled workers and commitment to the education and training of young technicians and operators in the oil and gas industry. In 2015, apprenticeships were given to 130 new students; of these 42 were female. The total number of apprentices in Statoil is 282.

In 2015, 19% of employees and 22% of our managerial staff held nationalities other than Norwegian. Outside Norway, Statoil aims to increase the number of people and managers who are locally recruited and to reduce the long-term use of expats in business operations. In 2015, 73% of new hires in Statoil were non-Norwegians and 35% were women.

In Statoil we reward our people on the basis of their performance, giving equal emphasis to delivery and behaviour. Our reward approach is adapted to local market conditions at the locations in which we operate and is transparent, non-discriminatory and supports equal opportunities. Given the same position, experience and performance, our employees will be at the same remuneration level relative to the local market. This is demonstrated in the salary ratio between women and men at different levels in Statoil ASA. In 2015 we have maintained a high ratio, with an average of 98%.

In 2015, we established a temporary collaboration forum specifically for the restructuring programmes, with unions and safety delegates in Norway. In addition, the European Works Council continues to be an important forum for collaboration between the company and our employees.

In Statoil, the total turnover rate for 2015 was 3.6%. On 31 December 2015, the Statoil group employed 21.581 permanent employees and 3% of the workforce worked part-time. In the annual organisational and working environment survey, which continued to have a high response of 85%, our employees reported an overall satisfaction of 4.6. This is a slight increase from the score of 4.5 in 2014.

About our People data
Our people performance data relates to permanent employees in our direct employment. Statoil defines consultants as contracted personnel that are mainly based in our offices. Temporary employees and enterprise personnel are not included in the workforce table. Enterprise personnel are defined as third party service providers and work on our on-shore and off-shore operations. These were roughly estimated to be around 30,500 in 2015. The information about people policies applies to Statoil ASA and its subsidiaries.

More information about Statoil's people policy is available in the 2015 Sustainability Report

Total workforce by region, gender, employment type and new hires (headcount)[1)]

Geographical region	Permanent employees 2015	2014	% Women 2015	2014	New hires 2015	2014	%Part time 2015	2014	Consultants 2015	2014
Norway	18,977	19,670	30%	30%	103	263	3%	3%	424	1,039
Rest of Europe	855	909	29%	31%	70	101	1%	3%	99	119
Africa	98	117	35%	34%	6	13	na	na	5	21
Asia	97	135	36%	52%	2	5	na	na	5	11
North America	1,265	1,375	35%	34%	142	92	0%	na	112	210
South America	289	310	38%	40%	8	27	0%	4%	3	11
TOTAL	21,581	22,516	30%	31%	331	501	3%	2%	648	1,411
Non-OECD	590	677	40%	40%	19	59	na	na	15	146

1) Enterprise personnel, defined as third-party service providers who work at our onshore and offshore operations, are not included. These were roughly estimated to be around 30,500 in 2015.

Research and development

Statoil is a technology-intensive company and research and development is an integral part of our strategy. We continuously research, develop and deploy innovative technologies to create opportunities and enhance the value of Statoil's current and future assets.

Statoil's corporate technology strategy sets the strategic direction for how technology development and implementation can address the challenges and contribute to achieving the corporate ambitions. Statoil believes that technology is a critical success factor in the current business environment. Statoil's technology development activities aim to reduce field development, drilling and operating costs, and CO_2 and other greenhouse gas emissions. Statoil's technology efforts focus on the following priority areas:

- **Business-critical technologies**: Upstream technologies are prioritised, primarily in the areas of Exploration, Reservoir, Drilling and Well and Subsea production systems. Statoil's main focus has been on cost reduction, for example further development of the steerable drilling liner system to reduce well construction cost
- **Strengthening Statoil's licence to operate**: Statoil's commitment to sustainability continues. Statoil's on-going "Powering collaboration" agreement with GE aims to accelerate the development of more sustainable energy solutions by addressing CO_2 and methane emissions, water usage and energy optimisation of operations. Statoil is also addressing energy efficiency of operating assets by, e.g. implementing on-line water washing systems on gas turbines
- **Expanding Statoil's capabilities**: Statoil's technical capabilities are expanding to meet the challenges of the New Energy Solutions business area for renewable and low carbon energy solutions. Technology development is conducted in-house, in collaboration with suppliers and through venture activities. A key technological focus area is finding more efficient ways of producing clean energy, particularly by reducing costs in the areas of construction and maintenance for both fixed and floating offshore wind applications

Statoil's Research, development and innovation business cluster (RDI) is responsible for carrying out research and technology development to meet Statoil's business needs on short and long term. RDI is organised in four research programmes closely aligned with Statoil's technology strategy: Exploration, Mature area developments and improved oil recovery, Frontier developments and Un-conventionals. In addition, there are two other units: Innovation and Projects. RDI has four research centres in Norway with world-leading laboratories and large-scale test facilities. Internationally, RDI is currently active in our operations in Rio de Janeiro (Brazil), Houston and Austin (the US), St. Johns (Canada) and Beijing (China). Cooperation with external environments plays an important role for research and development in Statoil, and RDI has an Academia programme which coordinates cooperation with Norwegian and international universities.

From 1 January 2016, all project expertise has been gathered in TPD into one integrated, cost-effective Project development organisation (PRD), to ensure lean and effective execution and decision-making. From the same date, Technology Excellence and Research, Development and Innovation were merged into one integrated Research and Technology organisation (R&T), reinforcing innovation and technology effectiveness.

Research and development expenditures were NOK 2.7 billion and NOK 3.0 billion in 2015 and 2014, respectively.

Board developments

Statoil's board of directors consists of 10 members.

The board of directors of Statoil ASA is responsible for the overall management of the Statoil group, and for supervising the group's activities in general. The board of directors handles matters of major importance or of an extraordinary nature. However, it may require the management to refer any matter to it. The board of directors appoints the president and chief executive officer (CEO), and stipulates the job instructions, powers of attorney and terms and conditions of employment for the president and CEO.

The composition of the board has been changed during 2015. Since 1 July 2015, Øystein Løseth is chair of the board of Statoil ASA and chair of the board's compensation and executive development committee. Roy Franklin is deputy chair since the same date. Rebekka Glasser Herlofsen is new member of the board of Statoil ASA since 19 March 2015 and Wenche Agerup is new member of the board of Statoil ASA since 21 August 2015.

The board held eight ordinary board meetings and four extraordinary board meetings in 2015. The average attendance at these board meetings was 95.9%.

The board's audit committee held six meetings in 2015 and the attendance was 96.2%.

The board's compensation and executive development committee held seven meetings in 2015 and the attendance was 96%.

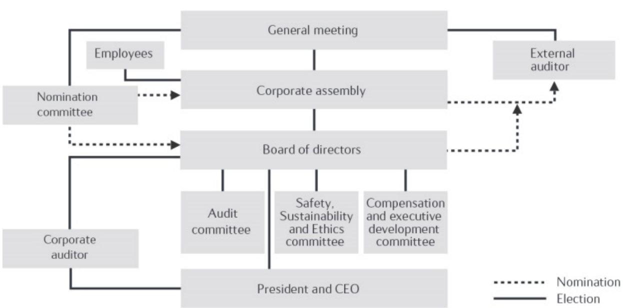
The board's safety, sustainability and ethics committee held five meetings in 2015 and the attendance was 100%.

The entire board, or part of it, regularly visits several Statoil locations in Norway and globally, and a longer board trip for all board members to an international location is made at least on a biennial basis. When visiting Statoil locations globally, the board emphasises the importance of improving its insight into, and knowledge about, Statoil's technical and commercial activities as well as the company's local organisations.

Board statement on corporate governance

To ensure sound corporate practice, Statoil's organisation is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance.

Nominations and elections - Statoil ASA



Statoil's board of directors actively adheres to good corporate governance standards and will at all times ensure that Statoil either complies with the Norwegian Code of Practice for Corporate Governance (the "Code") or explains possible deviations from the Code. The topic of corporate governance is subject to regular assessment and discussion by the board. The Code can be found at www.nues.no.

The Code covers 15 topics, and the board statement covers each of these topics and describes Statoil's adherence to the Code. The statement describes the foundation and principles for Statoil's corporate governance structure, while more detailed factual information can be found on our website, in our annual report on form 20-F, and in our sustainability report. Links to relevant information at our website are included in the statement.

The statement from the board of directors is provided as a separate report available on statoil.com.

Board statement on Reporting of payments to governments

Today, the board of directors and the chief executive officer have reviewed and approved the board of director's report prepared in accordance with the Norwegian Securities Trading Act section 5-5a regarding Reporting on payments to governments as of 31 December 2015.

To the best of our knowledge, we confirm that:

- The information presented in the report has been prepared in accordance with the requirements of the Norwegian Securities Trading Act section 5-5a and associated regulations

The report on payments to governments is provided as a separate report available on www.statoil.com.

Trondheim, 9 March 2016

THE BOARD OF DIRECTORS OF STATOIL ASA

ØYSTEIN LØSETH
CHAIR

ROY FRANKLIN
DEPUTY CHAIR

BJØRN TORE GODAL

LILL-HEIDI BAKKERUD

JAKOB STAUSHOLM

MARIA JOHANNA OUDEMAN

REBEKKA GLASSER HERLOFSEN

INGRID ELISABETH DI VALERIO

STIG LÆGREID

WENCHE AGERUP

ELDAR SÆTRE
PRESIDENT AND CEO

Statement on compliance

Today, the board of directors, the chief executive officer and the chief financial officer reviewed and approved the board of directors' report and the Statoil ASA Consolidated and separate annual financial statements as of 31 December 2015.

To the best of our knowledge, we confirm that:

- the Statoil Consolidated annual financial statements for 2015 have been prepared in accordance with IFRS and IFRIC as adopted by the European Union (EU), IFRS as issued by the International Accounting Standards Board (IASB) and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- the separate financial statements for Statoil ASA for 2015 have been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards, and that
- the board of directors' report for the group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian Accounting Standard no 16, and that
- the information presented in the financial statements gives a true and fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in their entirety, and that
- the board of directors' report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the company and the group

Trondheim, 9 March 2016

THE BOARD OF DIRECTORS OF STATOIL ASA

ØYSTEIN LØSETH
CHAIR

ROY FRANKLIN
DEPUTY CHAIR

BJØRN TORE GODAL

LILL-HEIDI BAKKERUD

JAKOB STAUSHOLM

MARIA JOHANNA OUDEMAN

REBEKKA GLASSER HERLOFSEN

INGRID ELISABETH DI VALERIO

STIG LÆGREID

WENCHE AGERUP

HANS JAKOB HEGGE
CHIEF FINANCIAL OFFICER

ELDAR SÆTRE
PRESIDENT AND CEO

Consolidated financial statement Statoil

CONSOLIDATED STATEMENT OF INCOME

(in NOK billion)	Note	2015	2014	Full year 2013
Revenues		**465.3**	606.8	616.6
Net income from equity accounted investments		**(0.3)**	(0.3)	0.1
Other income	4	**17.8**	16.1	17.8
Total revenues and other income	3	**482.8**	622.7	634.5
Purchases [net of inventory variation]		**(211.2)**	(301.3)	(306.9)
Operating expenses		**(84.5)**	(72.9)	(74.1)
Selling, general and administrative expenses		**(7.5)**	(7.3)	(7.8)
Depreciation, amortisation and net impairment losses	11, 12	**(133.8)**	(101.4)	(72.4)
Exploration expenses	12	**(31.0)**	(30.3)	(18.0)
Net operating income	3	**14.9**	109.5	155.5
Net financial items	8	**(10.6)**	(0.0)	(17.0)
Income before tax		**4.3**	109.4	138.4
Income tax	9	**(41.6)**	(87.4)	(99.2)
Net income		**(37.3)**	22.0	39.2
Attributable to equity holders of the company		**(37.5)**	21.9	39.9
Attributable to non-controlling interests		**0.2**	0.1	(0.6)
Basic earnings per share (in NOK)	10	**(11.80)**	6.89	12.53
Diluted earnings per share (in NOK)	10	**(11.80)**	6.87	12.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in NOK billion)	Note	2015	2014	Full year 2013
Net income		(37.3)	22.0	39.2
Actuarial gains (losses) on defined benefit pension plans	19	10.1	(0.0)	(5.9)
Income tax effect on income and expense recognised in OCI		(2.8)	0.9	1.5
Items that will not be reclassified to the Consolidated statement of income		7.3	0.9	(4.4)
Currency translation adjustments[1]		27.4	41.6	22.9
Items that may be subsequently reclassified to the Consolidated statement of income		27.4	41.6	22.9
Other comprehensive income		34.7	42.5	18.5
Total comprehensive income		(2.6)	64.5	57.7
Attributable to the equity holders of the company		(2.8)	64.4	58.3
Attributable to non-controlling interests		0.2	0.1	(0.6)

1) Currency translation adjustments of NOK 27.4 billion in 2015 are net of accumulated currency translation gains of NOK 3.3 billion reclassified to the Consolidated statement of income related to the sale of interests in the Shah Deniz project, the South Caucasus Pipeline and the Trans Adriatic Pipeline AG. See note 4 *Acquisitions and dispositions*.

CONSOLIDATED BALANCE SHEET

(in NOK billion)	Note	At 31 December 2015	2014
ASSETS			
Property, plant and equipment	11	546.2	562.1
Intangible assets	12	83.3	85.2
Equity accounted investments		7.3	8.4
Deferred tax assets	9	17.8	12.9
Pension assets	19	11.3	8.0
Derivative financial instruments	25	23.8	29.9
Financial investments	13	20.6	19.6
Prepayments and financial receivables	13	8.5	5.7
Total non-current assets		718.7	731.7
Inventories	14	22.0	23.7
Trade and other receivables	15	58.8	83.3
Derivative financial instruments	25	4.8	5.3
Financial investments	13	86.5	59.2
Cash and cash equivalents	16	76.0	83.1
Total current assets		248.0	254.8
Total assets		966.7	986.4
EQUITY AND LIABILITIES			
Shareholders' equity		354.7	380.8
Non-controlling interests		0.3	0.4
Total equity	17	355.1	381.2
Finance debt	18, 22	264.0	205.1
Deferred tax liabilities	9	65.4	71.5
Pension liabilities	19	26.2	27.9
Provisions	20	109.4	117.2
Derivative financial instruments	25	11.3	4.5
Total non-current liabilities		476.3	426.2
Trade and other payables	21	82.2	100.7
Current tax payable		24.1	39.6
Finance debt	18	20.5	26.5
Dividends payable	17	6.2	5.7
Derivative financial instruments	25	2.3	6.6
Total current liabilities		135.3	179.0
Total liabilities		611.7	605.2
Total equity and liabilities		966.7	986.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in NOK billion)	Share capital	Additional paid-in capital	Retained earnings	Currency translation adjustments	Shareholders' equity	Non-controlling interests	Total equity
At 31 December 2012	8.0	40.6	270.8	(0.2)	319.2	0.7	319.9
Net income for the period			39.9		39.9	(0.6)	39.2
Other comprehensive income			(4.4)	22.9	18.5		18.5
Total comprehensive income							57.7
Dividends			(21.5)		(21.5)		(21.5)
Other equity transactions		(0.3)	(0.3)		(0.6)	0.4	(0.2)
At 31 December 2013	8.0	40.3	284.5	22.7	355.5	0.5	356.0
Net income for the period			21.9		21.9	0.1	22.0
Other comprehensive income			0.9	41.6	42.5		42.5
Total comprehensive income							64.5
Dividends			(39.4)		(39.4)		(39.4)
Other equity transactions		(0.1)	0.4		0.3	(0.2)	0.1
At 31 December 2014	8.0	40.2	268.4	64.3	380.8	0.4	381.2
Net income for the period			(37.5)		(37.5)	0.2	(37.3)
Other comprehensive income[1)]			7.3	27.4	34.7		34.7
Total comprehensive income							(2.6)
Dividends			(23.1)		(23.1)		(23.1)
Other equity transactions		(0.1)	(0.0)		(0.1)	(0.3)	(0.4)
At 31 December 2015	8.0	40.1	215.1	91.6	354.7	0.3	355.1

1) Currency translation adjustments of NOK 27.4 billion in 2015 are net of accumulated currency translation gains of NOK 3.3 billion reclassified to the Consolidated statement of income related to the sale of interests in the Shah Deniz project, the South Caucasus Pipeline and the Trans Adriatic Pipeline AG. See note 4 *Acquisitions and dispositions*.

Refer to note 17 *Shareholders' equity*.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in NOK billion)	Note	2015	2014	Full year 2013
Income before tax		4.3	109.4	138.4
Depreciation, amortisation and net impairment losses	11, 12	133.8	101.4	72.4
Exploration expenditures written off	12	17.1	13.7	3.1
(Gains) losses on foreign currency transactions and balances		(0.4)	(3.1)	4.8
(Gains) losses from dispositions	4	(17.3)	(12.4)	(17.6)
(Increase) decrease in other items related to operating activities		19.8	3.9	6.6
(Increase) decrease in net derivative financial instruments	25	9.2	(2.8)	11.7
Interest received		2.9	2.1	2.1
Interest paid		(3.6)	(3.4)	(2.5)
Cash flows provided by operating activities before taxes paid and working capital items		165.8	208.8	218.8
Taxes paid		(65.7)	(96.6)	(114.2)
(Increase) decrease in working capital		8.9	14.2	(3.3)
Cash flows provided by operating activities		109.0	126.5	101.3
Additions through business combinations	4	(3.5)	0.0	0.0
Capital expenditures and investments		(124.7)	(122.6)	(114.9)
(Increase) decrease in financial investments		(19.8)	(12.7)	(23.2)
(Increase) decrease in other non-current items		(0.3)	0.8	0.6
Proceeds from sale of assets and businesses	4	33.2	22.6	27.1
Cash flows used in investing activities		(115.1)	(112.0)	(110.4)
New finance debt	18	32.2	20.6	62.8
Repayment of finance debt		(11.4)	(9.7)	(7.3)
Dividend paid	17	(22.9)	(33.7)	(21.5)
Net current finance debt and other		(5.5)	(0.3)	(7.3)
Cash flows provided by (used in) financing activities		(7.5)	(23.1)	26.6
Net increase (decrease) in cash and cash equivalents		(13.6)	(8.6)	17.5
Effect of exchange rate changes on cash and cash equivalents		7.1	5.7	2.9
Cash and cash equivalents at the beginning of the period (net of overdraft)	16	82.4	85.3	64.9
Cash and cash equivalents at the end of the period (net of overdraft)	16	75.9	82.4	85.3

Cash and cash equivalents included a bank overdraft of NOK 0.1 billion at 31 December 2015, a bank overdraft of NOK 0.7 billion at 31 December 2014 and a bank overdraft that was rounded to zero at 31 December 2013.

Interest paid in cash flows provided by operating activities is excluding capitalised interest of NOK 3.2 billion at 31 December 2015, NOK 1.6 billion at 31 December 2014 and NOK 1.1 billion at 31 December 2013. Capitalised interest is included in *Capital expenditures and investments* in cash flows used in investing activities.

Notes to the Consolidated financial statements

1 Organisation

Statoil ASA, originally Den Norske Stats Oljeselskap AS, was founded in 1972 and is incorporated and domiciled in Norway. The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Statoil ASA is listed on the Oslo Børs (Norway) and the New York Stock Exchange (USA).

The Statoil group's business consists principally of the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products and other forms of energy.

All the Statoil group's oil and gas activities and net assets on the Norwegian continental shelf are owned by Statoil Petroleum AS, a 100% owned operating subsidiary. Statoil Petroleum AS is co-obligor or guarantor of certain debt obligations of Statoil ASA.

The Consolidated financial statements of Statoil for the full year 2015 were authorised for issue in accordance with a resolution of the board of directors on 9 March 2016.

2 Significant accounting policies

Statement of compliance
The Consolidated financial statements of Statoil ASA and its subsidiaries (Statoil) have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and also comply with IFRSs as issued by the International Accounting Standards Board (IASB), effective at 31 December 2015.

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these Consolidated financial statements. Certain amounts in the comparable years have been restated to conform to current year presentation. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

Operating related expenses in the Consolidated statement of income are presented as a combination of function and nature in conformity with industry practice. *Purchases [net of inventory variation]* and *Depreciation, amortisation and net impairment losses* are presented in separate lines by their nature, while *Operating expenses* and *Selling, general and administrative expenses* as well as *Exploration expenses* are presented on a functional basis. Significant expenses such as salaries, pensions, etc. are presented by their nature in the notes to the Consolidated financial statements.

Standards and amendments to standards, issued but not yet adopted
At the date of these Consolidated financial statements, the following standards and amendments to standards applicable to Statoil have been issued, but were not yet effective:

- IFRS 15 *Revenue from Contracts with Customers*, issued in May 2014 and, following an amendment to the standard issued in September 2015, effective from 1 January 2018, covers the recognition of such revenue in the financial statements and related disclosure and will replace IAS 18 *Revenue*. The standard requires identification of the performance obligations for the transfer of goods and services in each contract with customers. Revenue will be recognised upon satisfaction of the performance obligations in the amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods and services. The standard requires adoption either on a retrospective basis or on the basis of the cumulative effect on retained earnings. Statoil is still in the process of evaluating the potential impact of IFRS 15, and has not yet determined its adoption date or its implementation method for the standard

- The amendment to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*, issued in May 2014 and effective from 1 January 2016, establishes requirements for the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendment is to be applied prospectively. Statoil has adopted the amendment on the effective date

- IFRS 9 *Financial Instruments*, issued in its final form in July 2014 and effective from 1 January 2018, will replace IAS *39 Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a new model for classification and measurement of financial assets and financial liabilities, a reformed approach to hedge accounting, and a more forward-looking impairment model. The standard's transition provisions partly require retrospective adoption, and partly prospective adoption. Statoil is in the process of evaluating the potential impact of IFRS 9, and has not yet determined its adoption date for the standard

- The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, issued in September 2014 and, following an amendment issued in December 2015, effective from a future date to be determined by the IASB, establish requirements for the accounting for sales or contributions of assets between an investor and its associate or joint venture. Whether or not the assets are housed in a subsidiary, a full gain or loss will be recognised in the statement of income when the transaction involves assets that constitute a business, whereas a partial gain or loss will be recognised when the transaction involves assets that do not constitute a business. The amendments are to be applied prospectively. Statoil has not determined an adoption date for the amendments

- IFRS 16 *Leases*, issued in January 2016 and effective from 1 January 2019, covers the recognition of leases and related disclosure in the financial statements, and will replace IAS 17 *Leases*. In the financial statement of lessees, the new standard requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments are to be reflected as interest expense and reduction of lease liabilities. The right-of-use assets are to be depreciated in accordance with IAS 16 *Property, Plant and Equipment* over the shorter of each contract's term and the assets' useful life. The standard consequently implies a significant change in lessees' accounting for leases currently defined as operating leases under IAS 17, both as regards impact on the balance sheet and the statement of income. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. While this definition is not dissimilar to that of IAS 17, it would have required further evaluation of each contract to determine whether all leases included in Note 22 *Leases* of these financial statements, or contracts currently not defined as leases, would qualify as leases under the new standard. The standard introduces new requirements both as regards establishing the term of a lease and the related discounted cash flows that determine the amount of a lease liability to be recognised. The standard requires adoption either on a full retrospective basis, or retrospectively with the cumulative effect of initially recognising the standard as an adjustment to retained earnings at the date of initial application, and if so with a number of practical expedients in transitioning existing leases at the time of initial application. Statoil is in the early phase of evaluating the impact of IFRS 16, and has not yet determined its adoption date, its implementation method, or the expected impact of the standard on the Consolidated financial statements

- The disclosure initiative amendments to *IAS 7 Statement of Cash Flows,* issued in January 2016 and effective from 1 January 2017, establishes certain additional requirements as to disclosure of changes in financing liabilities. Statoil will implement the amendments on the effective date

Other standards and amendments to standards, issued but not yet effective, are either not expected to impact Statoil's Consolidated financial statements materially, or are not expected to be relevant to Statoil's Consolidated financial statements upon adoption.

Basis of consolidation
The Consolidated financial statements include the accounts of Statoil ASA and its subsidiaries and include Statoil's interest in jointly controlled and equity accounted investments.

Subsidiaries
Entities are determined to be controlled by Statoil, and consolidated in Statoil's financial statements, when Statoil has power over the entity, ability to use that power to affect the entity's returns, and exposure to, or rights to, variable returns from its involvement with the entity.

All intercompany balances and transactions, including unrealised profits and losses arising from Statoil's internal transactions, have been eliminated in full. Non-controlling interests are presented separately within equity in the balance sheet.

Joint operations and similar arrangements, joint ventures and associates
A joint arrangement is present where Statoil holds a long-term interest which is jointly controlled by Statoil and one or more other venturers under a contractual arrangement in which decisions about the relevant activities require the unanimous consent of the parties sharing control. Such joint arrangements are classified as either joint operations or joint ventures.

The parties to a joint operation have rights to the assets and obligations for the liabilities, relating to their respective share of the joint arrangement. In determining whether the terms of contractual arrangements and other facts and circumstances lead to a classification as joint operations, Statoil in particular considers the nature of products and markets of the arrangement and whether the substance of their agreements is that the parties involved have rights to substantially all the arrangement's assets. Statoil accounts for the assets, liabilities, revenues and expenses relating to its interests in joint operations in accordance with the principles applicable to those particular assets, liabilities, revenues and expenses. Normally this leads to accounting for the joint operation in a manner similar to the previous proportionate consolidation method.

Those of Statoil's exploration and production licence activities that are within the scope of IFRS 11 *Joint Arrangements* have been classified as joint operations. A considerable number of Statoil's unincorporated joint exploration and production activities are conducted through arrangements that are not jointly controlled, either because unanimous consent is not required among all parties involved, or no single group of parties has joint control over the activity. Licence activities where control can be achieved through agreement between more than one combination of involved parties are considered to be outside the scope of IFRS 11, and these activities are accounted for on a pro-rata basis using Statoil's ownership share. In determining whether each separate arrangement related to Statoil's unincorporated joint exploration and production licence activities is within or outside the scope of IFRS 11, Statoil considers the terms of relevant licence agreements, governmental concessions and other legal arrangements impacting how and by whom each arrangement is controlled. Subsequent changes in the ownership shares and number of licence participants, transactions involving licence shares, or changes in the terms of relevant agreements may lead to changes in Statoil's evaluation of control and impact a licence arrangement's classification in relation to IFRS 11 in Statoil's Consolidated financial statements. Currently there are no significant differences in Statoil's accounting for unincorporated licence arrangements whether in scope of IFRS 11 or not.

Joint ventures, in which Statoil has rights to the net assets, are accounted for using the equity method.

Investments in companies in which Statoil has neither control nor joint control, but has the ability to exercise significant influence over operating and financial policies, are classified as associates and are accounted for using the equity method.

Statoil as operator of joint operations and similar arrangements
Indirect operating expenses such as personnel expenses are accumulated in cost pools. These costs are allocated on an hours incurred basis to operating segments and Statoil operated joint operations under IFRS 11 and to similar arrangements (licences) outside the scope of IFRS 11. Costs allocated to the other partners' share of operated joint operations and similar arrangements reduce the costs in the Consolidated statement of income. Only Statoil's share of the statement of income and balance sheet items related to Statoil operated joint operations and similar arrangements are reflected in the Consolidated statement of income and the Consolidated balance sheet.

Reportable segments
Statoil identifies its operating segments on the basis of those components of Statoil that are regularly reviewed by the chief operating decision maker, Statoil's corporate executive committee (CEC). Statoil combines operating segments when these satisfy relevant aggregation criteria.

Statoil's accounting policies as described in this note also apply to the specific financial information included in reportable segments related disclosure in these Consolidated financial statements.

Foreign currency translation
In preparing the financial statements of the individual entities, transactions in foreign currencies (those other than functional currency) are translated at the foreign exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Consolidated statement of income as foreign exchange gains or losses within *Net financial items*. Foreign exchange differences arising from the translation of estimate-based provisions, however, generally are accounted for as part of the change in the underlying estimate and as such may be included within the relevant operating expense or income tax sections of the Consolidated statement of income depending on the nature of the provision. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Presentation currency
For the purpose of the Consolidated financial statements, the statement of income, the balance sheet and the cash flows of each entity are translated from the functional currency into the presentation currency, Norwegian kroner (NOK). The assets and liabilities of entities whose functional currencies are other than NOK, including Statoil's parent company Statoil ASA whose functional currency is United States dollar (USD), are translated into NOK at the foreign exchange rate at the balance sheet date. The revenues and expenses of such entities are translated using the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation from functional currency to presentation currency are recognised separately in Other comprehensive income (OCI). The cumulative amount of such translation differences relating to an entity and previously recognised in OCI, is reclassified to the Consolidated statement of income and reflected as a part of the gain or loss on disposal of that entity.

Business combinations
Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case by case basis. Acquisitions are assessed under the relevant IFRS criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed under *Selling, general and administrative expenses*.

Revenue recognition
Revenues associated with sale and transportation of crude oil, natural gas, petroleum products and other merchandise are recognised when risk passes to the customer, which is normally when title passes at the point of delivery of the goods, based on the contractual terms of the agreements.

Revenues from the production of oil and gas properties in which Statoil shares an interest with other companies are recognised on the basis of volumes lifted and sold to customers during the period (the sales method). Where Statoil has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where Statoil has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Revenue is presented net of customs, excise taxes and royalties paid in-kind on petroleum products. Revenue is presented gross of in-kind payments of amounts representing income tax.

Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as *Revenues* and *Purchases [net of inventory variation]* in the statement of income. Activities related to trading and commodity-based derivative instruments are reported on a net basis, with the margin included in *Revenues*.

Transactions with the Norwegian State
Statoil markets and sells the Norwegian State's share of oil and gas production from the Norwegian continental shelf (NCS). The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of the SDFI's oil production are classified as *Purchases [net of inventory variation]* and *Revenues*, respectively. Statoil sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. These sales and related expenditures refunded by the Norwegian State are presented net in the Consolidated financial statements.

Employee benefits
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of Statoil.

Research and development
Statoil undertakes research and development both on a funded basis for licence holders and on an unfunded basis for projects at its own risk. Statoil's own share of the licence holders' funding and the total costs of the unfunded projects are considered for capitalisation under the applicable IFRS requirements. Subsequent to initial recognition, any capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax
Income tax in the Consolidated statement of income comprises current and deferred tax expense. *Income tax* is recognised in the Consolidated statement of income except when it relates to items recognised in OCI.

Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years. Uncertain tax positions and potential tax exposures are analysed individually, and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and for assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented within *Net financial items* in the Consolidated statement of income. Uplift benefit on the NCS is recognised when the deduction is included in the current year tax return and impacts taxes payable.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable income, convincing evidence is required, taking into account the existence of contracts, production of oil or gas in the near future based on volumes of proved reserves, observable prices in active markets, expected volatility of trading profits, expected currency rate movements and similar facts and circumstances.

Oil and gas exploration, evaluation and development expenditures
Statoil uses the successful efforts method of accounting for oil and gas exploration costs. Expenditures to acquire mineral interests in oil and gas properties and to drill and equip exploratory wells are capitalised as exploration and evaluation expenditures within *Intangible assets* until the well is complete and the results have been evaluated, or there is any other indicator of a potential impairment. Exploration wells that discover potentially economic quantities of oil and natural gas remain capitalised as intangible assets during the evaluation phase of the find. This evaluation is normally finalised within one year after well completion. If, following the evaluation, the exploratory well has not found potentially commercial quantities of hydrocarbons, the previously capitalised costs are evaluated for derecognition or tested for impairment. Geological and geophysical costs and other exploration and evaluation expenditures are expensed as incurred.

Capitalised exploration and evaluation expenditures, including expenditures to acquire mineral interests in oil and gas properties, related to offshore wells that find proved reserves are transferred from exploration expenditures and acquisition costs - oil and gas prospects (*Intangible assets*) to *Property, plant and equipment* at the time of sanctioning of the development project. For onshore wells where no sanction is required, the transfer of acquisition cost - oil and gas prospects (*Intangible assets*) to *Property, plant and equipment* occurs at the time when a well is ready for production.

For exploration and evaluation asset acquisitions (farm-in arrangements) in which Statoil has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the Consolidated financial statements as and when the exploration and development work progresses. Statoil reflects exploration and evaluation asset dispositions (farm-out arrangements) on a historical cost basis with no gain or loss recognition.

A gain or loss related to a post-tax based disposition of assets on the NCS includes the release of tax liabilities previously computed and recognised related to the assets in question. The resulting gross gain or loss is recognised in full in *Other income* in the Consolidated statement of income.

Consideration from the sale of an undeveloped part of an onshore asset reduces the carrying amount of the asset. The part of the consideration that exceeds the carrying amount of the asset, if any, is reflected in the Consolidated statement of income under *Other income*.

Exchanges (swaps) of exploration and evaluation assets are accounted for at the carrying amounts of the assets given up with no gain or loss recognition.

Property, plant and equipment
Property, plant and equipment is reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, exploration costs transferred from intangible assets and, for qualifying assets, borrowing costs. Property, plant and equipment include costs relating to expenditures incurred under the terms of profit sharing agreements (PSAs) in certain countries, and which qualify for recognition as assets of Statoil. State-owned entities in the respective countries, however, normally hold the legal title to such PSA-based property, plant and equipment.

Exchanges of assets are measured at the fair value of the asset given up, unless the fair value of neither the asset received nor the asset given up is measurable with sufficient reliability.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to Statoil, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Capitalised exploration and evaluation expenditures, development expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of production wells, and field-dedicated transport systems for oil and gas are capitalised as producing oil and gas properties within *Property, plant and equipment.* Such capitalised costs, when designed for significantly larger volumes than the reserves from already developed and producing wells, are depreciated using the unit of production method based on proved reserves expected to be recovered from the area during the concession or contract period. Depreciation of production wells uses the unit of production method based on proved developed reserves, and capitalised acquisition costs of proved properties are depreciated using the unit of production method based on total proved reserves. In the rare circumstances where the use of proved reserves fails to provide an appropriate measure of depreciation, a more appropriate reserve estimate is used. Depreciation of other assets and transport systems used by several fields is calculated on the basis of their estimated useful lives, normally using the straight-line method. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. For exploration and production assets, Statoil has established separate depreciation categories which as a minimum distinguish between platforms, pipelines and wells.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis, and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in *Other income* or *Operating expenses*, respectively, in the period the item is derecognised.

Leases

Leases for which Statoil assumes substantially all the risks and rewards of ownership are reflected as finance leases. When an asset leased by a joint operation or similar arrangement to which Statoil is a party qualifies as a finance lease, Statoil reflects its proportionate share of the leased asset and related obligations. Finance leases are classified in the Consolidated balance sheet within *Property, plant and equipment* and *Finance debt*. All other leases are classified as operating leases, and the costs are charged to the relevant operating expense related caption on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to Statoil.

Statoil distinguishes between lease and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time, while capacity contracts confer on Statoil the right to and the obligation to pay for certain volume capacity availability related to transport, terminal use, storage, etc. Such capacity contracts that do not involve specified assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by Statoil to qualify as leases for accounting purposes. Capacity payments are reflected as *Operating expenses* in the Consolidated statement of income in the period for which the capacity contractually is available to Statoil.

Intangible assets including goodwill

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses. Intangible assets include acquisition cost for oil and gas prospects, expenditures on the exploration for and evaluation of oil and natural gas resources, goodwill and other intangible assets.

Intangible assets relating to expenditures on the exploration for and evaluation of oil and natural gas resources are not amortised. When the decision to develop a particular area is made, its intangible exploration and evaluation assets are reclassified to *Property, plant and equipment*.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed in a business combination at the acquisition date. Goodwill acquired is allocated to each cash generating unit, or group of units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Financial assets

Financial assets are initially recognised at fair value when Statoil becomes a party to the contractual provisions of the asset. For additional information on fair value methods, refer to the Measurement of fair values section below. The subsequent measurement of the financial assets depends on which category they have been classified into at inception.

At initial recognition, Statoil classifies its financial assets into the following three main categories: Financial investments at fair value through profit or loss, loans and receivables, and available-for-sale (AFS) financial assets. The first main category, financial investments at fair value through profit or loss, further consists of two sub-categories: Financial assets held for trading and financial assets that on initial recognition are designated as fair value through profit and loss. The latter approach may also be referred to as the fair value option.

Cash and cash equivalents include cash in hand, current balances with banks and similar institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

Trade receivables are carried at the original invoice amount less a provision for doubtful receivables which is made when there is objective evidence that Statoil will be unable to recover the balances in full.

A significant part of Statoil's investments in treasury bills, commercial papers, bonds and listed equity securities is managed together as an investment portfolio of Statoil's captive insurance company and is held in order to comply with specific regulations for capital retention. The investment portfolio is managed and evaluated on a fair value basis in accordance with an investment strategy and is accounted for using the fair value option with changes in fair value recognised through profit or loss.

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are held for the purpose of being traded. Financial assets and financial liabilities are shown separately in the Consolidated balance sheet, unless Statoil has both a legal right and a demonstrable intention to net settle certain balances payable to and receivable from the same counterparty, in which case they are shown net in the balance sheet.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

Impairment
Impairment of property, plant and equipment and intangible assets other than goodwill
Statoil assesses individual assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Assets are grouped into cash generating units (CGUs) which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. Normally, separate CGUs are individual oil and gas fields or plants. Each unconventional asset play is considered a single CGU when no cash inflows from parts of the play can be reliably identified as being largely independent of the cash inflows from other parts of the play. In impairment evaluations, the carrying amounts of CGUs are determined on a basis consistent with that of the recoverable amount. In Statoil's line of business, judgement is involved in determining what constitutes a CGU. Development in production, infrastructure solutions, markets, product pricing, management actions and other factors may over time lead to changes in CGUs such as the division of one original CGU into several.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Fair value less cost of disposal is determined based on comparable recent arm's length market transactions, or based on Statoil's estimate of the price that would be received for the asset in an orderly transaction between market participants. Value in use is determined using a discounted cash flow model. The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the assets, as set down in Statoil's most recently approved long-term forecasts. Statoil uses an approach of regular updates of assumptions and economic conditions in establishing the long-term forecasts which are reviewed by corporate management and updated at least annually. For assets and CGUs with an expected useful life or timeline for production of expected reserves extending beyond 5 years, the forecasts reflect expected production volumes for oil and natural gas, and the related cash flows include project or asset specific estimates reflecting the relevant period. Such estimates are established on the basis of Statoil's principles and assumptions consistently applied.

In performing a value-in-use-based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate which is based on Statoil's post-tax weighted average cost of capital (WACC). The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least once a year. Exploratory wells that have found reserves, but where classification of those reserves as proved depends on whether major capital expenditure can be justified or where the economic viability of that major capital expenditure depends on the successful completion of further exploration work, will remain capitalised during the evaluation phase for the exploratory finds. Thereafter it will be considered a trigger for impairment evaluation of the well if no development decision is planned for the near future and there are no concrete plans for future drilling in the licence.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer be relevant or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses and reversals of impairment losses are presented in the Consolidated statement of income as *Exploration expenses* or *Depreciation, amortisation and net impairment losses*, on the basis of their nature as either exploration assets (intangible exploration assets) or development and producing assets (property, plant and equipment and other intangible assets), respectively.

Impairment of goodwill
Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGU, or group of units, to which the goodwill relates. Where the recoverable amount of the CGU, or group of units, is less than the carrying amount, an impairment loss is recognised. Once recognised, impairments of goodwill are not reversed in future periods.

Financial liabilities
Financial liabilities are initially recognised at fair value when Statoil becomes a party to the contractual provisions of the liability. The subsequent measurement of financial liabilities depends on which category they have been classified into. The categories applicable for Statoil are either financial

liabilities at fair value through profit or loss or financial liabilities measured at amortised cost using the effective interest method. The latter applies to Statoil's non-current bank loans and bonds.

Financial liabilities are presented as current if the liability is due to be settled within 12 months after the balance sheet date, or if they are held for the purpose of being traded. Financial liabilities are derecognised when the contractual obligations expire, are discharged or cancelled. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised either in interest income and other financial items or in interest and other finance expenses within *Net financial items*.

Derivative financial instruments
Statoil uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. The impact of commodity-based derivative financial instruments is recognised in the Consolidated statement of income under *Revenues*, as such derivative instruments are related to sales contracts or revenue-related risk management for all significant purposes. The impact of other financial instruments is reflected under *Net financial items*.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets or liabilities expected to be recovered, or with the legal right to be settled more than 12 months after the balance sheet date are classified as non-current, with the exception of derivative financial instruments held for the purpose of being traded.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with Statoil's expected purchase, sale or usage requirements, also referred to as own-use, are not accounted for as financial instruments. This is applicable to a significant number of contracts for the purchase or sale of crude oil and natural gas, which are recognised upon delivery.

Derivatives embedded in other financial instruments or in non-financial host contracts are recognised as separate derivatives and are reflected at fair value with subsequent changes through profit and loss, when their risks and economic characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value. Where there is an active market for a commodity or other non-financial item referenced in a purchase or sale contract, a pricing formula will, for instance, be considered to be closely related to the host purchase or sales contract if the price formula is based on the active market in question. A price formula with indexation to other markets or products will however result in the recognition of a separate derivative. Where there is no active market for the commodity or other non-financial item in question, Statoil assesses the characteristics of such a price related embedded derivative to be closely related to the host contract if the price formula is based on relevant indexations commonly used by other market participants. This applies to a number of Statoil's long-term natural gas sales agreements.

Pension liabilities
Statoil has pension plans for employees that either provide a defined pension benefit upon retirement or a pension dependent on defined contributions and related returns. A portion of the contributions are provided for as notional contributions, for which the liability increases with a promised notional return, set equal to the actual return of assets invested through the ordinary defined contribution plan. For defined benefit plans, the benefit to be received by employees generally depends on many factors including length of service, retirement date and future salary levels.

Statoil's proportionate share of multi-employer defined benefit plans are recognised as liabilities in the balance sheet to the extent that sufficient information is available and a reliable estimate of the obligation can be made.

Statoil's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date, reflecting the maturity dates approximating the terms of Statoil's obligations. The discount rate for the main part of the pension obligations has been established on the basis of Norwegian mortgage covered bonds, which are considered high quality corporate bonds. The cost of pension benefit plans is expensed over the period that the employees render services and become eligible to receive benefits. The calculation is performed by an external actuary.

The net interest related to defined benefit plans is calculated by applying the discount rate to the opening present value of the benefit obligation and opening present value of the plan assets, adjusted for material changes during the year. The resulting net interest element is presented in the statement of income as part of net pension cost within *Net operating income*. The difference between estimated interest income and actual return is recognised in the Consolidated statement of comprehensive income.

Past service cost is recognised when a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or curtailment (a significant reduction by the entity in the number of employees covered by a plan) occurs, or when recognising related restructuring costs or termination benefits. The obligation and related plan assets are re-measured using current actuarial assumptions, and the gain or loss is recognised in the statement of income.

Actuarial gains and losses are recognised in full in the Consolidated statement of comprehensive income in the period in which they occur, while actuarial gains and losses related to provision for termination benefits are recognised in the Consolidated statement of income in the period in which they occur. Due to the parent company Statoil ASA's functional currency being USD, the significant part of Statoil's pension obligations will be payable in a foreign currency (i.e. NOK). As a consequence, actuarial gains and losses related to the parent company's pension obligation include the impact of exchange rate fluctuations.

Contributions to defined contribution schemes are recognised in the statement of income in the period in which the contribution amounts are earned by the employees.

Notional contribution plans, reported in the parent company Statoil ASA, are recognised as pension liabilities with the actual value of the notional contributions and promised return at reporting date. Notional contributions and changes in fair value of notional assets are recognised in the statement of income as periodic pension cost.

Periodic pension cost is accumulated in cost pools and allocated to operating segments and Statoil operated joint operations (licences) on an hours incurred basis and recognised in the statement of income based on the function of the cost.

Onerous contracts

Statoil recognises as provisions the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a CGU whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the CGU, is included in impairment considerations for the applicable CGU.

Asset retirement obligations (ARO)

Provisions for ARO costs are recognised when Statoil has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements. Cost is estimated based on current regulations and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows, adjusted for a credit premium which reflects Statoil's own credit risk. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation. An obligation may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations, or be based on commitments associated with Statoil's ongoing use of pipeline transport systems where removal obligations rest with the volume shippers. The provisions are classified under *Provisions* in the Consolidated balance sheet. Some of the refining and process operations are deemed to have indefinite lives, and in consequence, no ARO has been recognised for their plants.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment. When a decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of *Depreciation, amortisation and net impairment losses* in the Consolidated statement of income. When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised as they occur in *Operating expenses* in the Consolidated statement of income. Removal provisions associated with Statoil's role as shipper of volumes through third party transport systems are expensed as incurred.

Measurement of fair values

Quoted prices in active markets represent the best evidence of fair value and are used by Statoil in determining the fair values of assets and liabilities to the extent possible. Financial instruments quoted in active markets will typically include commercial papers, bonds and equity instruments with quoted market prices obtained from the relevant exchanges or clearing houses. The fair values of quoted financial assets, financial liabilities and derivative instruments are determined by reference to mid-market prices, at the close of business on the balance sheet date.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's-length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and pricing models and related internal assumptions. In the valuation techniques, Statoil also takes into consideration the counterparty and its own credit risk. This is either reflected in the discount rate used or through direct adjustments to the calculated cash flows. Consequently, where Statoil reflects elements of long-term physical delivery commodity contracts at fair value, such fair value estimates to the extent possible are based on quoted forward prices in the market and underlying indexes in the contracts, as well as assumptions of forward prices and margins where observable market prices are not available. Similarly, the fair values of interest and currency swaps are estimated based on relevant quotes from active markets, quotes of comparable instruments, and other appropriate valuation techniques.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that Statoil has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition - gross versus net presentation of traded SDFI volumes of oil and gas production

As described under Transactions with the Norwegian State above, Statoil markets and sells the Norwegian State's share of oil and gas production from the NCS. Statoil includes the costs of purchase and proceeds from the sale of the SDFI oil production in *Purchases [net of inventory variation]* and *Revenues,* respectively. In making the judgement, Statoil considered the detailed criteria for the recognition of revenue from the sale of goods and, in particular, concluded that the risk and reward of the ownership of the oil had been transferred from the SDFI to Statoil.

Statoil sells, in its own name, but for the Norwegian State's account and risk, the State's production of natural gas. These gas sales, and related expenditures refunded by the State, are shown net in Statoil's Consolidated financial statements. In making the judgement, Statoil considered the same criteria as for the oil production and concluded that the risk and reward of the ownership of the gas had not been transferred from the SDFI to Statoil.

Key sources of estimation uncertainty
The preparation of the Consolidated financial statements requires that management make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis considering the current and expected future market conditions.

Statoil is exposed to a number of underlying economic factors which affect the overall results, such as liquids prices, natural gas prices, refining margins, foreign exchange rates and interest rates as well as financial instruments with fair values derived from changes in these factors. In addition, Statoil's results are influenced by the level of production, which in the short term may be influenced by, for instance, maintenance programmes. In the long term, the results are impacted by the success of exploration and field development activities.

The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing these Consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the results of operations, financial position and cash flows.

Proved oil and gas reserves
Proved oil and gas reserves may materially impact the Consolidated financial statements, as changes in the proved reserves, for instance as a result of changes in prices, will impact the unit of production rates used for depreciation and amortisation. Proved oil and gas reserves have been estimated by internal qualified professionals on the basis of industry standards and governed by criteria established by regulations of the U.S. Securities Exchange Commission (SEC), which require the use of a price based on a 12-month average for reserve estimation, and which are to be based on existing economic conditions and operating methods and with a high degree of confidence (at least 90% probability) that the quantities will be recovered. The Financial Accounting Standards Board (FASB) requirements for supplemental oil and gas disclosures align with the SEC regulations. Reserves estimates are based on subjective judgements involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors and installed plant operating capacity. For future development projects, proved reserves estimates are included only where there is a significant commitment to project funding and execution and when relevant governmental and regulatory approvals have been secured or are reasonably certain to be secured. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons. An independent third party has evaluated Statoil's proved reserves estimates, and the results of this evaluation do not differ materially from Statoil's estimates. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations. Unless evidence indicates that renewal is reasonably certain, estimates of economically producible reserves only reflect the period before the contracts providing the right to operate expire. The project to extract the hydrocarbons must have commenced, or the operator must be reasonably certain that it will commence within a reasonable time.

Expected oil and gas reserves
Expected oil and gas reserves may materially impact the Consolidated financial statements, as changes in the expected reserves, for instance as a result of changes in prices, will impact asset retirement obligations and impairment testing of upstream assets, which in turn may lead to changes in impairment charges affecting operating income. Expected oil and gas reserves are the estimated remaining, commercially recoverable quantities, based on Statoil's judgement of future economic conditions, from projects in operation or justified for development. Recoverable oil and gas quantities are always uncertain, and the expected value is the weighted average, or statistical mean, of the possible outcomes. Expected reserves are therefore typically larger than proved reserves as defined by the SEC rules. Expected oil and gas reserves have been estimated by internal qualified professionals on the basis of industry standards and are used for impairment testing purposes and for calculation of asset retirement obligations. Reserves estimates are based on subjective judgements involving geological and engineering assessments of in-place hydrocarbon volumes, the production, historical recovery and processing yield factors, installed plant operating capacity and operating approval limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons.

Exploration and leasehold acquisition costs
Statoil capitalises the costs of drilling exploratory wells pending determination of whether the wells have found proved oil and gas reserves. Statoil also capitalises leasehold acquisition costs and signature bonuses paid to obtain access to undeveloped oil and gas acreage. Judgements as to whether these expenditures should remain capitalised or written down due to impairment losses in the period may materially affect the operating income for the period.

Impairment/reversal of impairment
Statoil has significant investments in property, plant and equipment and intangible assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, requiring the carrying amount to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgement and may to a large extent depend upon the selection of key assumptions about the future.

Unproved oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least annually. If, following evaluation, an exploratory well has not found proved reserves, the previously capitalised costs are tested for impairment. Subsequent to the initial evaluation phase for a well, it will be considered a trigger for impairment testing of a well if no development decision is planned for the near future and there is no concrete plan for future drilling in the licence.

Impairment of unsuccessful wells is reversed, as applicable, to the extent that conditions for impairment are no longer present.

Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, refinery margins, currency exchange rates and future output, discount rates and political and country risk among others, in order to establish relevant future cash flows. Impairment testing frequently also requires judgement regarding probabilities and probability distributions as well as levels of sensitivity inherent in the establishment of recoverable amount estimates. Long-term assumptions for major economic factors are made at a group level, and there is a high degree of reasoned judgement involved in establishing these assumptions, in determining other relevant factors such as forward price curves, in estimating production outputs and in determining the ultimate terminal value of an asset.

Employee retirement plans
When estimating the present value of defined benefit pension obligations that represent a long-term liability in the Consolidated balance sheet, and indirectly, the period's net pension expense in the Consolidated statement of income, management make a number of critical assumptions affecting these estimates. Most notably, assumptions made about the discount rate to be applied to future benefit payments and plan assets, the expected rate of pension increase and the annual rate of compensation increase, have a direct and potentially material impact on the amounts presented. Significant changes in these assumptions between periods can have a material effect on the Consolidated financial statements.

Asset retirement obligations
Statoil has significant obligations to decommission and remove offshore installations at the end of the production period. It is difficult to estimate the costs of these decommissioning and removal activities, which are based on current regulations and technology, and consider relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and the day rates for rigs, marine operations and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement.

Derivative financial instruments
When not directly observable in active markets, the fair value of derivative contracts must be computed internally based on internal assumptions as well as directly observable market information, including forward and yield curves for commodities, currencies and interest rates. Changes in internal assumptions, forward and yield curves could materially impact the internally computed fair value of derivative contracts, particularly long-term contracts, resulting in a corresponding impact on income or loss in the Consolidated statement of income.

Income tax
Every year Statoil incurs significant amounts of income taxes payable to various jurisdictions around the world and recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates is highly dependent upon management's ability to properly apply at times very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

3 Segments

With effect from the third quarter of 2015 Statoil implemented a new corporate structure. Statoil's operations are now managed through the following operating segments: Development and Production Norway (DPN), Development and Production USA (DPUSA), Development and Production International (DPI), Marketing, Midstream and Processing (MMP), New Energy Solutions (NES) and Other.

The development and production operating segments are responsible for the commercial development of the oil and gas portfolios within their respective geographical areas: DPN on the Norwegian continental shelf, DPUSA including offshore and onshore activities in the USA and Mexico, and DPI worldwide outside of DPN and DPUSA.

Exploration activities are managed by a separate business unit, which has the global responsibility across the group for discovery and appraisal of new resources. Exploration activities are allocated to and presented in the respective development and production operating segments.

The MMP segment is responsible for marketing and trading of oil and gas commodities (crude, condensate, gas liquids, products, natural gas and liquefied natural gas), electricity and emission rights, as well as transportation, processing and manufacturing of the above mentioned commodities, operations of refineries, terminals, processing and power plants.

The NES segment is responsible for wind parks, carbon capture and storage as well as other renewable energy and low-carbon energy solutions.

Statoil reports its business through reporting segments which correspond to the operating segments, except for the operating segments DPI and DPUSA which have been aggregated into one reporting segment, Development and Production International. This aggregation has its basis in similar economic characteristics, the nature of products, services and production processes, the type and class of customers, the methods of distribution and regulatory environment. The new operating segment NES is reported in the segment Other in 2015 due to its immateriality.

The Other reporting segment includes activities within New Energy Solutions, Global Strategy and Business Development, Technology, Projects and Drilling and Corporate Staffs and Services.

The eliminations section includes the elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products. Inter-segment revenues are based upon estimated market prices.

Segment data for the years ended 31 December 2015, 2014 and 2013 is presented below. The measurement basis of segment profit is *Net operating income*. In the tables below, deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. Also, the line additions to PP&E, intangibles and equity accounted investments is excluding movements due to changes in asset retirement obligations.

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Midstream and Processing	Other	Eliminations	Total
Full year 2015						
Revenues third party and other income	(0.9)	15.3	465.5	3.1	-	483.1
Revenues inter-segment	140.4	53.9	1.5	0.0	(195.7)	(0.0)
Net income (loss) from equity accounted investments	0.0	(0.8)	0.4	0.0	-	(0.3)
Total revenues and other income	139.5	68.4	467.4	3.2	(195.7)	482.8
Purchases [net of inventory variation]	(0.0)	(0.1)	(406.5)	(0.0)	195.4	(211.2)
Operating and SG&A expenses	(25.8)	(27.3)	(37.6)	(2.8)	1.5	(91.9)
Depreciation, amortisation and net impairment losses	(51.4)	(81.6)	0.4	(1.1)	0.0	(133.8)
Exploration expenses	(4.6)	(26.3)	0.0	0.0	0.0	(31.0)
Net operating income	57.6	(66.9)	23.7	(0.8)	1.2	14.9
Additions to PP&E, intangibles and equity accounted investments	50.6	65.4	7.3	2.2	0.0	125.5
Balance sheet information						
Equity accounted investments	0.0	2.9	1.9	2.4	-	7.3
Non-current segment assets	244.1	330.1	49.2	6.1	-	629.5
Non-current assets, not allocated to segments						82.0
Total non-current assets						718.7

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Midstream and Processing	Other	Eliminations	Total
Full year 2014						
Revenues third party and other income	9.0	18.6	595.0	0.4	-	622.9
Revenues inter-segment	173.2	67.3	1.8	0.0	(242.3)	(0.0)
Net income (loss) from equity accounted investments	0.1	(0.8)	0.5	(0.0)	-	(0.3)
Total revenues and other income	182.2	85.2	597.3	0.3	(242.3)	622.7
Purchases [net of inventory variation]	(0.0)	(0.0)	(544.2)	(0.0)	242.9	(301.3)
Operating and SG&A expenses	(25.2)	(22.9)	(33.2)	(0.9)	2.0	(80.2)
Depreciation, amortisation and net impairment losses	(40.0)	(56.8)	(3.6)	(1.0)	-	(101.4)
Exploration expenses	(5.4)	(25.0)	(0.0)	0.0	-	(30.3)
Net operating income	111.7	(19.5)	16.2	(1.5)	2.6	109.5
Additions to PP&E, intangibles and equity accounted investments	55.1	61.4	7.8	0.8	-	125.1
Balance sheet information						
Equity accounted investments	0.2	4.8	3.2	0.2	-	8.4
Non-current segment assets	262.0	333.8	46.3	5.1	-	647.3
Non-current assets, not allocated to segments						76.0
Total non-current assets						731.7

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Midstream and Processing	Other	Eliminations	Total
Full year 2013						
Revenues third party and other income	9.4	16.5	607.5	1.0	-	634.4
Revenues inter-segment	192.7	65.4	1.0	0.1	(259.1)	0.0
Net income (loss) from equity accounted investments	0.1	(0.0)	0.1	(0.0)	-	0.1
Total revenues and other income	202.2	81.9	608.6	1.0	(259.1)	634.5
Purchases [net of inventory variation]	0.0	(0.1)	(565.2)	(0.0)	258.4	(306.9)
Operating and SG&A expenses	(27.4)	(21.0)	(33.7)	(0.8)	1.1	(81.9)
Depreciation, amortisation and net impairment losses	(32.2)	(31.9)	(7.0)	(1.3)	0.0	(72.4)
Exploration expenses	(5.5)	(12.5)	(0.0)	(0.0)	0.0	(18.0)
Net operating income	137.1	16.4	2.6	(1.1)	0.4	155.5
Additions to PP&E, intangibles and equity accounted investments	57.3	52.9	5.9	1.3	-	117.4
Balance sheet information						
Equity accounted investments	0.2	4.8	2.3	0.2	-	7.4
Non-current segment assets	247.6	286.5	39.3	5.6	-	578.9
Non-current assets, not allocated to segments						60.5
Total non-current assets						646.8

See note 4 *Acquisitions and dispositions* for information on transactions that affect the different segments.

See note 11 *Property, plant and equipment* for information on impairment losses that affected the different segments.

See note 12 *Intangible assets* for information on impairment losses that affected primarily the DPI segment.

See note 23 *Other commitments, contingent liabilities and contingent assets* for information on contingencies that have influenced the DPI and MMP segments.

Revenues by geographical areas

Statoil has business operations in more than 30 countries. When attributing revenues third party and other income to the country of the legal entity executing the sale, Norway constitutes 76% and the USA constitutes 13%.

Non-current assets by country

(in NOK billion)	2015	2014	At 31 December 2013
Norway	277.4	289.6	269.6
USA	180.9	182.9	159.2
Angola	47.1	51.3	45.9
Brazil	30.6	29.5	24.5
UK	25.4	19.7	13.6
Canada	20.0	17.6	19.9
Algeria	12.6	11.8	9.0
Azerbaijan	12.5	23.6	19.0
Other countries	30.3	29.5	25.6
Total non-current assets[1)]	636.7	655.6	586.3

1) Excluding deferred tax assets, pension assets and non-current financial assets.

Revenues by product type

(in NOK billion)	2015	2014	2013
Crude oil	223.1	324.6	321.5
Natural gas	99.6	99.3	110.4
Refined products	86.5	104.8	118.9
Natural gas liquids	44.2	59.5	64.5
Other	12.0	18.6	1.3
Total revenues	465.3	606.8	616.6

4 Acquisitions and disposals

2015

Sale of interests in the Marcellus onshore play

In January 2015 Statoil closed an agreement with Southwestern Energy, entered into in the fourth quarter 2014, reducing Statoil's average working interest in the non-operated southern Marcellus onshore play from 29% to 23%. The transaction was recognised in the Development and Production International (DPI) segment with no impact on the Consolidated statement of income. Proceeds from the sale were NOK 2.8 billion.

Sale of interests in the Shah Deniz project and the South Caucasus Pipeline

In April 2015 Statoil closed an agreement with Petronas, entered into in October 2014, to sell its remaining 15.5% interest in the Shah Deniz project and the South Caucasus Pipeline. Statoil recognised a total gain of NOK 12.4 billion. The gain was presented in the line item *Other income* in the Consolidated statement of income. In the segment reporting, the gain was recognised in the DPI and the Marketing, Midstream and Processing (MMP) segments, with NOK 12.3 billion and NOK 0.1 billion, respectively. The part of the transaction recognised in the DPI segment was tax exempt under the rules in Norway and Azerbaijan. Total proceeds from the sale were NOK 20.3 billion, of which NOK 0.7 billion was received in 2014 and NOK 19.6 billion in 2015.

Sale of head office building

In June 2015 Statoil closed a transaction with Colony Capital, Inc. for the sale of the company's head office building in Stavanger through the sale of shares in the company Forusbeen 50 AS. At the same time, Statoil entered into a 15 year operating lease agreement for the building. A gain of NOK 1.5 billion was recognised in the Other segment. The gain was presented in the line item *Other income* in the Consolidated statement of income. Proceeds from the sale were NOK 2.3 billion.

Sale of office buildings

In December 2015 Statoil closed a transaction with TRD Campus AS for the sale of the company's office buildings in Trondheim and Stjørdal through the sale of shares in the companies Strandveien 4 AS and Arkitekt Ebbelsvei 10 AS. At the same time Statoil entered into 15 year operating lease agreements for the buildings. A gain of NOK 0.6 billion was recognised in the Other segment. The gain was presented in the line item *Other income* in the Consolidated statement of income. Proceeds from the sale were NOK 1.7 billion.

Sale of interests in the Trans Adriatic Pipeline AG

In December 2015 Statoil closed an agreement with Italian gas structure company Snam SpA to sell its 20% interest in Trans Adriatic Pipeline AG. A gain of NOK 1.4 billion was recognised in the MMP segment. The gain was tax exempt and presented in the line item *Other income* in the Consolidated statement of income. Total proceeds from the sale were NOK 2.0 billion.

Sale of interests in the Gudrun field and acquisition of interests in Eagle Ford
In December 2015 Statoil closed an agreement with Repsol to sell a 15% interest in the Gudrun field on the Norwegian continental shelf (NCS). Statoil remains the operator and largest equity holder with a 36% interest. Statoil recognised a total gain of NOK 1.2 billion in the Development and Production Norway (DPN) segment. The gain was presented in the line item *Other income* in the Consolidated statement of income. The transaction was tax exempt under the Norwegian petroleum tax legislation. Proceeds from the sale were NOK 1.9 billion.

Simultaneously Statoil closed an agreement to acquire an additional 13% interest in the Eagle Ford formation with the same party. Statoil's total interest in the Eagle Ford shale play after the acquisition is 63%, and Statoil also became the sole operator. The acquisition was accounted for as a business combination using the acquisition method. The acquisition and valuation date for the purchase price allocation was 30 December 2015. The fair value of net identifiable assets was NOK 3.5 billion. The acquisition was recognised in the DPI and MMP reporting segments with the fair value of net identifiable assets of NOK 2.4 billion and NOK 1.1 billion, respectively. The total purchase price of the business combination was NOK 3.5 billion. No goodwill was recognised.

2014
Sale of interests in the Shah Deniz project and the South Caucasus Pipeline
In March 2014 Statoil closed an agreement with BP and in May 2014 Statoil closed an agreement with SOCAR, both entered into in December 2013, to divest a 3.33% working interest and a 6.67% working interest, respectively, in the Shah Deniz project and the South Caucasus Pipeline. Statoil recognised a total gain of NOK 5.4 billion, presented in the line item *Other income* in the Consolidated statement of income. In the segment reporting, the gain has been presented in the DPI segment and the MMP segment with NOK 5.2 billion and NOK 0.2 billion, respectively. The part of the transaction recognised in the DPI segment was tax exempt under the rules in Norway and Azerbaijan. Proceeds from the sale were NOK 8.2 billion.

Kai Kos Dehseh oil sands swap agreement
In May 2014 Statoil and its partner PTTEP closed an agreement to swap the two parties' respective interests in the Kai Kos Dehseh oil sands project in Alberta, Canada. Statoil paid a balancing cash consideration of NOK 2.5 billion and assumed a net liability of NOK 0.3 billion. Subsequent to the closing, Statoil continues as 100% owner of the Leismer and Corner projects, while PTTEP owns 100% of the Thornbury, Hangingstone and South Leismer areas. The transaction has been recognised in the DPI segment resulting in an increase in *Property, plant and equipment* of NOK 4.6 billion, including a transfer from *Intangible assets* of NOK 1.8 billion, and with no impact on the Consolidated statement of income.

Sale of interests in licences on the Norwegian continental shelf
In December 2014 Statoil closed an agreement with Wintershall to sell certain ownership interests in licences on the NCS. A gain of NOK 5.9 billion has been recognised in the DPN segment. The gain has been presented in the line item *Other income* in the Consolidated statement of income. The transaction was tax exempt under the rules in the Norwegian petroleum tax legislation, and the gain included a release of related deferred tax liabilities. Proceeds from the sale were NOK 8.7 billion (USD 1.25 billion).

2013
Sale of interests in exploration and production licences on the Norwegian continental shelf to Wintershall
In July 2013 a sales transaction with Wintershall of certain ownership interests in licences on the NCS was closed. Statoil recognised a gain of NOK 6.4 billion. The gain has been presented in the line item *Other income* in the Consolidated statement of income. In the segment reporting, the gain has been presented in the DPN segment in revenues third party and other income. The transaction was tax exempt under the rules in the Norwegian petroleum tax legislation. Proceeds from the sale were NOK 4.7 billion.

Sale of interests in exploration and production licences on the Norwegian continental shelf and the United Kingdom continental shelf to OMV
In October 2013 a sales transaction with OMV to sell certain ownership interests in licences on the NCS and United Kingdom continental shelf was closed. Statoil recognised a gain of NOK 10.1 billion. The gain has been presented in the line item *Other income* in the Consolidated statement of income. In the segment reporting, the gain has been presented in the DPN segment and in the DPI segment in revenues third party and other income with NOK 6.6 billion and NOK 3.5 billion, respectively. The part of the transaction covering assets on the NCS was tax exempt under the rules in the Norwegian petroleum tax legislation. Proceeds from the sale were NOK 15.9 billion.

5 Financial risk management

General information relevant to financial risks
Statoil's business activities naturally expose Statoil to financial risk. Statoil's approach to risk management includes assessing and managing risk in all activities using a holistic risk approach. Statoil utilises correlations between the most important market risks, such as oil and natural gas prices, refined oil product prices, currencies, and interest rates, to calculate the overall market risk and thereby take into account the natural hedges inherent in Statoil's portfolio. Adding the different market risks without considering these correlations would overestimate Statoil's total market risk. This approach allows Statoil to reduce the number of risk management transactions and thereby reduce transaction costs and avoid sub-optimisation.

An important element in risk management is the use of centralised trading mandates. All major strategic transactions are required to be coordinated through Statoil's corporate risk committee. Mandates delegated to the trading organisations within crude oil, refined products, natural gas and electricity are relatively small compared to the total market risk of Statoil.

The corporate risk committee, which is headed by the chief financial officer and includes representatives from the principal business segments, is responsible for defining, developing and reviewing Statoil's risk policies. The chief financial officer, assisted by the committee, is also responsible for overseeing and developing Statoil's Enterprise Risk Management and proposing appropriate measures to adjust risk at the corporate level. The committee meets at least six times per year and regularly reviews risk information relevant to Statoil.

Financial risks
Statoil's activities expose Statoil to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Market risk
Statoil operates in the worldwide crude oil, refined products, natural gas, and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates, and electricity prices that can affect the revenues and costs of operating, investing and financing. These risks are managed primarily on a short-term basis with a focus on achieving the highest risk-adjusted returns for Statoil within the given mandate. Long-term exposures are managed at the corporate level, while short-term exposures are managed according to trading strategies and mandates approved by Statoil's corporate risk committee.

In the marketing of commodities Statoil has established guidelines for entering into derivative contracts in order to manage commodity price, foreign currency rate, and interest rate risks. Statoil uses both financial and commodity-based derivatives to manage the risks in revenues, financial items and the present value of future cash flows.

For more information on sensitivity analysis of market risk see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Commodity price risk
Statoil's most important long term commodity risk (oil and natural gas) is related to future market prices as Statoil's risk policy is to be exposed to both upside and downside price movements. To manage short-term commodity risk, Statoil enters into commodity- based derivative contracts, including futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity.

Derivatives associated with crude oil and refined oil products are traded mainly on the Inter Continental Exchange (ICE) in London, the New York Mercantile Exchange (NYMEX), the OTC Brent market, and crude and refined products swap markets. Derivatives associated with natural gas and electricity are mainly OTC physical forwards and options, NASDAQ OMX Oslo forwards and futures traded on the NYMEX and ICE.

The term of crude oil and refined oil products derivatives is usually less than one year, and the term for natural gas and electricity derivatives is usually three years or less. For more detailed information about Statoil's commodity based derivative financial instruments, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

Currency risk
Statoil's operating results and cash flows are affected by foreign currency fluctuations and the most significant currency is Norwegian Krone (NOK) against United States Dollar (USD). Statoil manages its currency risk from operating activities with USD as the base currency. Foreign exchange risk is managed at corporate level in accordance with established policies and mandates.

Statoil's cash flows from operating activities deriving from oil and gas sales, operating expenses and capital expenditures are mainly in USD, but taxes and dividends to shareholders on the Oslo Stock Exchange are in NOK. Accordingly, Statoil's currency management is primarily linked to mitigate currency risk related to tax and dividend payments in NOK. This means that Statoil regularly purchases substantial NOK amounts on a forward basis using conventional derivative instruments.

Interest rate risk
Bonds are normally issued at fixed rates in a variety of local currencies (among others USD, Euro and Great Britain Pound). Bonds may be converted to floating USD bonds by using interest rate and currency swaps. Statoil manages its interest rates exposure on its bond debt based on risk and reward considerations from an enterprise risk management perspective. This means that the fix/floating mix on interest rate exposure may vary from time to time. For more detailed information about Statoil's long-term debt portfolio see note 18 *Finance debt*.

Liquidity risk
Liquidity risk is the risk that Statoil will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that Statoil has sufficient funds available at all times to cover its financial obligations.

Statoil manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover Statoil's operational requirements. Statoil has a high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting the financial obligations, Statoil maintains a conservative liquidity management policy. To identify future long-term financing needs, Statoil carries out three-year cash forecasts at least monthly.

The main cash outflows are the quarterly dividend payments and Norwegian petroleum tax payments paid six times per year. If the monthly cash flow forecast shows that the liquid assets one month after tax and dividend payments will fall below the defined policy level, new long-term funding will be considered.

Short-term funding needs will normally be covered by the USD 4.0 billion US Commercial Papers Programme (CP) which is backed by a revolving credit facility of USD 5.0 billion, supported by 21 core banks, maturing in 2020. The facility supports secure access to funding, supported by the best available short-term rating. As at 31 December 2015 it has not been drawn.

Statoil raises debt in all major capital markets (USA, Europe and Asia) for long-term funding purposes. The policy is to have a smooth maturity profile with repayments not exceeding five percent of capital employed in any year for the nearest five years. Statoil's non-current financial liabilities have a weighted average maturity of approximately nine years.

For more information about Statoil's non-current financial liabilities, see note 18 *Finance debt*.

The table below shows a maturity profile, based on undiscounted contractual cash flows, for Statoil's financial liabilities.

		At 31 December
(in NOK billion)	2015	2014
Due within 1 year	104.9	131.4
Due between 1 and 2 years	73.7	43.3
Due between 3 and 4 years	86.9	81.3
Due between 5 and 10 years	93.8	90.5
Due after 10 years	115.5	84.3
Total specified	474.7	430.8

Credit risk

Credit risk is the risk that Statoil's customers or counterparties will cause Statoil financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.

Key elements of the credit risk management approach include:

- A global credit risk policy
- Credit mandates
- An internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, Statoil's credit policy requires all counterparties to be formally identified and approved. In addition, all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed regularly and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements and other relevant business information like past payment performance, the counterparties' size and business diversification. The internal credit ratings reflect Statoil's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management.

Statoil uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral.

Statoil has pre-defined limits for the absolute credit risk level allowed at any given time on Statoil's portfolio as well as maximum credit exposures for individual counterparties. Statoil monitors the portfolio on a regular basis and individual exposures against limits on a daily basis. The total credit exposure portfolio of Statoil is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of Statoil's credit exposure is with investment grade counterparties.

The following table contains the carrying amount of Statoil's financial receivables and derivative financial instruments split by Statoil's assessment of the counterparty's credit risk. There are no significant receivables that are past due or impaired. Only non-exchange traded instruments are included in derivative financial instruments.

(in NOK billion)	Non-current financial receivables	Trade and other receivables	Non-current derivative financial instruments	Current derivative financial instruments
At 31 December 2015				
Investment grade, rated A or above	0.0	14.6	11.9	2.0
Other investment grade	3.3	27.5	11.9	2.4
Non-investment grade or not rated	2.4	9.3	0.0	0.3
Total financial asset	5.8	51.4	23.8	4.8
At 31 December 2014				
Investment grade, rated A or above	0.0	20.1	15.2	2.4
Other investment grade	0.0	36.5	11.8	2.7
Non-investment grade or not rated	2.7	17.2	2.9	0.2
Total financial asset	2.7	73.7	29.9	5.3

At 31 December 2015, NOK 10.2 billion of cash was held as collateral to mitigate a portion of Statoil's credit exposure. At 31 December 2014 NOK 12.9 billion was held as collateral. The collateral cash is received as a security to mitigate credit exposure related to positive fair values on interest rate swaps, cross currency swaps and foreign exchange swaps. Cash is called as collateral in accordance with the master agreements with the different counterparties when the positive fair values for the different swap agreements are above an agreed threshold.

Under the terms of various master netting agreements for derivative financial instruments as of 31 December 2015, NOK 7.0 billion presented as liabilities do not meet the criteria for offsetting. At 31 December 2014, NOK 5.2 billion was not offset. The collateral received and the amounts not offset from derivative financial instrument liabilities, reduce the credit exposure in the derivative financial instruments presented in the table above as they will offset each other in a potential default situation for the counterparty.

6 Remuneration

(in NOK billion, except average number of employees)	2015	2014	Full year 2013
Salaries[1)]	22.5	23.3	23.5
Pension costs	6.8	3.4	4.6
Payroll tax	3.4	3.5	3.4
Other compensations and social costs	2.5	2.4	2.5
Total payroll costs	35.2	32.5	34.0
Average number of employees[2)]	22,300	23,300	23,600

1) Salaries include bonuses, severance packages and expatriate costs in addition to base pay.
2) Part time employees amount to 3%, 2% and 3% for the years 2015, 2014 and 2013 respectively.

Total payroll expenses are accumulated in cost-pools and partly charged to partners of Statoil operated licences on an hours incurred basis.

For further information on pension costs, see note 19 *Pensions*.

Compensation to the board of directors (BoD) and the corporate executive committee (CEC)
Remuneration to members of the BoD and the CEC during the year was as follows:

(in NOK million)[1]	2015	2014	Full year 2013
Current employee benefits	92.2	73.2	74.5
Post-employment benefits	6.4	13.0	13.0
Other non-current benefits	0.1	0.0	0.1
Share based payment benefits	1.3	1.1	1.1
Total	100.2	87.3	88.7

1) All figures in the table are presented on accrual basis.

At 31 December 2015, 2014 and 2013 there are no loans to the members of the BoD or the CEC.

Share-based compensation
Statoil's share saving plan provides employees with the opportunity to purchase Statoil shares through monthly salary deductions and a contribution by Statoil. If the shares are kept for two full calendar years of continued employment, following the year of purchase, the employees will be allocated one bonus share for each one they have purchased.

Estimated compensation expense including the contribution by Statoil for purchased shares, amounts vested for bonus shares granted and related social security tax was NOK 0.5 billion, NOK 0.6 billion and NOK 0.6 billion related to the 2015, 2014 and 2013 programs, respectively. For the 2016 program (granted in 2015) the estimated compensation expense is NOK 0.5 billion. At 31 December 2015 the amount of compensation cost yet to be expensed throughout the vesting period is NOK 1.2 billion.

7 Other expenses

Auditor's remuneration

(in NOK million, excluding VAT)	2015	2014	Full year 2013
Audit fee	49	45	38
Audit related fee	14	8	8
Tax fee	0	0	0
Other service fee	0	0	0
Total	63	53	46

Of total increase in audit and audit related fees, NOK 3.2 million is due to currency effects, equivalent to 5%.

In addition to the figures in the table above, the audit fees and audit related fees related to Statoil operated licences amount to NOK 7 million, NOK 6 million and NOK 6 million for 2015, 2014 and 2013, respectively.

Research and development expenditures
Research and development (R&D) expenditures were NOK 2.7 billion, NOK 3.0 billion and NOK 3.2 billion in 2015, 2014 and 2013, respectively. R&D expenditures are partly financed by partners of Statoil operated licences. Statoil's share of the expenditures has been recognised as expense in the Consolidated statement of income.

8 Financial items

(in NOK billion)	2015	2014	Full year 2013
Foreign exchange gains (losses) derivative financial instruments	4.4	(1.5)	(4.1)
Other foreign exchange gains (losses)	(6.5)	(0.7)	(4.5)
Net foreign exchange gains (losses)	(2.1)	(2.2)	(8.6)
Dividends received	0.3	0.3	0.1
Gains (losses) financial investments	0.4	1.1	1.9
Interest income financial investments	0.6	0.7	0.6
Interest income non-current financial receivables	0.2	0.1	0.1
Interest income current financial assets and other financial items	1.7	1.8	0.9
Interest income and other financial items	3.2	4.0	3.6
Interest expense bonds and bank loans and net interest on related derivatives	(5.7)	(4.3)	(1.5)
Interest expense finance lease liabilities	(0.2)	(0.3)	(0.2)
Capitalised borrowing costs	3.2	1.6	1.1
Accretion expense asset retirement obligations	(3.9)	(3.7)	(3.2)
Gains (losses) derivative financial instruments	(3.8)	5.8	(7.4)
Interest expense current financial liabilities and other finance expense	(1.2)	(0.8)	(0.8)
Interest and other finance expenses	(11.7)	(1.8)	(12.0)
Net financial items	(10.6)	(0.0)	(17.0)

Statoil's main financial items relate to assets and liabilities categorised in the held for trading category and the amortised cost category. For more information about financial instruments by category see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk.*

The line item interest expense bonds and bank loans and net interest on related derivatives primarily includes interest expenses of NOK 8.6 billion, NOK 6.8 billion and NOK 5.4 billion from the financial liabilities at amortised cost category. This was partly offset by net interest on related derivatives from the held for trading category, NOK 2.6 billion, NOK 2.5 billion and NOK 3.9 billion for 2015, 2014 and 2013, respectively.

The line item gains (losses) derivative financial instruments primarily includes fair value loss from the held for trading category of NOK 4.0 billion, a gain of NOK 5.7 billion and a loss of NOK 7.6 billion for 2015, 2014 and 2013, respectively.

Foreign exchange gains (losses) derivative financial instruments include fair value changes of currency derivatives related to liquidity and currency risk.
The line item foreign exchange gains (losses) includes a net foreign exchange loss of NOK 9.7 billion, a loss of NOK 13.4 billion and a loss of NOK 4.3 billion from the held for trading category for 2015, 2014 and 2013, respectively.

9 Income taxes

Significant components of income tax expense

(in NOK billion)	2015	2014	Full year 2013
Current income tax expense in respect of current year	52.0	89.6	111.6
Prior period adjustments	0.7	(1.9)	1.3
Current income tax expense	52.7	87.6	112.9
Origination and reversal of temporary differences	(12.3)	(0.6)	(13.4)
Change in tax regulations	0.7	0.1	0.1
Prior period adjustments	0.4	0.3	(0.4)
Deferred tax expense	(11.1)	(0.2)	(13.7)
Income tax expense	41.6	87.4	99.2

During the normal course of its business, Statoil files tax returns in many different tax regimes. There may be differing interpretation of applicable tax laws and regulations regarding some of the matters in the tax returns. It may in certain cases take several years to complete the discussions with the relevant tax authorities or to reach a resolution of the tax positions through litigations. Statoil has provided for probable income tax related assets and liabilities based on best estimates reflecting consistent interpretations of the applicable laws and regulations.

Reconciliation of nominal statutory tax rate to effective tax rate

(in NOK billion)	2015	2014	Full year 2013
Income before tax	4.3	109.4	138.4
Calculated income tax at statutory rate[1)]	(8.5)	31.2	42.4
Calculated Norwegian Petroleum tax[2)]	33.4	62.8	71.7
Tax effect uplift[2)]	(6.8)	(6.4)	(5.2)
Tax effect of permanent differences regarding divestments	(3.7)	(6.2)	(12.0)
Tax effect of permanent differences caused by functional currency different from tax currency	(5.8)	(5.1)	(0.4)
Tax effect of other permanent differences	(0.2)	2.2	(3.7)
Change in unrecognised deferred tax assets	28.2	8.7	3.9
Change in tax regulations[3)]	0.7	0.1	0.1
Prior period adjustments	1.1	(1.7)	0.9
Other items including currency effects	3.2	1.7	1.5
Income tax expense	41.6	87.4	99.2
Effective tax rate	969.3%	79.9%	71.7%

1) The weighted average of statutory tax rates was -198.9% in 2015, 28.5% in 2014 and 30.7% in 2013. The negative weighted average of statutory tax rates for 2015 (198.9%) and the decrease in weighted average tax rates from 2014 to 2015 is mainly caused by losses, impairments and provisions in entities with higher than average statutory tax rates. The decrease from 2013 to 2014 was due to changes in the geographic mix of income, and a decrease in the Norwegian statutory tax rate from 28% to 27%.

2) When computing the petroleum tax of 51% (53% from 2016) on income from the Norwegian continental shelf, an additional tax-free allowance, or uplift, is granted at a rate of 5.5% per year on the basis of the original capitalised cost of offshore production installations. For investments made prior to 5 May 2013, the rate is 7.5% per year. Transitional rules apply to investments from 5 May 2013 covered by among others Plans for development and operation (PDOs) or Plans for installation and operation (PIOs) submitted to the Ministry of Oil and Energy prior to 5 May 2013. The uplift may be deducted from taxable income for a period of four years, starting in the year in which the capital expenditure is incurred. Unused uplift may be carried forward indefinitely. At year end 2015 and 2014, unrecognised uplift credits amounted to NOK 20.6 billion and NOK 21.1 billion, respectively.

3) The increase from 2014 to 2015 is mainly related to change in deferred taxes caused by a reduction in Norwegian statutory tax rate from 27% to 25% effective from 2016.

Deferred tax assets and liabilities comprise

(in NOK billion)	Tax losses carried forward	Property, plant and equipment and Intangible assets	Asset removal obligation	Pensions	Derivatives	Other	Total
Deferred tax at 31 December 2015							
Deferred tax assets	41.8	1.6	61.5	5.1	0.1	7.0	117.1
Deferred tax liabilities	(0.0)	(147.4)	0.0	(0.0)	(8.2)	(9.1)	(164.6)
Net asset (liability) at 31 December 2015	41.8	(145.7)	61.5	5.1	(8.1)	(2.1)	(47.6)
Deferred tax at 31 December 2014							
Deferred tax assets	36.7	4.6	73.3	7.0	0.2	13.4	135.3
Deferred tax liabilities	(0.0)	(172.6)	0.0	0.0	(12.9)	(8.4)	(193.8)
Net asset (liability) at 31 December 2014	36.7	(167.9)	73.3	7.0	(12.7)	4.9	(58.6)

Changes in net deferred tax liability during the year were as follows:

(in NOK billion)	2015	2014	2013
Net deferred tax liability at 1 January	58.6	62.8	77.3
Charged (credited) to the Consolidated statement of income	(11.1)	(0.2)	(13.7)
Other comprehensive income	2.8	(0.9)	(1.5)
Translation differences and other	(2.7)	(3.0)	0.7
Net deferred tax liability at 31 December	47.6	58.6	62.8

Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority, and there is a legally enforceable right to offset current tax assets against current tax liabilities. After netting deferred tax assets and liabilities by fiscal entity, deferred taxes are presented on the balance sheet as follows:

(in NOK billion)	2015	At 31 December 2014
Deferred tax assets	17.8	12.9
Deferred tax liabilities	65.4	71.5

Deferred tax assets are recognised based on the expectation that sufficient taxable income will be available through reversal of taxable temporary differences or future taxable income. At year end 2015 and 2014 the deferred tax assets of NOK 17.8 billion and NOK 12.9 billion, respectively, were primarily recognised in Norway, Angola and the UK.

Unrecognised deferred tax assets

				At 31 December
		2015		2014
(in NOK billion)	Basis	Tax	Basis	Tax
Deductible temporary differences	21.6	8.9	11.0	3.2
Tax losses carried forward	126.2	46.7	52.5	18.0
Total	147.8	55.6	63.5	21.2

The movement in tax value of unrecognised deferred tax assets in the table above compared to reported change in unrecognised deferred tax assets in the table Reconciliation of nominal statutory tax rate to effective tax rate is mainly caused by currency effects.

Approximately 11% of the unrecognised carry forward tax losses can be carried forward indefinitely. The majority of the remaining part of the unrecognised tax losses expire after 2026. The unrecognised deductible temporary differences do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because currently there is insufficient evidence to support that future taxable profits will be available to secure utilisation of the benefits.

Total unrecognised deferred tax assets relates to:

(in NOK billion)	2015	At 31 December 2014
US	39.3	12.3
Angola	5.7	0.0
Ireland	2.5	1.8
Canada	2.4	1.9
Netherlands	1.7	1.4
Other	4.0	3.8
Total	55.6	21.2

10 Earnings per share

The weighted average number of ordinary shares is the basis for computing the basic and diluted earnings per share as disclosed in the Consolidated statement of income. The dilutive effect relates to treasury shares.

(in millions)	2015	2014	At 31 December 2013
Weighted average number of ordinary shares	3,179.4	3,180.0	3,180.7
Weighted average number of ordinary shares, diluted	3,188.8	3,188.9	3,188.9
Earnings per share for income attributable to equity holders of the company:			
Basic (NOK)	-11.80	6.89	12.53
Diluted (NOK)	-11.80	6.87	12.50

11 Property, plant and equipment

(in NOK billion)	Machinery, equipment and transportation equipment, including vessels	Production plants and oil and gas assets	Refining and manufacturing plants	Buildings and land	Assets under development	Total
Cost at 31 December 2014	26.1	1,037.5	64.6	10.1	164.7	1,303.0
Additions and transfers	0.4	79.3	5.0	0.6	10.1	95.5
Disposals at cost[2)]	(0.2)	(13.2)	(8.0)	(3.5)	(9.3)	(34.2)
Effect of changes in foreign exchange	4.2	70.3	4.1	1.0	13.2	92.8
Cost at 31 December 2015	30.5	1,174.0	65.7	8.2	178.7	1,457.1
Accumulated depreciation and impairment losses at 31 December 2014	(20.1)	(656.7)	(48.2)	(4.8)	(11.1)	(740.9)
Depreciation	(1.4)	(81.9)	(2.2)	(0.4)	0.0	(85.9)
Impairment losses and transfers	0.0	(27.5)	(0.5)	(0.0)	(20.8)	(48.7)
Reversal of impairment losses	0.0	0.8	4.0	0.1	0.2	5.0
Accumulated depreciation and impairment disposed assets[2)]	0.0	6.6	2.6	1.5	(0.0)	10.8
Effect of changes in foreign exchange	(3.4)	(40.9)	(3.1)	(0.5)	(3.2)	(51.1)
Accumulated depreciation and impairment losses at 31 December 2015	(24.9)	(799.5)	(47.4)	(4.1)	(34.9)	(910.8)
Carrying amount at 31 December 2015	5.6	374.4	18.3	4.0	143.8	546.2
Estimated useful lives (years)	3-20	[1)]	15 - 20	20 - 33		

(in NOK billion)	Machinery, equipment and transportation equipment, including vessels	Production plants and oil and gas assets	Refining and manufacturing plants	Buildings and land	Assets under development	Total
Cost at 31 December 2013	21.1	869.9	60.2	8.4	135.5	1,095.1
Additions and transfers	1.0	108.4	2.0	0.7	23.8	135.9
Disposals at cost	(0.1)	(8.5)	(1.4)	(0.0)	(8.9)	(18.9)
Effect of changes in foreign exchange	4.1	67.7	3.8	1.1	14.3	91.0
Cost at 31 December 2014	26.1	1,037.5	64.6	10.1	164.7	1,303.0
Accumulated depreciation and impairment losses at 31 December 2013	(15.5)	(540.1)	(44.9)	(3.8)	(3.3)	(607.7)
Depreciation	(1.2)	(71.0)	(1.8)	(0.3)	(0.0)	(74.4)
Impairment losses	(0.3)	(16.1)	(1.2)	(0.2)	(7.1)	(24.8)
Reversal of impairment losses	0.0	0.3	1.8	0.0	0.2	2.3
Accumulated depreciation and impairment disposed assets	0.1	5.7	(0.2)	0.0	(0.0)	5.7
Effect of changes in foreign exchange	(3.2)	(35.4)	(2.0)	(0.5)	(1.0)	(42.0)
Accumulated depreciation and impairment losses at 31 December 2014	(20.1)	(656.7)	(48.2)	(4.8)	(11.1)	(740.9)
Carrying amount at 31 December 2014	6.0	380.8	16.4	5.3	153.6	562.1
Estimated useful lives (years)	3-20	1)	15 - 20	20 - 33		

1) Depreciation according to unit of production method, see note 2 *Significant accounting policies*.
2) Includes NOK 5.8 billion related to a change in the classification of Statoil's investment in the Sheringham Shoal Windfarm (Scira Offshore Energy Ltd) from joint operation (pro-rata line by line consolidation) to joint venture (equity method) following changes in the joint operating agreements.

The carrying amount of assets transferred to *Property, plant and equipment* from *Intangible assets* in 2015 and 2014 amounted to NOK 2.7 billion and NOK 9.5 billion, respectively.

Impairments
During 2015 and 2014, Statoil recognised total net impairment losses of NOK 63.3 billion and NOK 38.2 billion respectively on *Property, plant and equipment* and *Intangible assets*.

(in NOK billion)	Property, plant and equipment	Intangible assets 3)	Total
At 31 December 2015			
Producing and development assets 1)	43.8	9.8	53.5
Goodwill 1)	0.0	4.2	4.2
Acquisition costs related to oil and gas prospects 2)	0.0	5.6	5.6
Total net impairment losses recognised	43.8	19.6	63.3
At 31 December 2014			
Producing and development assets 1)	22.5	6.0	28.5
Goodwill 1)	0.0	4.2	4.2
Acquisition costs related to oil and gas prospects 2)	0.0	5.5	5.5
Total net impairment losses recognised	22.5	15.7	38.2

1) Producing and development assets and goodwill are subject to impairment assessment under IAS 36. The total net impairment losses recognised under IAS 36 in 2015 and 2014 amount to NOK 57.7 billion and NOK 32.7 billion, respectively, including impairment of acquisition costs - oil and gas prospects (intangible assets).
2) Acquisition costs related to exploration activities, subject to impairment assessment under the successful efforts method.
3) See note 12 *Intangible assets*.

In assessing the need for impairment of the carrying amount of a potentially impaired asset, the asset's carrying amount is compared to its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal (FVLCOD) and estimated value in use (VIU).

The base discount rate for VIU calculations is 6.5% real after tax. The discount rate is derived from Statoil's weighted average cost of capital. A derived pre-tax discount rate would generally be in the range of 8-12%, depending on asset specific characteristics, such as specific tax treatments, cash flow profiles and economic life. The rates are not changed from last year. For certain assets a pre-tax discount rate could be outside this range, mainly due to special tax elements (for example permanent differences) affecting the pre-tax equivalent. See note 2 *Significant accounting policies* for further information regarding impairment on property, plant and equipment.

(in NOK billion)	Impairment method	Carrying amount before impairment	Carrying amount after impairment	Net impairment loss
At 31 December 2015				
Development and Production Norway	VIU	14.5	11.0	3.5
Development and Production International	VIU	219.5	171.2	48.3
Marketing, Midstream and Processing	VIU	5.2	8.7	(3.5)
Development and Production Norway	FVLCOD	22.9	17.7	5.2
Development and Production International	FVLCOD	4.2	0.0	4.2
Marketing, Midstream and Processing	FVLCOD	0.0	0.0	0.0
Total		266.3	208.6	57.7
At 31 December 2014				
Development and Production Norway	VIU	5.2	2.9	2.3
Development and Production International	VIU	187.9	168.4	19.5
Marketing, Midstream and Processing	VIU	8.8	7.9	0.9
Development and Production Norway	FVLCOD	18.3	18.3	0.0
Development and Production International	FVLCOD	25.4	15.4	10.0
Marketing, Midstream and Processing	FVLCOD	0.0	0.0	0.0
Total		245.6	212.9	32.7

During 2015 net impairment losses of NOK 57.7 billion were recognised, on producing and development assets and goodwill, primarily due to declining commodity price forecasts (primarily oil). The recoverable amount of assets tested for impairment was mainly based on VIU estimates on the basis of internal forecasts on costs, production profiles and commodity prices. For short term commodity prices, observed forward oil and gas price curves for the first two to three years have been used. Long term commodity price forecasts are based on internal price forecasts. The FVLCOD have partly been established through comparisons with observed market transactions and bids, and partly through internally prepared net present value estimates using assumed market participant assumptions. During 2014 impairment losses of NOK 32.7 billion were recognised on producing and development assets and goodwill.

Development and Production Norway (DPN)
In the DPN segment net impairment losses of NOK 8.7 billion were recognised in 2015, which were mainly related to conventional offshore assets in the development phase. The net impairment losses were triggered by reduction in commodity price reductions and project delays. In 2014 impairment losses of NOK 2.3 billion were recognised.

Development and Production International (DPI)
In the DPI segment net impairment losses of NOK 52.5 billion were recognised in 2015 of which NOK 28.3 billion related to unconventional onshore assets in USA, including NOK 4.2 billion of goodwill allocated to these assets. NOK 24.1 billion related to other conventional assets which were not considered significant on an individual cash generating unit level. Impairment losses of NOK 42.7 billion were recognised as *Depreciation, amortisation and net impairment losses* and NOK 9.8 billion as *Exploration expenses*, based on the impaired asset's nature. In 2014 impairment losses of NOK 29.5 billion were recognised.

The net impairment losses related to the unconventional onshore assets in North America, were mainly a result from reduced long term commodity price assumptions partly offset by operational performance improvements and cost reductions. The net impairment losses related to other conventional assets were primarily related to reduced commodity price assumptions, but also included an impairment loss related to an asset under development in the Gulf of Mexico due to installation damages and a consequential start-up delay.

Marketing, Midstream and Processing (MMP)
The MMP segment recognised a net impairment reversal of NOK 3.5 in 2015 mainly related to a refinery. The reversal of impairment was triggered by increased refinery margins and operational improvements. In 2014 net impairment losses of NOK 0.9 billion were recognised.

Sensitivities

Throughout 2015 and subsequent to year end, commodity prices have continued to be volatile. Significant downward adjustments of Statoil's commodity price assumptions would result in impairment losses on certain producing and development assets in Statoil's portfolio. The table below presents an estimate of the carrying amount of producing and development assets, that would be subject to impairment assessment if a further decline in commodity price forecasts over the lifetime of the assets were 20%. The sensitivity has been established on the assumption that all other factors would remain unchanged.

Carrying amount of producing and development assets which would be subject to impairment assessment assuming an additional decline in commodity price forecasts of 20%:

(in NOK billion)	Development and Production Norway	Development and Production International	Marketing, Midstream and Processing	Total
Carrying amount subject to impairment assessment in 2015 (after impairment)[1)]	48	230	9	287
Sensitivity: commodity price decline by 20%[2)]	52	253	N/A	305

1) Relates to assets subject to impairment assessment under IAS 36. As a result of these impairment assessments, Statoil recognised a net impairment loss of NOK 57.7 billion and 32.7 billion in 2015 and 2014 respectively, as described above.

2) The sensitivity which is reflected in this line, relates to the carrying amount of assets subject to impairment assessment under IAS 36. Exploration and evaluation assets accounted for under IFRS 6 are not included.

The information in the table above is for indicative purposes only. A significant and prolonged decline in commodity prices would affect other assumptions, e.g. cost level, currency etc. A general decline in commodity price assumptions of 20% would result in mitigating actions by Statoil by optimising the respective business plans in order to reduce the exposure to changes in the macro environment. Considering the substantial uncertainties related to other relevant assumptions that would be triggered by a significant and prolonged decline in commodity price forecasts, Statoil does not disclose the expected impairment amount.

12 Intangible assets

(in NOK billion)	Exploration expenses	Acquisition costs - oil and gas prospects	Goodwill	Other	Total
Cost at 31 December 2014	22.9	53.4	12.1	3.4	91.8
Additions	9.5	4.5	0.0	(0.2)	13.8
Disposals at cost	(0.5)	(2.3)	(0.1)	(0.2)	(3.0)
Transfers	(0.7)	(2.0)	0.0	(0.0)	(2.7)
Expensed exploration expenditures previously capitalised	(1.7)	(15.4)	0.0	0.0	(17.1)
Effect of changes in foreign exchange	3.1	7.7	1.7	0.5	13.0
Cost at 31 December 2015	32.6	45.9	13.8	3.6	95.8
Accumulated depreciation and impairment losses at 31 December 2014			(5.2)	(1.4)	(6.6)
Amortisation and impairments for the year			(4.2)	(0.0)	(4.2)
Effect of changes in foreign exchange			(1.5)	(0.2)	(1.8)
Accumulated depreciation and impairment losses at 31 December 2015			(10.9)	(1.6)	(12.5)
Carrying amount at 31 December 2015	32.6	45.9	2.8	2.0	83.3

(in NOK billion)	Exploration expenses	Acquisition costs - oil and gas prospects	Goodwill	Other	Total
Cost at 31 December 2013	20.3	58.6	10.5	3.1	92.4
Additions	7.1	1.5	0.0	(0.0)	8.7
Disposals at cost	(0.9)	(0.7)	(0.0)	(0.3)	(1.8)
Transfers	(4.1)	(5.5)	0.0	0.0	(9.5)
Expensed exploration expenditures previously capitalised	(2.7)	(11.1)	0.0	0.0	(13.7)
Effect of changes in foreign exchange	3.1	10.5	1.7	0.6	15.7
Cost at 31 December 2014	22.9	53.4	12.1	3.4	91.8
Accumulated depreciation and impairment losses at 31 December 2013			0.0	(0.9)	(0.9)
Amortisation and impairments for the year			(4.2)	(0.3)	(4.5)
Effect of changes in foreign exchange			(1.0)	(0.2)	(1.2)
Accumulated depreciation and impairment losses at 31 December 2014			(5.2)	(1.4)	(6.6)
Carrying amount at 31 December 2014	22.9	53.4	6.9	2.0	85.2

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised systematically over their estimated economic lives, ranging between 10-20 years.

During 2015, intangible assets were impacted by impairments of acquisition costs related to exploration activities of NOK 5.6 billion primarily as a result from dry wells and uncommercial discoveries in Angola and the Gulf of Mexico. Additionally, Statoil recognised impairments of NOK 9.8 billion primarily related to unconventional onshore assets in USA and goodwill related to US onshore assets of NOK 4.2 billion.

Impairment losses and reversals of impairment losses are presented as *Exploration expenses* and *Depreciation, amortisation and net impairment losses* on the basis of their nature as exploration assets (intangible assets) and other intangible assets, respectively. The impairment losses and reversal of impairment losses are based on recoverable amount estimates triggered by changes in reserve estimates, cost estimates and market conditions. See note 11 *Property, plant and equipment* for more information on the basis for impairment assessments.

The table below shows the aging of capitalised exploration expenditures.

(in NOK billion)	2015	2014
Less than one year	12.8	9.2
Between one and five years	16.9	11.4
More than five years	2.9	2.3
Total	32.6	22.9

The table below shows the components of the exploration expenses.

(in NOK billion)	2015	2014	Full year 2013
Exploration expenditures	23.1	23.9	21.8
Expensed exploration expenditures previously capitalised	17.1	13.7	3.1
Capitalised exploration	(9.2)	(7.3)	(6.9)
Exploration expenses	31.0	30.3	18.0

13 Financial investments and non-current prepayments

Non-current financial investments

(in NOK billion)	2015	At 31 December 2014
Bonds	12.4	11.6
Listed equity securities	6.3	6.6
Non-listed equity securities	1.8	1.4
Financial investments	20.6	19.6

Bonds and listed equity securities relate to investment portfolios which are held by Statoil's captive insurance company and accounted for using the fair value option.

Non-current prepayments and financial receivables

(in NOK billion)	2015	At 31 December 2014
Financial receivables interest bearing	6.7	3.7
Prepayments and other non-interest bearing receivables	1.8	2.0
Prepayments and financial receivables	8.5	5.7

Financial receivables interest bearing primarily relate to project financing of equity accounted company and loans to employees.

Current financial investments

(in NOK billion)	2015	At 31 December 2014
Time deposits	19.1	9.8
Interest bearing securities	67.4	49.4
Financial investments	86.5	59.2

At 31 December 2015 current *Financial investments* include NOK 6.0 billion investment portfolios which are held by Statoil's captive insurance company and accounted for using the fair value option. The corresponding balance at 31 December 2014 was NOK 6.0 billion.

For information about financial instruments by category, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk.*

14 Inventories

(in NOK billion)	2015	At 31 December 2014
Crude oil	10.7	10.1
Petroleum products	5.1	6.0
Other	6.3	7.7
Inventories	22.0	23.7

Other inventory consists of natural gas, spare parts and operational materials, including drilling and well equipment.

The write-down of inventories from cost to net realisable value amounted to an expense of NOK 3.9 billion and NOK 4.0 billion in 2015 and 2014, respectively.

15 Trade and other receivables

(in NOK billion)	2015	At 31 December 2014
Trade receivables	39.3	57.8
Current financial receivables	6.5	6.9
Joint venture receivables	5.1	8.5
Equity accounted investments and other related party receivables	0.5	0.5
Total financial trade and other receivables	51.4	73.7
Non-financial trade and other receivables	7.4	9.6
Trade and other receivables	58.8	83.3

For more information about the credit quality of Statoil's counterparties, see note 5 *Financial risk management*. For currency sensitivities, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

16 Cash and cash equivalents

(in NOK billion)	2015	At 31 December 2014
Cash at bank available	9.2	13.5
Time deposits	13.2	32.5
Money market funds	4.0	3.6
Interest bearing securities	44.8	30.6
Restricted cash, including margin deposits	4.8	2.9
Cash and cash equivalents	76.0	83.1

Restricted cash at 31 December 2015 and 2014 includes collateral deposits related to trading activities of NOK 3.6 billion and NOK 2.0 billion, respectively. Collateral deposits are related to certain requirements set out by exchanges where Statoil is participating. The terms and conditions related to these requirements are determined by the respective exchanges.

17 Shareholders' equity

At 31 December 2015 and 2014, Statoil's share capital of NOK 7,971,617,757.50 comprised 3,188,647,103 shares at a nominal value of NOK 2.50.

Statoil ASA has only one class of shares and all shares have voting rights. The holders of shares are entitled to receive dividends as and when declared and are entitled to one vote per share at general meetings of the company.

Dividends declared and paid per share were NOK 1.80 for each of the first two quarters of 2015. From and including the third quarter of 2015, dividend is declared in USD. Interim dividends of USD 0.2201 per share for the third quarter of 2015 were declared in the fourth quarter of 2015 and have been recognised as a liability in the Consolidated financial statements. This amount will be paid in the first quarter of 2016.

The board of directors will propose to the annual general meeting to maintain a dividend of USD 0.2201 per share for the fourth quarter 2015 and the introduction of a two-year scrip dividend programme starting from the fourth quarter 2015. The scrip programme will give shareholders the option to receive quarterly dividends in cash or in newly issued shares in Statoil, at a 5% discount for the fourth quarter 2015.

In 2014 dividends of NOK 7.20 were paid and NOK 7.00 for 2013.

During 2015 a total of 4,057,902 treasury shares were purchased for NOK 0.6 billion and 3,203,968 treasury shares were allocated to employees participating in the share saving plan. In 2014 a total of 3,381,488 treasury shares were purchased for NOK 0.6 billion and 2,960,972 treasury shares were allocated to employees participating in the share saving plan. At 31 December 2015 Statoil had 11,009,183 treasury shares and at 31 December 2014 10,155,249 treasury shares, all of which are related to Statoil's share saving plan. For further information, see note 6 *Remuneration*.

18 Finance debt

Capital management

The main objectives of Statoil's capital management policy are to maintain a strong financial position and to ensure sufficient financial flexibility. One of the key ratios in the assessment of Statoil's financial robustness is net interest-bearing debt adjusted (ND) to capital employed adjusted (CE).

(in NOK billion)	At 31 December 2015	2014
Net interest-bearing debt adjusted (ND)	129.9	95.6
Capital employed adjusted (CE)	485.0	476.7
Net debt to capital employed adjusted (ND/CE)	26.8%	20.0%

ND is defined as Statoil's interest bearing financial liabilities less cash and cash equivalents and current financial investments, adjusted for collateral deposits and balances held by Statoil's captive insurance company (an increase of NOK 9.6 billion and NOK 8.0 billion for 2015 and 2014, respectively), balances related to the SDFI (a decrease of NOK 1.9 billion and NOK 1.6 billion for 2015 and 2014, respectively) and project financing exposure that does not correlate to the underlying exposure (unchanged and decrease of NOK 0.1 billion for 2015 and 2014, respectively). CE is defined as Statoil's total equity (including non-controlling interests) and ND.

Non-current finance debt

Finance debt measured at amortised cost

	Weighted average interest rates in %[1]		Carrying amount in NOK billion at 31 December		Fair value in NOK billion at 31 December[2]	
	2015	2014	2015	2014	2015	2014
Unsecured bonds						
United States Dollar (USD)	3.51	3.50	182.9	154.4	190.5	165.0
Euro (EUR)	2.28	3.99	63.4	37.6	66.0	43.8
Great Britain Pound (GBP)	6.08	6.08	18.0	15.9	23.8	22.3
Norwegian kroner (NOK)	4.18	4.18	3.0	3.0	3.3	3.5
Total			267.3	210.9	283.7	234.7
Unsecured loans						
Japanese yen (JPY)	4.30	4.30	0.7	0.6	0.8	0.9
Secured bank loans						
United States Dollar (USD)	-	4.20	-	0.1	-	0.1
Norwegian kroner (NOK)	3.11	3.11	0.5	0.3	0.5	0.3
Finance lease liabilities			5.1	5.4	5.0	5.6
Total			6.3	6.5	6.3	6.9
Total finance debt			273.6	217.4	289.9	241.6
Less current portion			9.7	12.3	9.7	12.3
Non-current finance debt			264.0	205.1	280.2	229.3

1) Weighted average interest rates are calculated based on the contractual rates on the loans per currency at 31 December and do not include the effect of swap agreements.
2) The fair value of the non-current financial liabilities is determined using a discounted cash flow model and is classified at level 2 in the fair value hierarchy. Interest rates used in the model are derived from the LIBOR and EURIBOR forward curves and will vary based on the time to maturity for the non-current financial liabilities. The credit premium used is based on indicative pricing from external financial institutions.

Unsecured bonds amounting to NOK 182.9 billion are denominated in USD and unsecured bonds amounting to NOK 70.1 billion are swapped into USD. Two bonds denominated in EUR amounting to NOK 14.3 billion are not swapped. The table does not include the effects of agreements entered into to swap the various currencies into USD. For further information see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk.*

Substantially all unsecured bond and unsecured bank loan agreements contain provisions restricting future pledging of assets to secure borrowings without granting a similar secured status to the existing bondholders and lenders.

The secured bank loan in NOK has been secured by real estate and land with a total book value of NOK 0.6 billion.

In 2015 Statoil issued the following bonds:

Issuance date	Amount in EUR billion	Interest rate in %	Maturity date
17 February 2015	1.00	1.625	February 2035
17 February 2015	1.25	1.250	February 2027
17 February 2015	1.00	0.875	February 2023
17 February 2015	0.50	floating	August 2019

Out of Statoil's total outstanding unsecured bond portfolio, 48 bond agreements contain provisions allowing Statoil to call the debt prior to its final redemption at par or at certain specified premiums if there are changes to the Norwegian tax laws. The carrying amount of these agreements is NOK 264 billion at the 31 December 2015 closing exchange rate.

For more information about the revolving credit facility, maturity profile for undiscounted cash flows and interest rate risk management, see note 5 *Financial risk management*.

Non-current finance debt maturity profile

(in NOK billion)	2015	At 31 December 2014
Year 2 and 3	54.9	27.3
Year 4 and 5	43.0	44.2
After 5 years	166.1	133.5
Total repayment of non-current finance debt	264.0	205.1
Weighted average maturity (years)	9	9
Weighted average annual interest rate (%)	3.39	3.78

More information regarding finance lease liabilities is provided in note 22 *Leases*.

Current finance debt

(in NOK billion)	2015	At 31 December 2014
Collateral liabilities	10.2	12.9
Non-current finance debt due within one year	9.7	12.3
Other including bank overdraft	0.6	1.3
Total current finance debt	20.5	26.5
Weighted average interest rate (%)	1.90	2.12

Collateral liabilities relate mainly to cash received as security for a portion of Statoil's credit exposure.

19 Pensions

The Norwegian companies in the group are subject to the requirements of the Mandatory Company Pensions Act, and the company's pension scheme follows the requirements of the Act.

Statoil ASA and a number of its subsidiaries have defined contribution plans. The period's contributions are recognised in the Consolidated statement of income as pension cost for the period.

In 2014 Statoil ASA made a decision to change the company's main pension plan in Norway from a defined benefit plan to a defined contribution plan. The actual transitioning to the defined contribution plan took place in 2015. At the same time paid-up policies for the rights vested in the defined benefit plan were issued. Employees with less than 15 years of future service before their regular retirement age retained the existing defined benefit plans. For onshore employees between 37 and 51 years of age and offshore employees between 35 and 49 years of age a compensation plan has been established. The defined contribution plan in Norway is managed by an insurance company (Storebrand).

The new pension plans in Statoil ASA includes unfunded elements. These notional contribution plans are regulated equal to the return on asset for the main contribution plan and are valued at fair value and recognised as pension liabilities. See note 2 *Significant accounting policies* for more information about the accounting treatment of the notional contribution plans reported in Statoil ASA.

In addition to the closed pension plans in Statoil ASA, some of its subsidiaries have defined benefit plans. The defined benefit plans in Norway are managed and financed through Statoil Pensjon (Statoil's pension fund - hereafter "Statoil Pension"). Statoil Pension is an independent pension fund that covers the employees in Statoil's Norwegian companies. The purpose of Statoil Pension is to provide retirement and disability pension to members and survivor's pension to spouses, registered partners, cohabitants and children. The pension fund's assets are kept separate from the company's and group companies' assets. Statoil Pension is supervised by the Financial Supervisory Authority of Norway ("Finanstilsynet") and is licensed to operate as a pension fund.

The Norwegian National Insurance Scheme ("Folketrygden") provides pension payments (social security) to all retired Norwegian citizens. Such payments are calculated by references to a base amount ("Grunnbeløpet" or "G") annually approved by the Norwegian Parliament. Statoil's plan benefits are generally based on a minimum of 30 years of service and 66% of the final salary level, including an assumed benefit from the Norwegian National Insurance Scheme.

Due to national agreements in Norway, Statoil is a member of both the previous agreement-based early retirement plan ("AFP") and the AFP scheme applicable from 1 January 2011. Statoil paid a premium for both AFP schemes until 31 December 2015. After that date, premiums are only due on the latest AFP scheme. The premium in the latest scheme is calculated on the basis of the employees' income between 1 and 7.1 G. The premium is payable for all employees until age 62. Pension from the latest AFP scheme will be paid from the AFP plan administrator to employees for their full lifetime. Statoil has determined that its obligations under this multi-employer defined benefit plan can be estimated with sufficient reliability for recognition purposes. Accordingly, the estimated proportionate share of the latest AFP plan has been recognised as a defined benefit obligation.

The present values of the defined benefit obligation, except for the notional contribution plan, and the related current service cost and past service cost are measured using the projected unit credit method. The assumptions for salary increases, increases in pension payments and social security base amount are based on agreed regulation in the plans, historical observations, future expectations of the assumptions and the relationship between these assumptions. At 31 December 2015 the discount rate for the defined benefit plans in Norway was established on the basis of seven years' mortgage covered bonds interest rate extrapolated on a yield curve which matches the duration of Statoil's payment portfolio for earned benefits.

Social security tax is calculated based on a pension plan's net funded status and is included in the defined benefit obligation.

Statoil has more than one defined benefit plan, but the disclosure is made in total since the plans are not subject to materially different risks. Pension plans outside Norway are not material and as such not disclosed separately.

Net pension cost

(in NOK billion)	2015	2014	2013
Current service cost	3.0	4.7	4.0
Interest cost	1.5	3.1	2.5
Interest (income) on plan asset	(1.2)	(2.6)	(2.1)
Losses (gains) from curtailment, settlement or plan amendment	2.0	(1.9)	0.0[1)]
Actuarial (gains) losses related to termination benefits	(0.0)	(0.2)	0.0
Notional contributions	0.3	0.0	0.0
Defined benefit plans	5.7	3.2	4.4
Defined contribution plans	1.1	0.2	0.2
Total net pension cost	6.8	3.4	4.6

1) In 2015 and 2014 Statoil ASA offered early retirement (termination benefits) to a defined group of employees above the age of 58 years. The expenses of NOK 1.4 billion and NOK 1.6 billion respectively were recognised in the Consolidated statement of income. In addition, a plan amendment effect related to the changed pension scheme in Norway resulted in a recognition in the Consolidated statement of income of a loss of NOK 0.6 billion in 2015 and a gain of NOK 3.5 billion in 2014. The plan amendment effect was recalculated in 2015 due to actual transitioning from a defined benefit to a defined contribution plan took place in 2015 and all information was not available when calculating the effect in 2014.

Pension cost includes associated social security tax and is partly charged to partners of Statoil operated licences.

(in NOK billion)	2015	2014
Defined benefit obligations (DBO)		
Defined benefit obligations at 1 January	65.0	79.4
Current service cost	3.0	4.7
Interest cost	1.5	3.1
Actuarial (gains) losses - Demographic assumptions	0.0	(0.1)
Actuarial (gains) losses - Financial assumptions	(6.0)	4.8
Actuarial (gains) losses - Experience	(3.1)	(2.1)
Benefits paid	(1.9)	(2.0)
Losses (gains) from curtailment, settlement or plan amendment[1)]	2.2	(2.9)
Paid-up policies	(1.2)	(20.4)
Foreign currency translation	0.3	0.3
Changes in notional contribution liability	0.3	0.0
Defined benefit obligations at 31 December	60.1	65.0
Fair value of plan assets		
Fair value of plan assets at 1 January	45.1	62.3
Interest income	1.2	2.6
Return on plan assets (excluding interest income)	0.6	0.9
Company contributions	0.3	0.1
Benefits paid	(0.6)	(0.7)
Paid-up policies and personal insurance	(1.7)	(20.4)
Foreign currency translation	0.3	0.3
Fair value of plan assets at 31 December	45.2	45.1
Net pension liability at 31 December	(14.9)	(19.9)
Represented by:		
Asset recognised as non-current pension assets (funded plan)	11.3	8.0
Liability recognised as non-current pension liabilities (unfunded plans)	(26.2)	(27.9)
DBO specified by funded and unfunded pension plans	60.1	65.0
Funded	33.9	37.2
Unfunded	26.2	27.9
Actual return on assets	1.8	3.5

1) A loss of NOK 0.1 billion in 2015 and a gain of NOK 0.9 billion in 2014, related to the plan amendment, has been recognised against *Property, plant and equipment*.

As part of the change of Statoil ASA's main pension plan in Norway the estimated assets related to paid-up policies and personal insurance (new disability pension and children pension from 2015) and liabilities related to paid-up policies have been excluded from the amounts in the table above.

Actuarial losses and gains recognised directly in Other comprehensive income (OCI)

(in NOK billion)	2015	2014	2013
Net actuarial (losses) gains recognised in OCI during the year	9.7	0.2	(5.5)
Actuarial (losses) gains related to currency effects on net obligation and foreign exchange translation	0.4	(0.2)	(0.4)
Tax effects of actuarial (losses) gains recognised in OCI	(2.8)	0.9	1.2
Recognised directly in OCI during the year net of tax	7.3	0.9	(4.7)
Cumulative actuarial (losses) gains recognised directly in OCI net of tax	(7.2)	(14.5)	(15.4)

The net actuarial gain in 2015 is mainly related to an updated assessment of the discount rate and expected rate of pension increase to be used for pension obligations in Norway.

The line item net actuarial (losses) gains recognised in OCI during the year in 2014 includes actuarial loss charged to partners of Statoil operated licences.

The line item actuarial (losses) gains related to currency effects on net obligation and foreign exchange translation includes the translation of the net pension obligation in NOK to the functional currency USD for the parent company, Statoil ASA, and the translation of the net pension obligation from the functional currency USD to Statoil's presentation currency NOK.

Actuarial assumptions

	Assumptions used to determine benefit costs in %		Assumptions used to determine benefit obligations in %	
	2015	2014	2015	2014
Discount rate	2.50	4.00	2.75	2.50
Rate of compensation increase	2.25	3.50	2.25	2.25
Expected rate of pension increase	1.50	2.50	1.00	1.50
Expected increase of social security base amount (G-amount)	2.25	3.25	2.25	2.25
Weighted-average duration of the defined benefit obligation			17.1	19.1

The assumptions presented are for the Norwegian companies in Statoil which are members of Statoil's pension fund. The defined benefit plans of other subsidiaries are immaterial to the consolidated pension assets and liabilities.

Expected attrition at 31 December 2015 was 0.4% and 0.1% for employees between 50-59 years and 60-67 years, respectively. Expected attrition at 31 December 2014 was 2.1%, 2.2%, 1.3%, 0.5% and 0.2% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively.

For population in Norway, the mortality table K2013, issued by The Financial Supervisory Authority of Norway, is used as the best mortality estimate.

Disability tables for plans in Norway developed by the actuary were implemented in 2013 and represent the best estimate to use for plans in Norway.

Sensitivity analysis

The table below presents an estimate of the potential effects of changes in the key assumptions for the defined benefit plans. The following estimates are based on facts and circumstances as of 31 December 2015. Actual results may materially deviate from these estimates.

	Discount rate		Expected rate of compensation increase		Expected rate of pension increase		Mortality assumption	
(in NOK billion)	0.50%	-0.50%	0.50%	-0.50%	0.50%	-0.50%	+ 1 year	- 1 year
Changes in:								
Defined benefit obligation at 31 December 2015	(4.3)	5.0	1.1	(1.0)	3.5	(3.1)	2.0	(2.2)
Service cost 2016	(0.2)	0.2	0.1	(0.0)	0.1	(0.1)	0.1	(0.1)

The sensitivity of the financial results to each of the key assumptions has been estimated based on the assumption that all other factors would remain unchanged. The estimated effects on the financial result would differ from those that would actually appear in the Consolidated financial statements because the Consolidated financial statements would also reflect the relationship between these assumptions.

Pension assets
The plan assets related to the defined benefit plans were measured at fair value. Statoil Pension invests in both financial assets and real estate.

Real estate properties owned by Statoil Pension amounted to NOK 3.4 billion and NOK 3.2 billion of total pension assets at 31 December 2015 and 2014, respectively, and are rented to Statoil companies.

The table below presents the portfolio weighting as approved by the board of Statoil Pension for 2015. The portfolio weight during a year will depend on the risk capacity.

(in %)	Pension assets on investments classes 2015	2014	Target portfolio weight
Equity securities	38.3	40.1	31 - 43
Bonds	40.3	38.7	36 - 48
Money market instruments	14.9	13.4	0 - 29
Real estate	5.0	4.8	5 - 10
Other assets	1.5	3.0	
Total	100.0	100.0	

In 2015 100% of the equity securities, 38% of bonds and 100% of money market instruments had quoted market prices in an active market (level 1). In 2014 100% of the equity securities, 38% of bonds and 86% of money market instruments had quoted market prices in an active market. Statoil does not have any equity securities, bonds or money market instruments classified in level 3. Real Estate is classified as level 3. For definition of the various levels, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*.

No company contribution is expected to be paid to Statoil Pension in 2016.

20 Provisions

(in NOK billion)	Asset retirement obligations	Claims and litigations	Other provisions	Total
Non-current portion at 31 December 2014	107.4	3.5	6.3	117.2
Current portion at 31 December 2014 reported as trade and other payables	1.4	13.6	2.1	17.0
Provisions at 31 December 2014	108.8	17.1	8.4	134.2
New or increased provisions	4.2	6.1	4.4	14.8
Decrease in the estimates	(16.2)	(2.2)	(3.3)	(21.7)
Amounts charged against provisions	(2.2)	(4.6)	(0.9)	(7.7)
Effects of change in the discount rate	(6.8)	0.0	(0.1)	(7.0)
Reduction due to divestments	(1.0)	0.0	(0.1)	(1.1)
Accretion expenses	3.9	0.0	0.0	3.9
Reclassification and transfer	(0.6)	0.0	(0.3)	(0.8)
Currency translation	4.8	2.7	0.9	8.4
Provisions at 31 December 2015	95.0	19.1	9.0	123.0
Current portion at 31 December 2015 reported as trade and other payables	1.3	9.2	2.8	13.4
Long term interest bearing provisions at 31 December 2015 reported as finance debt	0.0	0.0	0.2	0.2
Non-current portion at 31 December 2015	93.7	9.8	6.0	109.4

Expected timing of cash outflows

(in NOK billion)	Asset retirement obligations	Other provisions, including claims and litigations	Total
2016 - 2020	12.2	24.7	36.9
2021 - 2025	16.9	0.8	17.7
2026 - 2030	16.1	0.2	16.3
2031 - 2035	25.5	0.7	26.3
Thereafter	24.2	1.6	25.8
At 31 December 2015	95.0	28.1	123.0

Statoil's estimated asset retirement obligations (ARO) have reduced mainly due to a reduction in cost estimates for plugging and abandonment. Changes in ARO are reflected within *Property, plant and equipment* and *Provisions* in the Consolidated balance sheet. The timing of cash outflows related to ARO primarily depends on when the production ceases at the various facilities.

The claims and litigations category mainly relates to expected payments on unresolved claims. The timing and amounts of potential settlements in respect of these are uncertain and dependent on various factors that are outside management's control.

See also comments on provisions in note 23 *Other commitments, contingent liabilities and contingent assets.*

The other provisions category relates to expected payments on onerous contracts, cancellation fees and other.

For further information of methods applied and estimates required, see note 2 *Significant accounting policies*.

21 Trade and other payables

(in NOK billion)	At 31 December 2015	2014
Trade payables	18.1	21.8
Non-trade payables and accrued expenses	20.8	25.2
Joint venture payables	22.8	28.9
Equity accounted investments and other related party payables	5.5	6.6
Total financial trade and other payables	67.2	82.5
Current portion of provisions and other payables	15.0	18.1
Trade and other payables	82.2	100.7

Included in current portion of provisions and other payables are certain provisions that are further described in note 23 *Other commitments, contingent liabilities and contingent assets.* For information regarding currency sensitivities, see note 25 *Financial instruments: fair value measurement and sensitivity analysis of market risk*. For further information on payables to equity accounted investments and other related parties, see note 24 *Related parties*.

22 Leases

Statoil leases certain assets, notably drilling rigs, vessels and office buildings.

In 2015, net rental expenditures were NOK 27.7 billion (NOK 22.9 billion in 2014 and NOK 17.4 billion in 2013) consisting of minimum lease payments of NOK 32.6 billion (NOK 28.4 billion in 2014 and NOK 21.2 billion in 2013) reduced with sublease payments received of NOK 4.9 billion (NOK 5.5 billion in 2014 and NOK 3.8 billion in 2013). Net rental expenditures in 2015 include rig cancellation payments of NOK 1.6 billion. No material contingent rent payments have been expensed in 2015, 2014 or 2013.

The information in the table below shows future minimum lease payments due and receivable under non-cancellable operating leases at 31 December 2015:

	Operating leases					
(in NOK billion)	Rigs	Vessels	Other	Total	Sublease	Net total
2016	18.2	5.0	2.4	25.6	(2.6)	23.0
2017	11.1	3.8	1.8	16.7	(0.9)	15.8
2018	7.3	3.2	1.6	12.1	(0.7)	11.3
2019	6.1	2.5	1.3	9.9	(0.7)	9.2
2020	4.2	2.2	1.3	7.8	(0.7)	7.0
Thereafter	9.0	6.6	12.2	27.8	(1.4)	26.4
Total future minimum lease payments	55.9	23.3	20.6	99.8	(7.1)	92.7

Statoil had certain operating lease contracts for drilling rigs at 31 December 2015. The remaining significant contracts' terms range from one month to eight years. Certain contracts contain renewal options. Rig lease agreements are for the most part based on fixed day rates. Certain rigs have been subleased in whole or for part of the lease term mainly to Statoil operated licenses on the Norwegian continental shelf. These leases are shown gross as operating leases in the table above.

Statoil has a long-term time charter agreement with Teekay for offshore loading and transportation in the North Sea. The contract covers the lifetime of applicable producing fields and at year end 2015 includes three crude tankers. The contract's estimated nominal amount was approximately NOK 7.0 billion at year end 2015, and it is included in the category vessels in the table above.

The category other includes future minimum lease payments to related parties of NOK 4.3 billion regarding the lease of one office building located in Bergen and owned by Statoil`s pension fund ("Statoil Pension"). These operating lease commitments extend to the year 2034. NOK 3.2 billion of the total is payable after 2020.

Statoil had finance lease liabilities of NOK 4.9 billion at 31 December 2015. The nominal minimum lease payments related to these finance leases amount to NOK 6.5 billion. *Property, plant and equipment* includes NOK 6.8 billion for finance leases that have been capitalised at year end (NOK 5.7 billion in 2014), mainly presented in the category machinery, equipment and transportation equipment, including vessels in note 11 *Property, plant and equipment*.

23 Other commitments, contingent liabilities and contingent assets

Contractual commitments

Statoil had contractual commitments of NOK 62.3 billion at 31 December 2015. The contractual commitments reflect Statoil's share and mainly comprise construction and acquisition of property, plant and equipment.

As a condition for being awarded oil and gas exploration and production licences, participants may be committed to drill a certain number of wells. At the end of 2015, Statoil was committed to participate in 32 offshore wells, with an average ownership interest of approximately 33%. Statoil's share of estimated expenditures to drill these wells amounts to NOK 7.7 billion. Additional wells that Statoil may become committed to participating in depending on future discoveries in certain licences are not included in these numbers.

Other long-term commitments

Statoil has entered into various long-term agreements for pipeline transportation as well as terminal use, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on Statoil the obligation to pay for the agreed-upon service or commodity, irrespective of actual use. The contracts' terms vary, with durations of up to 30 years.

Take-or-pay contracts for the purchase of commodity quantities are only included in the table below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by Statoil to entities accounted for as associates and joint ventures are included gross in the table below. Obligations payable by Statoil to entities accounted for as joint operations (for example pipelines) are included net (i.e. gross commitment less Statoil's ownership share).

Nominal minimum other long-term commitments at 31 December 2015:

(in NOK billion)	
2016	13.5
2017	12.8
2018	11.8
2019	12.2
2020	10.9
Thereafter	77.9
Total	139.1

Of the reported other long-term commitments, NOK 17.5 billion relates to pipeline commitments where the construction of these pipelines is pending governmental approval.

Contingent liabilities and contingent assets

During the annual audits of Statoil's participation in Block 4, Block 15, Block 17 and Block 31 offshore Angola, the Angolan Ministry of Finance has assessed additional profit oil and taxes due on the basis of activities that currently include the years 2002 up to and including 2012. Statoil disputes the assessments and is pursuing these matters in accordance with relevant Angolan legal and administrative procedures. On the basis of the assessments and continued activity on the four blocks up to and including 2015, the exposure for Statoil at year end 2015 is estimated to NOK 11.6 billion (USD 1.3 billion), the most significant part of which relates to profit oil elements. Statoil has provided in the Consolidated financial statements for its best estimate related to the assessments, reflected in the Consolidated statement of income mainly as a revenue reduction, with additional amounts reflected as interest expenses and tax expenses, respectively.

Through its ownership in OML 128 in Nigeria, Statoil is party to an ownership interest redetermination process for the Agbami field. In October 2015, Statoil received the Expert's final ruling which implies a reduction of 5.17 percentage points in Statoil's equity interest in the field. Statoil had previously initiated arbitration proceedings to set aside interim decisions made by the Expert, but this was declined by the arbitration tribunal in its November 2015 judgment. Statoil has initiated proceedings before the Federal High Court in Lagos to set aside the arbitration award and also intends to initiate a new arbitration to set aside the Expert's final ruling. As of 31 December 2015, Statoil has recognised a provision of NOK 9.5 billion (USD 1.1 billion), net of tax, which reflects a reduction of 5.17 percentage points in Statoil's equity interest in the Agbami field. The provision is reflected within *Provisions* in the Consolidated balance sheet.

Some long-term gas sales agreements contain price review clauses. Certain counterparties have requested arbitration in connection with price review claims. The related exposure for Statoil has been estimated to an amount equivalent to approximately NOK 3.6 billion for gas delivered prior to year end 2015. Statoil has provided for its best estimate related to these contractual gas price disputes in the Consolidated financial statements, with the impact to the Consolidated statement of income reflected as revenue adjustments.

There is a dispute between the Nigerian National Petroleum Corporation (NNPC) and the partners (Contractor) in Oil Mining Lease (OML) 128 of the unitised Agbami field concerning interpretation of the terms of the OML 128 Production Sharing Contract (PSC). The dispute relates to the allocation between NNPC and Contractor of cost oil, tax oil and profit oil volumes. NNPC has claimed that since the start of production from Agbami, Contractor has lifted excess volumes compared to the PSC terms, and consequently NNPC has increased its lifting of oil. The Contractor disputed NNPC's position and initiated arbitration in the matter in accordance with the terms of the PSC. In 2015 the Arbitral Tribunal ruled in favour of Contractor's interpretation of the PSC on the main points. The Contractor is currently proceeding to enforce the favourable decision by the means available in the Nigerian legal system, while NNPC on its hand has initiated litigation concerning certain objections to the arbitration award. The Nigerian Federal Inland Revenue Service is also contesting the legality of the arbitration process as far as resolving tax related disputes goes, and is actively pursuing this view through the channels of the Nigerian legal system. Statoil's stake in the dispute at year end 2015 is mainly related to oil volumes previously lifted by NNPC contrary to the PSC terms. NNPC has so far kept on its overlifting contrary to the award. Following the arbitration award, Statoil's previous provision related to NNPC's claim has been reversed with the effect mainly reflected as revenue in the Consolidated statement of income.

In 2014, following a regular review process of Statoil's 2012 Consolidated financial statements, the Financial Supervisory Authority of Norway (the FSA) ordered Statoil to: *"Change its future accounting practices for redetermination of CGUs containing onerous contracts. Correct the described error by establishing a separate onerous contract provision for the Cove Point capacity contract in a financial period prior to Q1 2013. The correction shall be presented in the next periodic financial report. Information about the circumstances shall be given in notes to the accounts."* Statoil appealed the order and has been granted a stay in carrying out the FSA's order pending the final outcome of the appeal. The appeal is currently being assessed by the Norwegian Ministry of Finance and not yet concluded. If the outcome of the appeal would require implementing the FSA's order, a provision would be recognised against *Net operating income* in an earlier reporting period than 2013. As the contracts were fully provided for in 2013, there would be no impact on equity at 31 December 2013 or thereafter. The actual amount to be provided in an earlier period would depend on the period in which the provision would be recorded. The FSA order does not specify which period prior to the first quarter 2013 would be relevant for the provision to be recognised. Statoil's reading is that 2011 would be most relevant. There would be no impact on the 2015 and 2014 financial statements, however, the comparative amounts included therein for 2013 *Net operating income* and *Net income* would be NOK 5.6 billion and NOK 5.0 billion higher, respectively.

During the normal course of its business, Statoil is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset, in respect of such litigation and claims cannot be determined at this time. Statoil has provided in its Consolidated financial statements for probable liabilities related to litigation and claims based on its best estimate. Statoil does not expect that its financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

Statoil is actively pursuing the above disputes through the contractual and legal means available in each case, but the timing of the ultimate resolutions and related cash flows, if any, cannot at present be determined with sufficient reliability.

Provisions related to claims are reflected within note 20 *Provisions*.

24 Related parties

Transactions with the Norwegian State

The Norwegian State is the majority shareholder of Statoil and also holds major investments in other Norwegian companies. As of 31 December 2015 the Norwegian State had an ownership interest in Statoil of 67.0% (excluding Folketrygdfondet, the Norwegian national insurance fund, of 3.2%). This ownership structure means that Statoil participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis.

Total purchases of oil and natural gas liquids from the Norwegian State amounted to NOK 60.0 billion, NOK 86.4 billion and NOK 92.5 billion in 2015, 2014 and 2013, respectively. Total purchases of natural gas regarding the Tjeldbergodden methanol plant from the Norwegian State amounted to NOK 0.6 billion, NOK 0.5 billion and NOK 0.5 billion in 2015, 2014 and 2013, respectively. In addition, Statoil ASA sells in its own name, but for the Norwegian State's account and risk, the Norwegian State's gas production. These transactions are presented net. For further information please see note 2 *Significant accounting policies*. The most significant items included in the line item equity accounted investments and other related party payables in note 21 *Trade and other payables*, are amounts payable to the Norwegian State for these purchases.

Other transactions

In relation to its ordinary business operations Statoil enters into contracts such as pipeline transport, gas storage and processing of petroleum products, with companies in which Statoil has ownership interests. Such transactions are carried out on an arm's length basis and are included within the applicable captions in the Consolidated statement of income. Gassled and certain other infrastructure assets are operated by Gassco AS, which is an entity under common control by the Norwegian Ministry of Petroleum and Energy. Gassco's activities are performed on behalf of and for the risk and reward of pipeline and terminal owners, and capacity payments flow through Gassco to the respective owners. Statoil payments that flowed through Gassco in this respect amounted to NOK 7.2 billion, NOK 7.4 billion and NOK 7.3 billion in 2015, 2014 and 2013, respectively.

For information concerning certain lease arrangements with Statoil Pension, see note 22 *Leases*.

Related party transactions with management are presented in note 6 *Remuneration.* Management remuneration for 2015 is presented in note 5 *Remuneration* in the financial statements of the parent company, Statoil ASA.

25 Financial instruments: fair value measurement and sensitivity analysis of market risk

Financial instruments by category

The following tables present Statoil's classes of financial instruments and their carrying amounts by the categories as they are defined in IAS 39 *Financial Instruments: Recognition and Measurement*. All financial instruments' carrying amounts are measured at fair value or their carrying amounts reasonably approximate fair value except non-current financial liabilities. See note 18 *Finance debt* for fair value information of non-current bonds, bank loans and finance lease liabilities.

See note 2 *Significant accounting policies* for further information regarding measurement of fair values.

				Fair value through profit or loss			
(in NOK billion)	Note	Loans and receivables	Available for sale	Held for trading	Fair value option	Non-financial assets	Total carrying amount
At 31 December 2015							
Assets							
Non-current derivative financial instruments		0.0	0.0	23.8	0.0	0.0	23.8
Non-current financial investments	13	0.0	1.8	0.0	18.7	0.0	20.6
Prepayments and financial receivables	13	5.8	0.0	0.0	0.0	2.8	8.5
Trade and other receivables	15	51.4	0.0	0.0	0.0	7.4	58.8
Current derivative financial instruments		0.0	0.0	4.8	0.0	0.0	4.8
Current financial investments	13	19.1	0.0	61.4	6.0	0.0	86.5
Cash and cash equivalents	16	27.1	0.0	48.8	0.0	0.0	76.0
Total		103.4	1.9	138.8	24.7	10.1	278.8

				Fair value through profit or loss			
(in NOK billion)	Note	Loans and receivables	Available for sale	Held for trading	Fair value option	Non-financial assets	Total carrying amount
At 31 December 2014							
Assets							
Non-current derivative financial instruments		0.0	0.0	29.9	0.0	0.0	29.9
Non-current financial investments	13	0.0	1.4	0.0	18.2	0.0	19.6
Prepayments and financial receivables	13	2.7	0.0	0.0	0.0	2.9	5.7
Trade and other receivables	15	73.7	0.0	0.0	0.0	9.6	83.3
Current derivative financial instruments		0.0	0.0	5.3	0.0	0.0	5.3
Current financial investments	13	9.8	0.0	43.4	6.0	0.0	59.2
Cash and cash equivalents	16	48.9	0.0	34.2	0.0	0.0	83.1
Total		135.2	1.4	112.8	24.2	12.6	286.2

(in NOK billion)	Note	Amortised cost	Fair value through profit or loss	Non-financial liabilities	Total carrying amount
At 31 December 2015					
Liabilities					
Non-current finance debt	18	264.0	0.0	0.0	264.0
Non-current derivative financial instruments		0.0	11.3	0.0	11.3
Trade and other payables	21	66.8	0.0	15.4	82.2
Current finance debt	18	20.5	0.0	0.0	20.5
Dividend payable		6.2	0.0	0.0	6.2
Current derivative financial instruments		0.0	2.3	0.0	2.3
Total		357.5	13.6	15.4	386.5

(in NOK billion)	Note	Amortised cost	Fair value through profit or loss	Non-financial liabilities	Total carrying amount
At 31 December 2014					
Liabilities					
Non-current finance debt	18	205.1	0.0	0.0	205.1
Non-current derivative financial instruments		0.0	4.5	0.0	4.5
Trade and other payables	21	82.5	0.0	18.1	100.7
Current finance debt	18	26.5	0.0	0.0	26.5
Dividend payable		5.7	0.0	0.0	5.7
Current derivative financial instruments		0.0	6.6	0.0	6.6
Total		319.8	11.1	18.1	349.1

Fair value hierarchy

The following table summarises each class of financial instruments which are recognised in the Consolidated balance sheet at fair value, split by Statoil's basis for fair value measurement.

(in NOK billion)	Non-current financial investments	Non-current derivative financial instruments - assets	Current financial investments	Current derivative financial instruments - assets	Cash equivalents	Non-current derivative financial instruments - liabilities	Current derivative financial instruments - liabilities	Net fair value
At 31 December 2015								
Level 1	10.5	0.0	4.8	0.0	0.0	0.0	0.0	15.3
Level 2	8.2	15.5	62.6	4.3	48.8	(10.8)	(2.3)	126.3
Level 3	1.8	8.3	0.0	0.4	0.0	(0.5)	0.0	10.1
Total fair value	20.6	23.8	67.4	4.8	48.8	(11.3)	(2.3)	151.7
At 31 December 2014								
Level 1	11.1	0.0	4.0	0.0	0.0	0.0	0.0	15.1
Level 2	7.0	17.2	45.5	4.7	34.2	(4.5)	(6.6)	97.4
Level 3	1.4	12.7	0.0	0.6	0.0	0.0	(0.0)	14.7
Total fair value	19.6	29.9	49.4	5.3	34.2	(4.5)	(6.6)	127.3

Level 1, fair value based on prices quoted in an active market for identical assets or liabilities, includes financial instruments actively traded and for which the values recognised in the Consolidated balance sheet are determined based on observable prices on identical instruments. For Statoil this category will, in most cases, only be relevant for investments in listed equity securities and government bonds.

Level 2, fair value based on inputs other than quoted prices included within level 1, which are derived from observable market transactions, includes Statoil's non-standardised contracts for which fair values are determined on the basis of price inputs from observable market transactions. This will typically be when

Statoil uses forward prices on crude oil, natural gas, interest rates and foreign exchange rates as inputs to the valuation models to determining the fair value of its derivative financial instruments.

Level 3, fair value based on unobservable inputs, includes financial instruments for which fair values are determined on the basis of input and assumptions that are not from observable market transactions. The fair values presented in this category are mainly based on internal assumptions. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation.

The fair value of certain earn-out agreements and embedded derivative contracts are determined by the use of valuation techniques with price inputs from observable market transactions as well as internally generated price assumptions and volume profiles. The discount rate used in the valuation is a risk-free rate based on the applicable currency and time horizon of the underlying cash flows adjusted for a credit premium to reflect either Statoil's credit premium, if the value is a liability, or an estimated counterparty credit premium if the value is an asset. In addition a risk premium for risk elements not adjusted for in the cash flow may be included when applicable. The fair values of these derivative financial instruments have been classified in their entirety in the third category within current derivative financial instruments and non-current derivative financial instruments - assets in the table above. Another reasonable assumption, that could have been applied when determining the fair value of these contracts, would be to extrapolate the last observed forward prices with inflation. If Statoil had applied this assumption, the fair value of the contracts included would have decreased by approximately NOK 4.6 billion at end of 2015 and decreased by NOK 3.5 billion at end of 2014 and impacted the Consolidated statement of income with corresponding amounts.

The reconciliation of the changes in fair value during 2015 and 2014 for all financial assets classified in the third level in the hierarchy are presented in the following table.

(in NOK billion)	Non-current financial investments	Non-current derivative financial instruments - assets	Current derivative financial instruments - assets	Non-current derivative financial instruments liabilities	Total amount
Full year 2015					
Opening balance	1.4	12.7	0.6	0.0	14.8
Total gains and losses recognised					
- in statement of income	(0.0)	(3.6)	0.4	(0.5)	(3.6)
- in other comprehensive income	0.0	0.0	0.0	0.0	0.0
Purchases	0.2	0.0	0.0	0.0	0.2
Settlement	(0.0)	(0.9)	(0.6)	0.0	(1.5)
Foreign currency translation differences	0.2	0.1	(0.0)	(0.0)	0.2
Closing balance	1.8	8.3	0.4	(0.5)	10.1
Full year 2014					
Opening balance	0.9	12.0	1.3	0.0	14.2
Total gains and losses recognised					
- in statement of income	(0.0)	0.3	0.6	0.0	0.9
- in other comprehensive income	0.0	0.0	0.0	0.0	0.0
Purchases	0.3	0.0	0.0	0.0	0.3
Sales	0.0	0.4	0.0	0.0	0.4
Settlement	(0.0)	0.0	(1.3)	0.0	(1.3)
Foreign currency translation differences	0.2	0.1	(0.0)	0.0	0.3
Closing balance	1.4	12.7	0.6	0.0	14.8

The assets within level 3 during 2015 have had a net decrease in the fair value of NOK 4.7 billion. Of the NOK 3.1 billion recognised in the Consolidated statement of income during 2015, NOK 2.8 billion is related to changes in fair value of certain earn-out agreements. Related to the same earn-out agreements, NOK 1.5 billion included in the opening balance for 2015 has been fully realised as the underlying volumes have been delivered during 2015 and the amount is presented as settled in the above table.

Substantially all gains and losses recognised in the Consolidated statement of income during 2015 are related to assets held at the end of 2015.

Sensitivity analysis of market risk

Commodity price risk
The table below contains the fair value and related commodity price risk sensitivities of Statoil's commodity based derivatives contracts. For further information related to the type of commodity risks and how Statoil manages these risks, see note 5 *Financial risk management*.

Statoil's assets and liabilities resulting from commodity based derivatives contracts consist of both exchange traded and non-exchange traded instruments, including embedded derivatives that have been bifurcated and recognised at fair value in the Consolidated balance sheet.

Price risk sensitivities at the end of 2015 have been calculated assuming a reasonably possible change of 30% in crude oil, refined products, electricity and natural gas prices. At the end of 2014 an assumption of 40% was used in the calculation and viewed as reasonable possible changes.

Since none of the derivative financial instruments included in the table below are part of hedging relationships, any changes in the fair value would be recognised in the Consolidated statement of income.

(in NOK billion)	- 30% sensitivity	30% sensitivity
At 31 December 2015		
Crude oil and refined products net gains (losses)	1.0	(0.6)
Natural gas and electricity net gains (losses)	3.0	(3.0)

(in NOK billion)	- 40% sensitivity	40% sensitivity
At 31 December 2014		
Crude oil and refined products net gains (losses)	(1.7)	1.8
Natural gas and electricity net gains (losses)	0.7	(0.7)

Currency risk

Currency risk constitutes significant financial risk for Statoil. In accordance with approved strategies and mandates total exposure is managed at a portfolio level on a regular basis. For further information related to the currency risk and how Statoil manages these risks, see note 5 *Financial risk management*.

The following currency risk sensitivity has been calculated by assuming an 11% reasonably possible change in the main foreign exchange rates that Statoil is exposed to. At the end of 2014 a change of 9% in the foreign exchange rates were viewed as reasonably possible changes. An increase in the foreign exchange rates means that the transaction currency has strengthened in value. The estimated gains and the estimated losses following from a change in the foreign exchange rates would impact the Consolidated statement of income.

(in NOK billion)	- 11% sensitivity	11% sensitivity
At 31 December 2015		
USD net gains (losses)	15.4	(15.4)
NOK net gains (losses)	(14.8)	14.8

(in NOK billion)	- 9% sensitivity	9% sensitivity
At 31 December 2014		
USD net gains (losses)	8.1	(8.1)
NOK net gains (losses)	(8.3)	8.3

Interest rate risk

Interest rate risk constitutes significant financial risk for Statoil. In accordance with approved strategies and mandates total exposure is managed at a portfolio level on a regular basis. For further information related to the interest risks and how Statoil manages these risks, see note 5 *Financial risk management*.

The following interest rate risk sensitivity has been calculated by assuming a change of 0.9 percentage points as reasonably possible changes in the interest rates at the end of 2015. At the end of 2014 a change of 0.8 percentage points in the interest rates was viewed as reasonably possible changes. The estimated gains following from a decrease in the interest rates and the estimated losses following from an interest rate increase would impact the Consolidated statement of income.

(in NOK billion)	- 0.9 percentage points sensitivity	0.9 percentage points sensitivity
At 31 December 2015		
Interest rate net gains (losses)	10.7	(10.7)

(in NOK billion)	- 0.8 percentage points sensitivity	0.8 percentage points sensitivity
At 31 December 2014		
Interest rate net gains (losses)	7.1	(7.1)

26 Supplementary oil and gas information (unaudited)

In accordance with Financial Accounting Standards Board Accounting Standards Codification "Extractive Activities - Oil and Gas" (Topic 932), Statoil is reporting certain supplemental disclosures about oil and gas exploration and production operations. While this information is developed with reasonable care and disclosed in good faith, it is emphasised that some of the data is necessarily imprecise and represents only approximate amounts because of the subjective judgement involved in developing such information. Accordingly, this information may not necessarily represent the present financial condition of Statoil or its expected future results.

For further information regarding the reserves estimation requirement, see note 2 *Significant accounting policies* - Critical accounting judgements and key sources of estimation uncertainty - Proved oil and gas reserves.

No new events have occurred since 31 December 2015 that would result in a significant change in the estimated proved reserves or other figures reported as of that date.

The disputed equity determination at Agbami will potentially alter Statoil's equity share in this field. The effect on the proved reserves will be included once the redetermination is finalised and the effect is known.

Oil and gas reserve quantities
Statoil's oil and gas reserves have been estimated by its qualified professionals in accordance with industry standards under the requirements of the U.S. Securities and Exchange Commission (SEC), Rule 4-10 of Regulation S-X. Statements of reserves are forward-looking statements.

The determination of these reserves is part of an ongoing process subject to continual revision as additional information becomes available. Estimates of proved reserve quantities are imprecise and change over time as new information becomes available. Moreover, identified reserves and contingent resources that may become proved in the future are excluded from the calculations.

Statoil's proved reserves are recognised under various forms of contractual agreements, including production sharing agreements (PSAs) where Statoil's share of reserves can vary due to commodity prices or other factors. Reserves from agreements such as PSAs and buy back agreements are based on the volumes to which Statoil has access (cost oil and profit oil), limited to available market access. At 31 December 2015, 9% of total proved reserves were related to such agreements (15% of total oil, condensate and natural gas liquids (NGL) reserves and 3% of total gas reserves). This compares with 12% and 14% of total proved reserves for 2014 and 2013, respectively. Net entitlement oil and gas production from fields with such agreements was 104 million boe during 2015 (95 million boe for 2014 and 93 million boe for 2013). Statoil participates in such agreements in Algeria, Angola, Azerbaijan, Libya, Nigeria and Russia.

Statoil is recording, as proved reserves, volumes equivalent to our tax liabilities under negotiated fiscal arrangements (PSAs) where the tax is paid on behalf of Statoil. Reserves are net of royalty oil paid in kind and quantities consumed during production.

Rule 4-10 of Regulation S-X requires that the appraisal of reserves is based on existing economic conditions, including a 12-month average price prior to the end of the reporting period, unless prices are defined by contractual arrangements. The proved reserves at year end 2015 have been determined based on a Brent blend price equivalent of USD 54.17/bbl, compared to USD 101.27/bbl and USD 108.02/bbl for 2014 and 2013 respectively. The volume weighted average gas price for proved reserves at year end 2015 was 1.76 NOK/Sm3. The comparable gas price used to determine gas reserves at year end 2014 and 2013 was 1.90 NOK/Sm3 and 2.13 NOK/Sm3. The volume weighted average NGL price for proved reserves at year end 2015 was USD 30.56/boe. The corresponding NGL price used to determine NGL reserves at year end 2014 and 2013 was USD 57.03/boe and USD 62.32/boe. The significant decrease in commodity prices affects the profitable reserves to be recovered from accumulations resulting in reduced reserves. The negative revisions due to price are in general a result of earlier economic cut-off. For fields with a production-sharing type of agreement this is to some degree offset by higher entitlement to the reserves. These changes are all included in the revision category in the tables below, giving a net reduction of Statoil's proved reserves at year end.

From the Norwegian continental shelf (NCS), Statoil is responsible for managing, transporting and selling the Norwegian State's oil and gas on behalf of the Norwegian State's direct financial interest (SDFI). These reserves are sold in conjunction with the Statoil reserves. As part of this arrangement, Statoil delivers and sells gas to customers in accordance with various types of sales contracts on behalf of the SDFI. In order to fulfil the commitments, Statoil utilises a field supply schedule which provides the highest possible total value for the joint portfolio of oil and gas between Statoil and the SDFI.

Statoil and the SDFI receive income from the joint natural gas sales portfolio based upon their respective share in the supplied volumes. For sales of the SDFI natural gas, to Statoil and to third parties, the payment to the Norwegian State is based on achieved prices, a net back formula calculated price or market value. All of the Norwegian State's oil and NGL is acquired by Statoil. The price Statoil pays to the SDFI for the crude oil is based on market reflective prices. The prices for NGL are either based on achieved prices, market value or market reflective prices.

The regulations of the owner's instruction, as described above, may be changed or withdrawn by the Statoil ASA's general meeting. Due to this uncertainty and the Norwegian State's estimate of proved reserves not being available to Statoil, it is not possible to determine the total quantities to be purchased by Statoil under the owner's instruction.

Topic 932 requires the presentation of reserves and certain other supplemental oil and gas disclosures by geographical area, defined as country or continent containing 15% or more of total proved reserves. Norway contains 75% of total proved reserves at 31 December 2015 and no other country contains reserves approaching 15% of total proved reserves. Accordingly, management has determined that the most meaningful presentation of geographical areas would be Norway and the continents of Eurasia (excluding Norway), Africa and Americas.

The following tables reflect the estimated proved reserves of oil and gas at 31 December 2012 through 2015, and the changes therein.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved oil and condensate reserves in million barrels oil equivalent							
At 31 December 2012	968	193	281	395	1,837	82	1,919
Revisions and improved recovery	133	16	40	18	207	(16)	191
Extensions and discoveries	19	47	8	34	108	0	108
Purchase of reserves-in-place	13	0	0	0	13	0	13
Sales of reserves-in-place	(40)	(15)	0	(2)	(57)	0	(57)
Production	(174)	(15)	(58)	(46)	(294)	(4)	(298)
At 31 December 2013	918	227	271	399	1,815	63	1,877
Revisions and improved recovery	143	10	85	(4)	235	(3)	232
Extensions and discoveries	3	0	5	145	153	0	153
Purchase of reserves-in-place	0	0	0	20	20	0	20
Sales of reserves-in-place	(5)	(27)	(2)	0	(34)	0	(34)
Production	(173)	(14)	(64)	(51)	(301)	(4)	(306)
At 31 December 2014	886	196	296	508	1,887	55	1,942
Revisions and improved recovery	71	(68)	57	(54)	5	(5)	0
Extensions and discoveries	437	0	0	74	511	0	511
Purchase of reserves-in-place	0	0	0	4	4	0	4
Sales of reserves-in-place	(4)	(38)	0	(1)	(43)	0	(43)
Production	(174)	(13)	(75)	(57)	(319)	(4)	(324)
At 31 December 2015	1,216	76	278	474	2,045	46	2,091

Proved reserves of bitumen in Americas, representing less than 2% of Statoil's proved reserves, is included as oil in the table above.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved NGL reserves in million barrels oil equivalent							
At 31 December 2012	405	0	18	47	469	0	469
Revisions and improved recovery	25	0	(0)	4	28	0	28
Extensions and discoveries	1	0	0	10	11	0	11
Purchase of reserves-in-place	0	0	0	0	0	0	0
Sales of reserves-in-place	(21)	0	0	0	(21)	0	(21)
Production	(42)	0	(1)	(4)	(47)	0	(47)
At 31 December 2013	368	0	16	56	441	0	441
Revisions and improved recovery	(2)	0	1	5	4	0	4
Extensions and discoveries	3	0	0	18	21	0	21
Purchase of reserves-in-place	0	0	0	0	0	0	0
Sales of reserves-in-place	(10)	0	0	(2)	(12)	0	(12)
Production	(42)	0	(2)	(7)	(51)	0	(51)
At 31 December 2014	318	0	15	69	403	0	403
Revisions and improved recovery	7	0	3	(20)	(10)	0	(10)
Extensions and discoveries	11	0	0	16	27	0	27
Purchase of reserves-in-place	0	0	0	4	4	0	4
Sales of reserves-in-place	(1)	0	0	(5)	(5)	0	(5)
Production	(44)	0	(3)	(7)	(54)	0	(54)
At 31 December 2015	291	0	15	57	364	0	364

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved gas reserves in billion standard cubic feet							
At 31 December 2012	15,003	575	341	1,107	17,027	0	17,027
Revisions and improved recovery	391	187	27	382	987	0	987
Extensions and discoveries	920	1,236	0	112	2,268	0	2,268
Purchase of reserves-in-place	5	0	0	0	5	0	5
Sales of reserves-in-place	(295)	(3)	0	(2)	(300)	0	(300)
Production	(1,264)	(72)	(40)	(196)	(1,571)	0	(1,571)
At 31 December 2013	14,761	1,923	328	1,404	18,416	0	18,416
Revisions and improved recovery	439	32	8	197	676	0	676
Extensions and discoveries	79	0	0	364	443	0	443
Purchase of reserves-in-place	0	0	0	0	0	0	0
Sales of reserves-in-place	(355)	(681)	0	(15)	(1,051)	0	(1,051)
Production	(1,229)	(56)	(38)	(242)	(1,565)	0	(1,565)
At 31 December 2014	13,694	1,218	299	1,708	16,919	0	16,919
Revisions and improved recovery	385	(18)	129	(676)	(180)	0	(180)
Extensions and discoveries	179	0	0	318	497	0	497
Purchase of reserves-in-place	0	0	0	31	31	0	31
Sales of reserves-in-place	(10)	(991)	0	(42)	(1,043)	0	(1,043)
Production	(1,306)	(16)	(63)	(215)	(1,600)	0	(1,600)
At 31 December 2015	12,942	193	366	1,123	14,624	0	14,624

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved reserves in million barrels oil equivalent							
At 31 December 2012	4,046	296	360	639	5,340	82	5,422
Revisions and improved recovery	227	49	44	90	411	(16)	395
Extensions and discoveries	183	268	8	64	523	0	523
Purchase of reserves-in-place	14	0	0	0	14	0	14
Sales of reserves-in-place	(113)	(15)	0	(2)	(131)	0	(131)
Production	(441)	(28)	(66)	(85)	(621)	(4)	(625)
At 31 December 2013	3,916	569	346	705	5,537	63	5,600
Revisions and improved recovery	219	16	87	36	359	(3)	356
Extensions and discoveries	20	0	5	227	253	0	253
Purchase of reserves-in-place	0	0	0	20	20	0	20
Sales of reserves-in-place	(78)	(148)	(2)	(5)	(233)	0	(233)
Production	(434)	(24)	(72)	(102)	(631)	(4)	(635)
At 31 December 2014	3,644	413	364	882	5,304	55	5,359
Revisions and improved recovery	146	(72)	83	(194)	(37)	(5)	(42)
Extensions and discoveries	480	0	0	146	627	0	627
Purchase of reserves-in-place	0	0	0	13	13	0	13
Sales of reserves-in-place	(6)	(215)	0	(13)	(235)	0	(235)
Production	(450)	(16)	(88)	(103)	(658)	(4)	(662)
At 31 December 2015	3,814	111	358	731	5,014	46	5,060

Proved reserves of bitumen in Americas, representing less than 2% of Statoil's proved reserves, is included as oil in the table above.

	Consolidated companies					Equity accounted	Total
	Norway	Eurasia excluding Norway	Africa	Americas	Subtotal	Americas	Total
Net proved oil and condensate reserves in million barrels oil equivalent							
At 31 December 2012							
Developed	547	79	221	164	1,010	38	1,049
Undeveloped	421	114	61	231	827	44	870
At 31 December 2013							
Developed	548	63	197	212	1,020	32	1,052
Undeveloped	370	164	74	187	795	30	826
At 31 December 2014							
Developed	559	63	243	267	1,133	24	1,156
Undeveloped	327	133	52	242	754	32	786
At 31 December 2015							
Developed	505	48	248	282	1,083	21	1,104
Undeveloped	711	29	30	192	962	25	987
Net proved NGL reserves in million barrels oil equivalent							
At 31 December 2012							
Developed	296	0	11	27	334	0	334
Undeveloped	109	0	7	20	135	0	135
At 31 December 2013							
Developed	287	0	10	34	330	0	330
Undeveloped	82	0	7	22	111	0	111
At 31 December 2014							
Developed	258	0	9	42	310	0	310
Undeveloped	60	0	6	27	93	0	93
At 31 December 2015							
Developed	235	0	9	45	290	0	290
Undeveloped	56	0	6	12	74	0	74
Net proved gas reserves in billion standard cubic feet							
At 31 December 2012							
Developed	12,073	343	226	567	13,210	0	13,210
Undeveloped	2,931	232	115	540	3,817	0	3,817
At 31 December 2013							
Developed	11,580	467	209	817	13,073	0	13,073
Undeveloped	3,181	1,455	120	586	5,343	0	5,343
At 31 December 2014							
Developed	11,227	312	191	946	12,677	0	12,677
Undeveloped	2,467	906	108	762	4,242	0	4,242
At 31 December 2015							
Developed	10,664	32	206	999	11,901	0	11,901
Undeveloped	2,278	161	160	124	2,723	0	2,723
Net proved oil, condensate, NGL and gas reserves in million barrels oil equivalent							
At 31 December 2012							
Developed	2,994	140	272	292	3,698	38	3,737
Undeveloped	1,052	155	88	347	1,642	44	1,686
At 31 December 2013							
Developed	2,898	146	244	392	3,679	32	3,711
Undeveloped	1,018	423	103	314	1,858	30	1,888
At 31 December 2014							
Developed	2,818	119	287	477	3,701	24	3,725
Undeveloped	826	295	78	405	1,603	32	1,635
At 31 December 2015							
Developed	2,641	53	294	505	3,494	21	3,515
Undeveloped	1,173	57	64	226	1,521	25	1,546

The conversion rates used are 1 standard cubic meter = 35.3 standard cubic feet, 1 standard cubic meter oil equivalent = 6.29 barrels of oil equivalent (boe) and 1,000 standard cubic meter gas = 1 standard cubic meter oil equivalent.

Capitalised cost related to oil and gas producing activities

Consolidated companies

(in NOK billion)	2015	2014	At 31 December 2013
Unproved properties	117.5	97.5	83.8
Proved properties, wells, plants and other equipment	1,327.1	1,178.8	984.1
Total capitalised cost	1,444.6	1,276.3	1,068.0
Accumulated depreciation, impairment and amortisation	(873.1)	(687.2)	(543.7)
Net capitalised cost	571.5	589.1	524.3

Net capitalised cost related to equity accounted investments as of 31 December 2015 was NOK 8.8 billion, NOK 7.2 billion in 2014 and NOK 5.9 billion in 2013. The reported figures are based on capitalised costs within the upstream segments in Statoil, in line with the description below for result of operations for oil and gas producing activities.

Expenditures incurred in oil and gas property acquisition, exploration and development activities

These expenditures include both amounts capitalised and expensed.

Consolidated companies

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Full year 2015					
Exploration expenditures	6.4	1.7	3.0	12.0	23.1
Development costs	47.1	11.4	10.5	29.0	98.1
Acquired proved properties	0.0	0.0	0.0	0.7	0.7
Acquired unproved properties	0.0	0.7	0.7	3.1	4.5
Total	53.5	13.7	14.3	44.8	126.3
Full year 2014					
Exploration expenditures	7.0	2.5	7.3	7.1	23.9
Development costs	52.2	13.4	13.3	22.7	101.7
Acquired proved properties	0.0	0.0	0.0	4.7	4.7
Acquired unproved properties	0.0	0.0	0.0	2.3	2.3
Total	59.3	15.9	20.6	36.8	132.5
Full year 2013					
Exploration expenditures	7.9	3.8	2.7	7.4	21.8
Development costs	51.8	8.5	11.6	26.4	98.3
Acquired proved properties	2.2	0.0	0.0	0.0	2.2
Acquired unproved properties	0.0	0.4	0.0	1.8	2.2
Total	61.9	12.7	14.3	35.6	124.5

Expenditures incurred in development activities related to equity accounted investments was NOK 0.4 billion in 2015, NOK 1.6 billion in 2014 and NOK 0.4 billion in 2013.

Results of operation for oil and gas producing activities
As required by Topic 932, the revenues and expenses included in the following table reflect only those relating to the oil and gas producing operations of Statoil.

The result of operations for oil and gas producing activities contains the two upstream reporting segments Development and Production Norway (DPN) and Development and Production International (DPI) as presented in note 3 *Segments*. Production cost is based on operating expenses related to production of oil and gas. From the operating expenses certain expenses such as; transportation costs, accruals for over/underlift position, royalty payments and diluent costs are excluded. These expenses and mainly upstream business administration are included as other expenses in the tables below. Other revenues mainly consist of gains and losses from sales of oil and gas interests and gains and losses from commodity based derivatives within the upstream segments.

Income tax expense is calculated on the basis of statutory tax rates adjusted for uplift and tax credits. No deductions are made for interest or other elements not included in the table below.

Consolidated companies

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Full year 2015					
Sales	0.4	2.0	(0.6)	1.6	3.5
Transfers	140.1	3.8	27.7	22.2	193.9
Other revenues	(1.0)	12.3	0.0	0.1	11.4
Total revenues	139.5	18.2	27.2	23.9	208.7
Exploration expenses	(4.6)	(1.7)	(5.1)	(19.5)	(31.0)
Production costs	(21.1)	(1.3)	(5.4)	(6.4)	(34.2)
Depreciation, amortisation and net impairment losses	(51.4)	(6.4)	(20.1)	(55.1)	(133.0)
Other expenses	(4.7)	(1.3)	(1.9)	(11.1)	(19.0)
Total costs	(81.9)	(10.7)	(32.6)	(92.0)	(217.2)
Results of operations before tax	57.6	7.4	(5.4)	(68.2)	(8.5)
Tax expense	(38.8)	1.8	(5.4)	(0.2)	(42.6)
Results of operations	18.8	9.2	(10.8)	(68.3)	(51.1)
Net income from equity accounted investments	0.0	0.3	0.0	(1.0)	(0.8)

Consolidated companies

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Full year 2014					
Sales	1.8	4.3	5.0	3.9	15.0
Transfers	172.6	6.1	32.6	28.6	239.9
Other revenues	7.7	5.7	0.7	(1.0)	13.1
Total revenues	182.1	16.1	38.3	31.4	268.1
Exploration expenses	(5.4)	(2.6)	(9.2)	(13.2)	(30.3)
Production costs	(23.0)	(1.5)	(4.6)	(5.3)	(34.4)
Depreciation, amortisation and net impairment losses	(40.0)	(4.9)	(14.1)	(37.9)	(96.9)
Other expenses	(2.2)	(1.2)	0.4	(10.6)	(13.6)
Total costs	(70.5)	(10.1)	(27.5)	(67.0)	(175.2)
Results of operations before tax	111.6	6.0	10.9	(35.6)	92.9
Tax expense	(74.8)	(0.5)	(8.4)	(0.4)	(84.0)
Results of operations	36.8	5.5	2.5	(36.0)	8.8
Net income from equity accounted investments	(0.0)	1.0	0.0	(1.7)	(0.7)

Consolidated companies

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
Full year 2013					
Sales	0.3	4.0	3.9	4.1	12.3
Transfers	192.5	7.4	30.9	27.1	257.9
Other revenues	9.3	3.9	0.2	0.4	13.8
Total revenues	202.1	15.3	35.0	31.6	284.0
Exploration expenses	(5.5)	(3.4)	(1.6)	(7.5)	(18.0)
Production costs	(22.1)	(1.5)	(3.9)	(3.9)	(31.4)
Depreciation, amortisation and net impairment losses	(32.2)	(2.4)	(13.3)	(16.2)	(64.1)
Other expenses	(5.3)	(1.6)	(0.5)	(9.7)	(17.1)
Total costs	(65.1)	(8.9)	(19.3)	(37.3)	(130.6)
Results of operations before tax	137.0	6.4	15.7	(5.7)	153.4
Tax expense	(90.9)	(2.0)	(8.1)	(1.0)	(102.0)
Results of operations	46.1	4.4	7.6	(6.7)	51.4
Net income from equity accounted investments	0.1	0.3	0.0	(0.3)	0.1

Average production cost in NOK per boe based on entitlement volumes	Norway	Eurasia excluding Norway	Africa	Americas	Total
2015	47	79	61	62	52
2014	53	64	64	52	55
2013	50	53	59	46	51

Production cost per boe is calculated as the production costs in the result of operations table, divided by the produced entitlement volumes (mboe) for the corresponding period.

Standardised measure of discounted future net cash flows relating to proved oil and gas reserves

The table below shows the standardised measure of future net cash flows relating to proved reserves. The analysis is computed in accordance with Topic 932, by applying average market prices as defined by the SEC, year end costs, year end statutory tax rates and a discount factor of 10% to year end quantities of net proved reserves. The standardised measure of discounted future net cash flows is a forward-looking statement.

Future price changes are limited to those provided by existing contractual arrangements at the end of each reporting year. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions. Pre-tax future net cash flow is net of decommissioning and removal costs. Estimated future income taxes are calculated by applying the appropriate year-end statutory tax rates. These rates reflect allowable deductions and tax credits and are applied to estimated future pretax net cash flows, less the tax basis of related assets. Discounted future net cash flows are calculated using a discount rate of 10% per year. Discounting requires a year-by-year estimate of when future expenditures will be incurred and when reserves will be produced. The standardised measure of discounted future net cash flows prescribed under Topic 932 requires assumptions as to the timing and amount of future development and production costs and income from the production of proved reserves. The information does not represent management's estimate or Statoil's expected future cash flows or the value of its proved reserves and therefore should not be relied upon as an indication of Statoil's future cash flow or value of its proved reserves.

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
At 31 December 2015					
Consolidated companies					
Future net cash inflows	1,288.7	43.9	137.3	189.7	1,659.5
Future development costs	(156.1)	(10.8)	(10.7)	(41.5)	(219.0)
Future production costs	(441.5)	(22.2)	(54.9)	(102.6)	(621.3)
Future income tax expenses	(455.7)	(0.9)	(25.3)	(6.4)	(488.4)
Future net cash flows	235.4	9.9	46.3	39.2	330.8
10% annual discount for estimated timing of cash flows	(96.6)	(3.3)	(11.1)	(15.8)	(126.8)
Standardised measure of discounted future net cash flows	138.8	6.6	35.2	23.4	203.9
Equity accounted investments					
Standardised measure of discounted future net cash flows	0,0	0,0	0,0	1.1	1.1
Total standardised measure of discounted future net cash flows including equity accounted investments	138.8	6.6	35.2	24.5	205.1

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
At 31 December 2014					
Consolidated companies					
Future net cash inflows	1,467.9	203.4	213.6	323.0	2,207.9
Future development costs	(166.8)	(59.9)	(12.3)	(51.7)	(290.8)
Future production costs	(439.8)	(91.6)	(58.3)	(142.7)	(732.4)
Future income tax expenses	(606.8)	(8.1)	(48.6)	(34.0)	(697.5)
Future net cash flows	254.5	43.8	94.4	94.6	487.3
10% annual discount for estimated timing of cash flows	(99.7)	(27.8)	(28.1)	(41.9)	(197.6)
Standardised measure of discounted future net cash flows	154.7	16.0	66.3	52.7	289.8
Equity accounted investments					
Standardised measure of discounted future net cash flows	0,0	0,0	0,0	5.1	5.1
Total standardised measure of discounted future net cash flows including equity accounted investments	154.7	16.0	66.3	57.8	294.8

(in NOK billion)	Norway	Eurasia excluding Norway	Africa	Americas	Total
At 31 December 2013					
Consolidated companies					
Future net cash inflows	1,700.2	273.7	205.2	257.5	2,436.6
Future development costs	(200.0)	(80.8)	(16.0)	(38.9)	(335.7)
Future production costs	(471.3)	(125.4)	(54.8)	(104.3)	(755.8)
Future income tax expenses	(740.9)	(12.2)	(50.0)	(24.0)	(827.1)
Future net cash flows	288.0	55.3	84.4	90.3	518.0
10% annual discount for estimated timing of cash flows	(120.8)	(39.7)	(27.6)	(41.3)	(229.4)
Standardised measure of discounted future net cash flows	167.2	15.6	56.8	49.0	288.6
Equity accounted investments					
Standardised measure of discounted future net cash flows	0,0	0,0	0,0	4.8	4.8
Total standardised measure of discounted future net cash flows including equity accounted investments	167.2	15.6	56.8	53.8	293.4

Changes in the standardised measure of discounted future net cash flows from proved reserves

(in NOK billion)	2015	2014	2013
Consolidated companies			
Standardised measure at beginning of year	289.8	288.6	252.8
Net change in sales and transfer prices and in production (lifting) costs related to future production	(313.7)	(98.3)	(24.0)
Changes in estimated future development costs	(4.5)	(32.3)	(54.9)
Sales and transfers of oil and gas produced during the period, net of production cost	(168.0)	(232.6)	(243.2)
Net change due to extensions, discoveries, and improved recovery	30.1	23.1	10.6
Net change due to purchases and sales of minerals in place	(7.4)	(25.1)	(33.9)
Net change due to revisions in quantity estimates	76.4	126.1	126.5
Previously estimated development costs incurred during the period	84.6	99.6	95.1
Accretion of discount	71.0	77.3	81.4
Net change in income taxes	145.7	63.3	78.2
Total change in the standardised measure during the year	(85.8)	1.2	35.8
Standardised measure at end of year	203.9	289.8	288.6
Equity accounted investments			
Standardised measure at end of year	1.1	5.1	4.8
Standardised measure at end of year including equity accounted investments	205.1	294.8	293.4

In the table above, each line item presents the sources of changes in the standardised measure value on a discounted basis, with the accretion of discount line item reflecting the increase in the net discounted value of the proved oil and gas reserves due to the fact that the future cash flows are now one year closer in time.

27 Subsequent events

In the first quarter of 2016 Statoil acquired 11.93% of the shares and votes in Lundin Petroleum AB for a total purchase price of SEK 4.6 billion. The shares will be accounted for as a non-current financial investment (available-for-sale) at fair value.

Parent company financial statements

STATEMENT OF INCOME STATOIL ASA - NGAAP

(in NOK billion)	Note	2015	Full year 2014
Revenues	4	313.7	410.5
Net income from subsidiaries and other equity accounted companies	12	(33.7)	24.2
Other income	12	2.3	0.0
Total revenues and other income		282.3	434.7
Purchases [net of inventory variation]		(292.9)	(401.1)
Operating expenses		(19.9)	(11.2)
Selling, general and administrative expenses		(2.0)	(2.6)
Depreciation, amortisation and net impairment losses	11	(0.8)	(0.8)
Exploration expenses		(0.9)	(2.0)
Net operating income		(34.2)	16.9
Net financial items	9	(19.4)	(19.4)
Income before tax		(53.6)	(2.5)
Income tax	10	6.8	8.6
Net income		(46.8)	6.1

BALANCE SHEET STATOIL ASA - NGAAP

(in NOK billion)	Note	2015	At 31 December 2014
ASSETS			
Property, plant and equipment	11	5.6	5.7
Intangible assets		0.0	0.2
Investments in subsidiaries and other equity accounted companies	12	449.7	474.6
Deferred tax assets	10	14.6	16.7
Pension assets	19	10.9	7.9
Derivative financial instruments		0.0	0.2
Prepayments and financial receivables		0.6	0.5
Receivables from subsidiaries and other equity accounted companies	13	123.1	68.6
Total non-current assets		604.4	574.4
Inventories	14	12.3	15.3
Trade and other receivables	15	33.7	43.6
Receivables from subsidiaries and other equity accounted companies	13	27.2	21.0
Derivative financial instruments	3	1.6	1.3
Financial investments	13	80.5	53.2
Cash and cash equivalents	16	65.8	71.5
Total current assets		221.1	206.0
Total assets		825.6	780.4

BALANCE SHEET STATOIL ASA - NGAAP

(in NOK billion)	Note	At 31 December 2015	2014
EQUITY AND LIABILITIES			
Share capital		8.0	8.0
Additional paid-in capital		17.3	17.3
Reserves for valuation variances		38.1	109.0
Retained earnings		270.3	223.9
Total equity	17	333.7	358.2
Finance debt	18	260.5	201.3
Liabilities to subsidiaries and other equity accounted companies		0.1	0.1
Pension liabilities	19	26.1	27.7
Provisions	20	2.5	2.1
Derivative financial instruments	3	12.1	5.2
Total non-current liabilities		301.4	236.4
Trade and other payables	21	21.8	29.1
Current tax payable	10	(0.2)	0.6
Finance debt	18	19.8	24.7
Dividends payable	17	12.3	11.4
Liabilities to subsidiaries and other equity accounted companies	13	135.2	114.7
Derivative financial instruments	3	1.7	5.4
Total current liabilities		190.5	185.9
Total liabilities		491.9	422.3
Total equity and liabilities		825.6	780.4

STATEMENT OF CASH FLOWS STATOIL ASA - NGAAP

(in NOK billion)	Note	2015	Full year 2014
Income before tax		(53.6)	(2.5)
Depreciation, amortisation and net impairment losses	11	0.8	0.8
(Gains) losses on foreign currency transactions and balances		17.0	15.8
(Gains) losses from disposals		(0.0)	(0.0)
(Increase) decrease in other items related to operating activities		62.5	1.1
(Increase) decrease in net derivative financial instruments	3	2.1	3.9
Interest received		3.6	3.4
Interest paid		(7.1)	(5.3)
Taxes paid		(0.0)	(0.1)
(Increase) decrease in working capital		(1.9)	1.4
Cash flows provided by operating activities		23.5	18.5
Capital expenditures and investments	11	(16.8)	(11.7)
(Increase) decrease in financial investments		(20.4)	(11.0)
(Increase) decrease in other non-current items		(53.2)	5.9
Proceeds from sale of assets and businesses		45.6	(0.0)
Cash flows used in investing activities		(44.8)	(16.9)
New finance debt		32.1	20.5
Repayment of finance debt		(11.2)	(9.5)
Dividend paid	17	(22.9)	(33.7)
Net current finance debt and other		(4.8)	(0.8)
Increase (decrease) in financial receivables and payables to/from subsidiaries		16.7	12.6
Cash flows provided by (used in) financing activities		9.9	(10.9)
Net increase (decrease) in cash and cash equivalents		(11.4)	(9.2)
Effect of exchange rate changes on cash and cash equivalents		5.7	3.8
Cash and cash equivalents at the beginning of the period	16	71.5	77.0
Cash and cash equivalents at the end of the period	16	65.8	71.5

Notes to the Financial statements Statoil ASA

1 Organisation and basis of presentation

Statoil ASA, originally Den Norske Stats Oljeselskap AS, was founded in 1972 and is incorporated and domiciled in Norway. The address of its registered office is Forusbeen 50, N-4035 Stavanger, Norway.

Statoil ASA is listed on the Oslo Børs (Norway) and the New York Stock Exchange (USA).

Statoil ASA's business consists principally of the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products and other forms of energy. The activities are mainly carried out through ownership of, participation in or cooperation with other companies. All the Statoil group's net assets on the Norwegian continental shelf are owned by Statoil ASA's 100% owned operating subsidiary, Statoil Petroleum AS.

Statoil ASA' oil and gas activities on the Norwegian continental shelf are owned by Statoil Petroleum AS, a 100% owned operating subsidiary of Statoil ASA. Statoil Petroleum AS is co-obligor or guarantor of certain debt obligations of Statoil ASA.

The functional currency of Statoil ASA is United States Dollar (USD), based on an evaluation of the company's primary economic environment and related cash flows, while its presentation currency is Norwegian Krone (NOK). The USD to NOK rates of exchange employed at year-end 2015 and 2014 are 8.81 and 7.43, respectively.

2 Significant accounting policies

Statement of compliance
The financial statements of Statoil ASA ("the company") are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Practice (NGAAP).

Basis of preparation
The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. These policies have been applied consistently to all periods presented in these financial statements. Certain amounts in the comparable years have been restated to conform to current year presentation. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

The statement of cash flows has been prepared in accordance with the indirect method.

Subsidiaries, associated companies and jointly controlled entities
Shareholdings and interests in subsidiaries, associated companies (companies in which the company does not have control, or joint control, but has the ability to exercise significant influence over operating and financial policies; generally when the ownership share is between 20% and 50%) and jointly controlled entities are accounted for using the equity method. The company applies the equity method on the basis of the respective entities' financial reporting prepared in compliance with the Statoil group's NGAAP accounting principles. Reserves for valuation variances included within the Company's equity are established based on the sum of contributions from the individual equity accounted investment, with the limitation that the net amount cannot be negative. Goodwill included in the balance sheets of subsidiaries and associated companies is depreciated over ten years on a straight-line basis, reflecting the long-term nature of the acquired activities. The related depreciation expense is included in the company's statement of income under *Net income from subsidiaries and other equity accounted companies*.

Expenses related to the Statoil group as operator of jointly controlled assets
Indirect operating expenses incurred by the company, such as personnel expenses, are accumulated in cost pools. Such expenses are allocated in part on an hours incurred cost basis to Statoil Petroleum AS, to other group companies, and to licences where Statoil Petroleum AS or other group companies are operators. Costs allocated in this manner reduce the expenses in the company's statement of income.

Asset transfers between the company and its subsidiaries
Transfers of assets and liabilities between the company and the entities that it directly or indirectly controls are accounted for at the carrying amounts (continuity) of the assets and liabilities transferred, when the transfer is part of a reorganisation within the Statoil group.

Foreign currency translation
The company's transactions in foreign currencies are translated to United States Dollar (USD) at the foreign exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to USD at the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in the statement of income. Non-monetary assets are translated using the exchange rate at the dates of the transactions.

Presentation currency
For the purpose of the financial statements, the statement of income and the balance sheet are translated from functional currency, USD, into the presentation currency, Norwegian Krone (NOK). The assets and liabilities of the company are translated into NOK at the foreign exchange rate at the balance sheet date. The income and expenses of the company are translated using the foreign exchange rates on the dates of the transactions.

Revenue recognition
Revenues associated with sale and transportation of crude oil, petroleum and chemical products, and other merchandise are recorded when title and risk pass to the customer, which normally is at the point of delivery of the goods, based on the contractual terms of the agreements. Sales and purchases of physical commodities, which are not settled net, are presented on a gross basis as *Revenues* and *Purchases [net of inventory variation]* in the statement of income. Activities related to the trading of commodity based derivative instruments are reported on a net basis, with the margin included in *Revenues*.

Transactions with the Norwegian State and with Statoil Petroleum AS
The company markets and sells the Norwegian State's and Statoil Petroleum AS's share of oil and gas production from the Norwegian continental shelf. The Norwegian State's participation in petroleum activities is organised through the State's direct financial interest (SDFI). All purchases and sales of SDFI's and Statoil Petroleum AS's oil production are classified as *Purchases [net of inventory variation]* and *Revenues*, respectively. The company sells, in its own name, but for the Norwegian State's and Statoil Petroleum AS's account and risk, the Norwegian State's and Statoil Petroleum AS's production of natural gas. This sale and related expenditures refunded by the Norwegian State and by Statoil Petroleum AS are recorded net in the company's financial statements.

Employee benefits
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company. The accounting policy for pensions and share-based payments is described below.

Share-based payments
The company operates an employee bonus share program. The cost of equity-settled transactions (bonus share awards) with employees is measured by reference to the estimated fair value at the date at which they are granted and is recognised as an expense over the average vesting period of 2.5 years. The awarded shares are accounted for as salary expense and recognised as an equity transaction (included in retained earnings).

Research and development
Research and development costs which are expected to generate probable future economic benefits are considered for capitalisation as intangible assets under the applicable NGAAP requirements. All other research and development expenditure is expensed as incurred. Subsequent to initial recognition, any capitalised development costs are reported at cost less accumulated amortisation and accumulated impairment losses.

Income tax
Income tax in the statement of income for the year comprises current and deferred tax expense. *Income tax* is recognised in the statement of income except when it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax consists of the expected tax payable on the taxable income for the year and any adjustment to tax payable for previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and assets to be received (disputed tax positions for which payment has already been made) in each case is recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recognised in the period in which they are earned or incurred, and are presented within *Net financial items* in the statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable income, convincing evidence is required, taking into account the existence of contracts, observable prices in active markets, expected volatility of trading profits and similar facts and circumstances.

Property, plant and equipment
Property, plant and equipment are reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. Inspection and overhaul costs, associated with regularly scheduled major maintenance programs planned and carried out at recurring intervals exceeding one year, are capitalised and amortised over the period to the next scheduled inspection and overhaul. All other maintenance costs are expensed as incurred.

Depreciation is calculated on the basis of the assets' estimated useful lives, normally using the straight-line method. Each part of an item of *Property, plant and equipment* with a cost that is significant in relation to the total cost of the item is depreciated separately.

The estimated useful lives of *property, plant and equipment* are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of *property, plant and equipment* is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in *Other income* or *Operating expenses*, respectively, in the period the item is derecognised.

Leases

Leases for which the company assumes substantially all the risks and rewards of the ownership are reflected as finance leases within *Property, plant and equipment* and *Finance debt*. Capitalised leases are depreciated over the shorter of the estimated useful life of the asset or the lease term, using the depreciation methods described above, depending on the nature of the leased asset. All other leases are classified as operating leases and the costs are charged to the relevant operating expense related caption on a straight-line basis over the lease term, unless another basis is more representative of the benefits of the lease to the company.

The company distinguishes between lease and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time, while capacity contracts confer on the company the right to and the obligation to pay for certain volume capacity availability related to transport, storage and so on. Such capacity contracts that do not involve specified assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered by the company to qualify as leases for accounting purposes. Capacity payments are reflected as *Operating expenses* in the statement of income in the period for which the capacity contractually is available to the company.

Financial assets

Financial assets representing loans and receivables are carried at amortised cost using the effective interest method. Trading securities classified as current *Financial investments* are recognised at fair value with gains and losses reflected in the statement of income.

Trade receivables are carried at the original invoice amount less a provision for doubtful receivables which is made when there is evidence that the company will be unable to recover the balances in full.

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are held for the purpose of being traded.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, transportation and manufacturing expenses.

Derivative financial instruments

The following accounting policies are applied for the principal financial instruments and commodity-based derivatives:

- Currency swap agreements are recognised at fair value in the balance sheet and changes in fair value are recognised in the statement of income
- Interest rate swap agreements are valued according to the lower of cost or market principle
- Commodity-based derivatives traded on organised exchanges are valued at fair market value and the resulting gains and losses are recognised in the statement of income. Other commodity-based derivatives are valued according to the lower of cost or market principle

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current balances with banks and similar institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value, and have a maturity of three months or less from the acquisition date.

Impairment of property, plant and equipment

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped based on lowest levels with separately identifiable and largely independent cash inflows.

In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. The recoverable amount of an asset is the higher of the company's estimated value in use or the estimated fair value of the asset. The value in use is determined using a discounted cash flow model. In performing a value-in-use based impairment test, the estimated future cash flows are adjusted for risks specific to the asset and discounted using a real post-tax discount rate which is based on the company's post-tax weighted average cost of capital (WACC). The fair value is determined based on comparable recent arm's length market transactions or based on Statoil's estimate of the price that would be received for the asset in an orderly transaction between market participants.

If assets are determined to be impaired, the carrying amounts of those assets are written down to the recoverable amount which is the higher of fair value less costs to sell and value in use. Impairments are reversed as applicable to the extent that conditions for impairment are no longer present.

Financial liabilities

Interest-bearing loans and borrowings are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs as well as discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised either in interest income and other financial items or in interest and other finance expenses within *Net financial items*. Financial liabilities are presented as current if the liabilities are due to be settled within 12 months after the balance sheet date, or if they are held for the purpose of being traded.

Dividends payable

Dividends for the year are reflected as *Dividends payable* within current liabilities. The dividends payable require general assembly approval before distribution.

Pension liabilities

Statoil ASA has pension plans that either provide employees with a defined pension benefit upon retirement or a pension dependent on defined contributions and related returns, of which a portion of the contributions are provided for as notional contributions, for which the liability increases with a promised notional return, set equal to the actual return of assets invested through the ordinary defined contribution plan. For defined benefit plans the benefit to be received by employees generally depends on many factors including length of service, retirement date and future salary levels. The company applies IAS 19 *Employee Benefits*.

The company's proportionate shares of multi-employer defined benefit plans are recognised as liabilities in the balance sheet to the extent that sufficient information is available and a reliable estimate of the obligation can be made.

The company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date, reflecting the maturity dates approximating the terms of the company's obligations. The discount rate for the main part of the pension obligations has been established on the basis of Norwegian mortgage covered bonds, which are considered high quality corporate bonds. The cost of pension benefit plans is expensed over the period that the employees render services and become eligible to receive benefits. The calculation is performed by an external actuary.

The net interest related to defined benefit plans is calculated by applying the discount rate to the opening present value of the benefit obligation and opening present value of the plan assets, adjusted for material changes during the year. The resulting net interest element is presented in the statement of income as part of net pension cost within *Net operating income*. The difference between estimated interest income and actual return is recognised in the company's *Retained earnings*.

Past service cost is recognised when plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or curtailment (a significant reduction by the entity in the number of employees covered by a plan) occurs, or when recognising related restructuring cost or termination benefits. The obligation and related plan assets are re-measured using current actuarial assumptions, and the gain or loss is recognised in the statement of income.

Actuarial gains and losses are recognised in full in the company's *Retained earnings* in the period in which they occur, while actuarial gains and losses related to provision for termination benefits are recognised in the statement of income in the period in which they occur. Due to the company's functional currency being USD, the significant part of the company's pension obligations will be payable in a foreign currency (i.e. NOK). As a consequence, actuarial gains and losses include the impact of exchange rate fluctuations.

Contributions to defined contribution schemes are recognised in the statement of income in the period in which the contribution amounts are earned by the employees. Notional contribution plans, reported in the parent company Statoil ASA, are recognised as pension liabilities with the actual value of the notional contributions and promised return at reporting date. Notional contributions and changes in fair value of notional assets are recognised in the statement of income as periodic pension cost.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

The company recognises as p*rovisions* the net obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received in relation to the contract. A contract which forms an integral part of the operations of a cash generating unit whose assets are dedicated to that contract, and for which the economic benefits cannot be reliably separated from those of the cash generating unit, is included in impairment considerations for the applicable cash generating unit.

Use of estimates

Preparation of the financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingencies. Actual results may ultimately differ from the estimates and assumptions used.

The nature of the company's operations, and the many countries in which the company's subsidiaries operates, is subject to changing economic, regulatory and political conditions. The company does not believe it is vulnerable to the risk of a near-term severe impact as a result of any concentration of its activities.

3 Financial risk management and derivatives

Financial risks
Statoil ASA's activities expose the company to the following financial risks:
- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Market risk
Statoil ASA ("the company") operates in the worldwide crude oil, refined products, natural gas, and electricity markets and is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates, and electricity prices that can affect the revenues and costs of operating, investing and financing. For the marketing of Statoil's commodities Statoil ASA has established guidelines for entering into derivative contracts in order to manage the commodity price, foreign currency rate and interest rate risk. The company uses both financial and commodity-based derivatives to manage the risks in revenues, financial items and the present value of future cash flows.

Commodity price risk
Statoil ASA's most important long term commodity risk (oil and natural gas) is related to future market prices as Statoil ASA´s risk policy is to be exposed to both upside and downside price movements. To manage the short-term commodity risk, Statoil ASA enters into commodity-based derivative contracts, including futures, options, over-the-counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity.

Derivatives associated with crude oil and refined oil products are traded mainly on the InterContinental Exchange (ICE) in London, the New York Mercantile Exchange (NYMEX), the OTC Brent market, and in crude and refined products swaps markets. Derivatives associated with natural gas and electricity are mainly OTC physical forwards and options, NASDAQ OMX Oslo forwards, and futures traded on the NYMEX and ICE.

The term of oil and refined oil products derivatives is usually less than one year and the term for natural gas and electricity derivatives is usually three years or less.

Currency risk
Statoil ASA's operating results and cash flows are affected by foreign currency fluctuations of the most significant currencies Norwegian Krone (NOK) against United States Dollar (USD). Foreign exchange risk is managed at corporate level in accordance with policies and mandates.

Statoil ASA's cash flows from operating activities deriving from oil and gas sales, operating expenses and capital expenditures, are mainly in USD, but taxes and dividends to shareholders on the Oslo Børs are in NOK. Accordingly, Statoil ASA's currency management is primarily linked to mitigate currency risk related to tax and dividend payments in NOK. This means that Statoil ASA regularly purchase substantial NOK amounts on a forward basis using conventional derivative instruments.

At the end of 2015 the following currency risk sensitivity has been calculated by assuming an 11% change in the foreign currency exchange rate between NOK and USD. At the end of 2014 an assumption of 9% was used in the calculation. An increase in the foreign exchange rate means that the transaction currency has strengthened in value.

(in NOK billion)	Gains	Losses
At 31 December 2015		
Norwegian kroner (11% sensitivity)	15.6	(15.6)
At 31 December 2014		
Norwegian kroner (9% sensitivity)	7.8	(7.8)

Interest rate risk
Bonds are normally issued at fixed rates in a variety of local currencies (among others USD, Euro and Great Britain Pound). Bonds may be converted to floating USD bonds by using interest rate and currency swaps. Statoil ASA manages its interest rates exposure on its bond debt based on risk and reward considerations from an enterprise risk management perspective. This means that the fix/floating mix on interest rate exposure may vary from time to time. For more detailed information about Statoil ASA's long-term debt portfolio see note 18 *Finance debt*.

For the interest rate risk sensitivity a change of 0.9 percentage points in the interest rates has been used in the calculation by the end of 2015. By end of 2014 a change of 0.8 percentage points in the interest rates was viewed as a reasonably possible change. A decline in the interest rates results in a gain while increased interest rates result in a loss. Included in the interest rate sensitivity are changes in fair value of interest rate derivative financial instruments currently recognised at fair value in the balance sheet since the fair value is lower than the cost price for the instruments at year end 2015 and 2014. When the interest rate declines the fair value of these instruments will be higher than the cost price and therefore the full change in fair value due to an interest rate decline will not be recognised in the statement of income. The estimated gains and losses are presented in the following table.

(in NOK billion)	Gains	Losses
At 31 December 2015		
Interest rate risk (0.9 percentage points sensitivity)	3.0	(3.0)
At 31 December 2014		
Interest rate risk (0.8 percentage points sensitivity)	0.1	(0.1)

Liquidity risk
Liquidity risk is the risk that Statoil ASA will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that Statoil ASA has sufficient funds available at all times to cover its financial obligations.

Statoil ASA manages liquidity and funding at the corporate level, ensuring adequate liquidity to cover Statoil's operational requirements. Statoil ASA has a high focus and attention on credit and liquidity risk. In order to secure necessary financial flexibility, which includes meeting Statoil ASA's financial obligations, Statoil ASA maintains a conservative liquidity management policy. To identify future long-term financing needs, Statoil ASA carries out three-year cash forecasts at least monthly.

The main cash outflows are the quarterly dividend payments and tax payments. If the monthly cash flow forecast shows that the liquid assets one month after tax and dividend payments will fall below the defined policy level, new long-term funding will be considered.

For information about Statoil ASA's non-current financial liabilities, see note 18 *Finance debt*.

Mainly all of Statoil ASA's financial liabilities related to derivative financial instruments, both exchange traded and non-exchange traded commodity-based derivatives together with financial derivatives, with the exception of some interest rate derivatives classified as non-current in the balance sheet, fall due within one year, based on the underlying delivery period of the contracts included in the portfolio. The interest rate derivatives classified as non-current in the balance sheet fall due from 2017 till 2043.

Credit risk
Credit risk is the risk that Statoil ASA's customers or counterparties will cause the company financial loss by failing to honour their obligations. Credit risk arises from credit exposures with customer accounts receivables as well as from financial investments, derivative financial instruments and deposits with financial institutions.
Key elements of the credit risk management approach include:

- A global credit risk policy
- Credit mandates
- Internal credit rating process
- Credit risk mitigation tools
- A continuous monitoring and managing of credit exposures

Prior to entering into transactions with new counterparties, the credit policy requires all counterparties to be formally identified and approved. In addition, all sales, trading and financial counterparties are assigned internal credit ratings as well as exposure limits. Once established, all counterparties are re-assessed regularly and continuously monitored. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial and other relevant business information like any past payment performance, the counterparties' size and business diversification. The internal credit ratings reflect Statoil ASA's assessment of the counterparties' credit risk. Exposure limits are determined based on assigned internal credit ratings combined with other factors, such as expected transaction and industry characteristics. Credit mandates define acceptable credit risk thresholds and are endorsed by management.

Statoil ASA uses risk mitigation tools to reduce or control credit risk both on a counterparty and portfolio level. The main tools include bank and parental guarantees, prepayments and cash collateral.

Statoil ASA has pre-defined limits for the minimum average credit rating allowed at any given time on the group portfolio as well as maximum credit exposures for individual counterparties. Statoil ASA monitors the portfolio on a regular basis and individual exposures versus limits on a daily basis. The total credit exposure portfolio of Statoil ASA is geographically diversified among a number of counterparties within the oil and energy sector, as well as larger oil and gas consumers and financial counterparties. The majority of the company's credit exposure is with investment grade counterparties.

Fair value measurement of derivative financial instruments
Statoil ASA measures derivative financial instruments at fair value if the instruments are part of a trading portfolio and traded at an authorised exchange. This might typically be for exchange traded contracts i.e. at the Nordic electricity exchange NASDAQ OMX Oslo. Other derivative financial instruments are recognised in the balance sheet at the lowest of the cost price and the fair value. Changes in the carrying value of the derivative financial instruments are recognised in the statement of income either within *Revenues* or within the *Net financial items*. Statoil ASA's portfolio of derivative financial instruments consists of commodity-based derivative contracts as well as interest rate and foreign exchange rate derivative instruments.

The following table contains the estimated fair values and the net carrying amounts of Statoil ASA's derivative financial instruments, except for the interest rate derivatives and the cross currency interest rate derivatives where the table contains the fair value adjustments and the currency revaluations presented as foreign currency instruments. Accrued interests are presented within current *Finance debt*.

(in NOK billion)	Fair value of assets	Fair value of liabilities	Net fair value
At 31 December 2015			
Foreign currency instruments	1.3	(9.4)	(8.2)
Interest rate instruments	0.0	(4.0)	(4.0)
Crude oil and refined products	0.4	(0.4)	(0.0)
Natural gas and electricity	0.0	(0.0)	(0.0)
Total	1.6	(13.8)	(12.2)
At 31 December 2014			
Foreign currency instruments	0.9	(8.0)	(7.1)
Interest rate instruments	0.0	(1.7)	(1.7)
Crude oil and refined products	0.5	(0.8)	(0.3)
Natural gas and electricity	0.0	(0.1)	(0.1)
Total	1.5	(10.6)	(9.1)

In addition to the fair value of financial derivative instruments recognised in the balance sheet, Statoil ASA has entered into interest rate swap and cross currency swap agreements where the fair value at year end 2015 and 2014 was higher than the cost, hence the fair value adjustments related to these agreements are not recognised in the balance sheet. At 31 December 2015 the fair value adjustments not recognised were NOK 14.8 billion. By end of 2014 the fair value adjustments not recognised were NOK 16.1 billion.

When determining the fair value of the derivative financial instruments, Statoil ASA uses prices quoted in an active market to the extent possible. When this is not available, the company uses inputs that either directly or indirectly are observable in the market as a basis for valuation techniques such as discounted cash flow analysis or pricing models. For the financial instruments recognised in Statoil ASA's balance sheet the fair value is measured by using valuation techniques. For this measurement typically Statoil ASA uses forward prices on crude oil, natural gas, interest rates, and foreign exchange rates as inputs into the valuation techniques used to determining the fair value of its derivative financial instruments.

4 Revenues

(in NOK billion)	2015	Full year 2014
Revenues third party	279.4	371.2
Intercompany revenues	34.3	39.3
Revenues	313.7	410.5

5 Remuneration

Statoil ASA remuneration in 2015

(in NOK billion, except average number of employees)	2015	Full year 2014
Salaries 1)	18.3	19.6
Pension cost	6.5	3.2
Social security tax	2.9	3.0
Other compensations	2.2	2.1
Total	29.8	27.8
Average number of employees 2)	19,600	20,300

1) Salaries include bonuses, severance packages and expatriate costs in addition to base pay.
2) Part time employees amount to 3% for both of the years 2015 and 2014.

Total payroll expenses are accumulated in cost-pools and charged to partners of Statoil operated licences and group companies on an hours incurred basis. For further information see note 24 *Related parties*.

For information about pension cost, see note 19 *Pensions*.

Compensation to the corporate assembly, the board of directors (BoD) and the corporate executive committee (CEC)

Compensation to the corporate assembly was NOK 1 047 143. Remuneration to members of the BoD and the CEC during the year was as follows:

Members of the board (figures in NOK thousand)	Board of directors	Audit committee	Compensation and executive development committee	SSE committee	Total remuneration
Øystein Løseth[1)]	557	65	65	-	687
Svein Rennemo[2)]	357	-	53	-	410
Grace Reksten Skaugen[3)]	98	-	27	-	125
Jakob Stausholm	373	207	-	-	580
Bjørn Tore Godal	373	-	84	93	550
Lill Heidi Bakkerud	373	-	-	84	457
Maria Johanna Oudeman	503	-	84	-	587
Catherine Hughes[4)]	198	-	-	37	235
James Mulva[5)]	307	65	-	-	373
Stig Lægreid	373	-	-	84	457
Ingrid Elisabeth di Valerio	373	134	-	-	507
Roy Franklin[6)]	261	68	-	65	394
Wenche Agerup[7)]	138	-	31	31	200
Rebekka Glasser Herlofsen[8)]	296	91	-	-	387
Total	4,580	631	344	395	5,950

1) Chair of the board from 1 July 2015
2) Chair of the board until and including 30 June 2015 (resigned)
3) Deputy chair until and including 18 March 2015 (resigned)
4) Member until and including 15 April 2015 (resigned)
5) Member until and including 30 June 2015 (resigned)
6) Deputy chair from 1 July 2015
7) Member from 21 August 2015
8) Member from 19 March 2015

Members of corporate executive committee in 2015 (figures in NOK thousand)[1]	Fixed remuneration: Fixed pay[2]	Fixed remuneration: Cash allowance[3]	Fixed remuneration: LTI [4]	Annual variable pay[5]	Taxable benefits	Taxable compensation	Non-taxable benefits in kind	Estimated pension cost[6]	Estimated present value of pension obligation[7), 8)]
Eldar Sætre[9), 11)]	7,748	0	2,492	3,504	421	14,165	0	0	79,699
Hans Jakob Hegge[9)]	1,349	44	302	324	7	2,025	0	273	7,753
Torgrim Reitan[9), 10)]	1,881	0	0	1,022	337	3,239	0	979	12,727
Torgrim Reitan - CFO[9)]	1,890	0	761	0	117	2,769	0	0	0
Lars Christian Bacher	3,266	0	739	843	377	5,226	437	872	14,191
Timothy Dodson	3,695	0	803	789	148	5,435	321	1,109	33,022
Margareth Øvrum	3,805	0	867	1,241	152	6,066	127	0	48,435
Arne Sigve Nylund	3,345	0	725	1,352	146	5,568	0	833	28,586
Jens Økland[9)]	1,684	41	394	526	11	2,655	0	354	5,669
Tor Martin Anfinnsen[9)]	1,298	0	281	584	104	2,266	0	390	22,576
Irene Rummelhoff[9)]	1,563	38	365	395	11	2,371	0	386	7,585
Anders Opedal[9)]	2,323	44	544	761	11	3,682	0	547	7,540
William Maloney[8), 9)]	3,933	0	4,625	4,625	1,226	14,410	138	698	0
John Knight[2), 8)]	8,695	0	3,468	3,468	1,231	16,863	0	0	0

1) All figures in the table are presented on accrual basis.
2) Fixed pay consists of base salary, holiday allowance and other administrative benefits. John Knight's fixed pay also includes a cash supplement that replaces his defined contribution pension plan.
3) Cash allowance in lieu of pension accrual above 12 G (the base amount in the national insurance scheme).
4) The fixed long-term incentive (LTI) element implies an obligation to invest the net amount in Statoil shares. A lock-in period of 3 years applies for the investment. The LTI element is presented the year it is granted for the members of the corporate executive committee employed by Statoil ASA. Members of the corporate executive committee employed by non-Norwegian subsidiaries have a LTI scheme deviating from the model used in the parent company. A net amount equivalent to the annual variable pay is used for purchasing Statoil shares.
5) Annual variable pay includes holiday allowance for corporate executive committee (CEC) members resident in Norway.
6) Estimated pension cost for CEC members under defined benefit plans (Eldar Sætre, Timothy Dodson, Margareth Øvrum, Arne Sigve Nylund and Tor Martin Anfinnsen) is calculated based on actuarial assumptions and pensionable salary (mainly base salary) at 31 December 2014 and is recognised as pension cost in the statement of income for 2015. The other CEC members have defined contribution plans including notional contribution plans and the contributions in the reporting period are recognised as pension cost in the statement of income. Payroll tax is not included. For further information, see note 19 *Pensions*.
7) Torgrim Reitan, Lars Christian Bacher, Hans Jakob Hegge, Jens Økland, Irene Rummelhoff and Anders Opedal were transferred to a defined contribution plan from 1 April 2015. Paid-up policies and rights letters issued in 2015 related to the defined benefit plans as well as the notional contribution plans are included in the present value of pension obligation at 31 December 2015. Estimated present value of pension obligation for the rest of the members of CEC employed by Statoil ASA, are presented with the defined benefit obligation.
8) William Maloney and John Knight's remuneration is in local currency US Dollar and British Pound, respectively. For John Knight the figures in the table are presented in NOK, using average currency rates in 2015. For William Maloney the average currency rates for the period 1 January to 30 September 2015 are used. The change in currency rates during the year, such as strengthening of USD and GBP versus NOK, impacts the development from 2014 to 2015. William Maloney's variable compensation is paid in 2015.
9) Eldar Sætre resumed role as acting chief executive officer (CEO) from 15 October 2014 until 3 February 2015. The 4 February Eldar Sætre was appointed as CEO on a permanent basis. Tor Martin Anfinnsen acted as executive vice president for Marketing, Midstream and Processing (MMP) from 15 October 2014 until 31 May 2015. Jens Økland was appointed executive vice president for MMP from 1 June 2015. William Maloney resigned as executive vice president for Development and Production North America (DPNA) July 31 and was followed by Torgrim Reitan who started as executive vice president for Development and Production USA (DPUSA) 1 August 2015. Hans Jakob Hegge was appointed executive vice president and chief financial officer from 1. August 2015. Irene Rummelhoff was appointed executive vice president for the newly established business area New Energy Solutions (NES) on 1 June 2015. Anders Opedal was appointed on 1 April 2015 in the new position chief operating officer (COO).
10) Compensation and benefit including standard international assignment terms for Torgrim Reitan during his tenure as executive vice president in DPUSA, commencing 1 August 2015.
11) Fixed pay for Eldar Sætre includes fixed remuneration element of NOK 1 815 000 not included in pensionable salary

There are no loans from the company to members of the corporate executive committee.

Former chief executive officer Helge Lund has in 2015 paid back NOK 5 033 491 in LTI bonus received in 2012, 2013 and 2014. He has received compensations and benefits that amount to NOK 2.7 million in 2015. The amount is related to base salary for the period 1 January to 8 February 2015 and final settlement payments such as holiday allowance earned in 2014 and 2015.

Members of corporate executive committee in 2014 (figures in NOK thousand)[1]	Fixed remuneration: Fixed pay[3]	Fixed remuneration: LTI[6]	Annual variable pay[7]	Taxable benefits in kind	Taxable compensation	Non-taxable benefits in kind	Estimated pension cost[8]	Estimated present value of pension obligation[4, 9]
Helge Lund[4, 5, 9]	5,640	2,165	-	249	8,054	199	6,008	73,944
Torgrim Reitan[9]	3,283	761	1,066	126	5,237	-	879	16,339
Lars Christian Bacher[9]	3,256	739	1,034	363	5,393	428	685	15,879
Timothy Dodson	3,496	803	1,124	175	5,597	313	1,343	32,689
Margareth Øvrum	3,779	867	1,457	250	6,352	98	1,349	48,701
Arne Sigve Nylund[5]	2,984	725	1,421	108	5,239	-	773	26,646
Eldar Sætre - CEO[5]	1,370	-	689	35	2,094	-	989	46,769
Eldar Sætre - MMP	2,685	858	901	143	4,588	-	-	-
Tor Martin Anfinnsen[5]	817	-	239	90	1,147	-	234	22,196
William Maloney[2, 8]	4,333	2,167	2,167	960	9,627	166	713	-
John Knight[2, 3]	7,132	2,845	2,845	1,133	13,955	-	-	-

1) All figures in the table are presented on accrual basis.
2) William Maloney and John Knight's remuneration is in local currency US Dollar and British Pound, respectively. The figures in the table are presented in NOK, using average currency rates in 2014.
3) Fixed pay consist of base salary, holiday allowance and any other administrative benefits. The figures are presented on accrual basis. John Knight's fixed pay also includes a cash supplement that replaces his defined contribution pension plan in 2014.
4) Helge Lund resigned from his position as CEO of Statoil 15 October 2014. Helge Lund has received salary and benefits that amounts to NOK 1.8 million in 2014 after his resignation as chief executive officer, not included in the table above. The pension liability listed in the table above represents the estimated present value of his pension obligation as of 31 December 2014. In line with the company's LTI policy, resignation during the lock-in period is regarded as a non-fulfilment of the LTI obligations. Following his resignation Helge Lund was obliged to pay back to Statoil a total of NOK 5 033 491, calculated based on the value of the locked shares acquired under the LTI program.
5) Following Helge Lund's resignation, Eldar Sætre resumed role as acting CEO with immediate effect on 15 October 2014, and Tor Martin Anfinnsen replaced Eldar Sætre as acting executive vice president for Marketing, Midstream and Processing (MMP). Arne Sigve Nylund replaced Øystein Michelsen from January 2014.
6) The fixed long-term incentive (LTI) element implies an obligation to invest the net amount in Statoil shares. A lock-in period of 3 years applies for the investment. The LTI element is presented the year it is granted for the members of the corporate executive committee employed by Statoil ASA. Members of the corporate executive committee employed by non-Norwegian subsidiaries have a LTI scheme deviating from the model used in the parent company. A net amount equivalent to the annual variable pay is used for purchasing Statoil shares, and the figures are presented on accrual basis.
7) Annual variable pay includes holiday allowance, and is presented on accrual basis.
8) Estimated pension cost is calculated based on actuarial assumptions and pensionable salary (mainly base salary) at 31 December 2013 and is recognised as pension cost in the statement of income for 2014. Payroll tax is not included. William Maloney is employed by a non-Norwegian entity and his pension cost reflects the payment under the entity's defined contribution plan made in 2014.
9) Torgrim Reitan and Lars Christian Bacher was transferred to a defined contribution plan from 1 April 2015, and the Estimated present value of pension obligation per 31 December 2014 reflects this change. Estimated present value of pension obligation related to Helge Lund, Torgrim Reitan and Lars Christian Bacher, are based on the estimated value of paid-up policies and rights letters to be issued in 2015, related to Helge Lund's resignation and the termination of Torgrim Reitan and Lars Christian Bacher's defined benefit pension plan. Estimated present value of pension obligation for the rest of the members of the corporate executive committee employed by Statoil ASA, are presented with the defined benefit obligation.

Remuneration policy and concept

Reference is made to the document "Statement on remuneration for Statoil's Corporate Executive Committee", which is available at www.statoil.com, for a detailed description of the remuneration and remuneration policy for executive management applicable for the years 2015 and 2016. The main elements of Statoil's executive remuneration are described in the paragraphs below.

Statoil's executive remuneration.

The table below provides an overview of Statoil's executive remuneration principles, applicable for 2015 and 2016.

Main Elements - Statoil Executive Remuneration			
Remuneration Element	**Objective**	**Award level**	**Performance criteria**
Base Salary	Attract and retain the right high-performing individuals providing competitive but not market-leading terms.	We offer base salary levels which are aligned with the individual's responsibility and performance at a level which is competitive in the markets in which we operate.	The evaluation of performance is based on the fulfilment of pre-defined goals; see "Annual Variable Pay" below. The base salary is normally subject to annual review
Long-Term Incentive (LTI)	Strengthen the align- ment of top manage- ment and shareholder interests and retention of key employees.	The LTI system is a, monetary compensation calculated as a portion of the participant's base salary; with a maximum annual grant at 30% of fixed remuneration (2015: ranging from 20-30%). On behalf of the participant, the company acquires shares equivalent to the net annual amount. The grant is subject to a three year lock-in period and then released for the participant's disposal. AVP and LTI schemes for CEC members employed outside the parent company deviate from the description above. The schemes are performance based and the two CEC members employed outside the parent company is entitled to a variable pay schemes for AVP and LTI of 75-100% of the base salary for each of the elements.	In Statoil ASA, LTI is a variable (fixed for 2015) remuneration element which is in accordance with the 2015 governmental guidelines. Participation in the LTI scheme and the size of the annual LTI element are reflective of the level and impact of the position and not directly linked to the incumbent's performance. From 2016 a threshold principle will apply for the annual grant. The threshold is based on Statoil group's full-year adjusted earnings after tax, requiring that a minimum level of earnings must be achieved for any payments to be made. This minimum level has been set at USD 2 billion. Earnings between USD 2 and 3,3 billion will result in bonus payments reduced by 50%. Above USD 3,3 billion the threshold is fully achieved and variable pay payments are not affected. The threshold will be applied in 2016 provided this is not impeded by obligations in individual agreements.
Annual Variable Pay	Drive and reward individuals for annual achievement of business objectives and how results are delivered. Ensure link between individual variable pay and company's overall financial performance.	Members of the corporate executive committee are entitled to an annual variable pay ranging from 0-50% of their fixed remuneration (2015: the range for executive vice presidents is 0- 40%). Target[1] value is 25%. (2015: Target value is 20-25%) AVP and LTI schemes for CEC members employed outside the parent company deviate from the description above. The schemes are performance based and the two CEC members employed outside the parent company is entitled to variable pay schemes for AVP and LTI of 75-100% for each of the elements. The threshold principle and the company modifier (subject to AGM approval) will apply.	Achievement of annual performance goals (how and what to deliver), in order to create long-term and sustainable shareholder value. Assessment of goals related to selected KPI's from the balanced scorecard will impact the variable remuneration for the members of the corporate executive committee The threshold principle and the company modifier (subject to AGM approval) will apply from 2016. The threshold is based on Statoil group's full-year adjusted earnings after tax, requiring that a minimum level of earnings must be achieved for any payments to be made. This minimum level has been set at USD 2 billion. Earnings between USD 2 and 3,3 billion will result in bonus payments reduced by 50%. Above USD 3,3 billion the threshold is fully achieved and variable pay payments are not affected. The company performance modifier determines the proportion of the bonus factor that will be paid, ranging from 50% to 150%. Company performance is assessed against two equally weighted measures: relative total shareholder return (TSR) and relative return on average capital employed (RoACE). The results of both of these corporate performance measures are compared to our peers and our relative position determined.
Pension & Insurance Schemes	Provide competitive postemployment and other benefits.	The general occupational pension plan is a defined contribution scheme with a contribution level of 7%/22% below/above 7,1 G. The defined benefit scheme will be retained by a grandfathered group of employees. The benefit scheme has a pension level amounting to 66 per cent of the pensionable salary conditional on a minimum of 30 years of service. Pension from the national insurance scheme is taken into account when estimating the pension. In order to draw a full pension from Statoil's defined benefit scheme the employment with the company needs to be maintained until the pensionable age. There are exceptions for some of the members who have retirement age of 62 and where shorter minimum service requirements are agreed. For new internal members of the corporate executive committee a cap for pension contribution at 12 G is established.	N/A
Employee Share Savings Plan	Align and strengthen employee and share- holder interests and remunerate for long term commitment and value creation.	Offer to purchase Statoil shares in the market limited to 5% of annual base salary.	If shares are kept for two calendar years of continued employment, the participants will be allocated bonus shares proportionate to their purchase.

1) Target value reflects fully satisfactory goal achievement.

Severance pay arrangements
The chief executive officer and the executive vice presidents are entitled to a severance payment equivalent to six months' salary, commencing at the time of expiry of a six months' notice period, when the resignation is at the request from the company. The same amount of severance payment is also payable if the parties agree that the employment should be discontinued and the executive vice president gives notice pursuant to a written agreement with the company. Any other payment earned by the executive vice president during the period of severance payment will be fully deducted. This relates to earnings from any employment or business activity where the executive vice president has active ownership.
Executive vice presidents employed outside the parent company are entitled to a severance payment equivalent to twelve months' base salary.

6 Share-based compensation

Statoil's share saving plan provides employees with the opportunity to purchase Statoil shares through monthly salary deductions. If the shares are kept for two full calendar years of continued employment, following the year of purchase, the employees will be allocated one bonus share for each one they have purchased.

Estimated compensation expense including the contribution by Statoil ASA for purchased shares, amounts vested for bonus shares granted and related social security tax was NOK 0.5 billion in both 2015 and 2014. For the 2016 program (granted in 2015) the estimated compensation expense is NOK 0.5 billion. At 31 December 2015 the amount of compensation cost yet to be expensed throughout the vesting period is NOK 1.1 billion.

7 Auditor's remuneration

(in NOK million, excluding VAT)	2015	Full year 2014
Audit fee	9	9
Audit related fee	9	3
Other service fee	0	0
Total	17	12

There are no fees incurred related to tax services.

8 Research and development expenditures

Research and development expenditures were NOK 0.1 billion in both 2015 and 2014.

9 Financial items

(in NOK billion)	2015	Full year 2014
Foreign exchange gains (losses) derivative financial instruments	4.4	(1.5)
Other foreign exchange gains (losses)	(19.4)	(15.6)
Net foreign exchange gains (losses)	(15.0)	(17.1)
Interest income from group companies	2.2	2.3
Interest income current financial assets and other financial items	1.1	0.8
Interest income and other financial items	3.3	3.1
Interest expense to group companies	(1.0)	(0.8)
Interest expense non-current finance debt	(5.9)	(4.5)
Interest expense current financial liabilities and other finance expense	(0.9)	(0.1)
Interest and other finance expenses	(7.8)	(5.4)
Net financial items	(19.4)	(19.4)

10 Income taxes

Income tax expense

(in NOK billion)	2015	Full year 2014
Current taxes	0.7	0.6
Change in deferred tax	6.1	8.0
Income tax expense	6.8	8.6

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

(in NOK billion)	2015	Full year 2014
Income/(Loss) before tax	(53.6)	(2.5)
Nominal tax rate (27%)	14.5	0.7
Tax effect of:		
Permanent differences caused by NOK being the tax currency	(4.8)	(4.1)
Permanent differences caused by loans in USD	10.3	8.8
Tax effect of permanent differences related to equity accounted companies	(10.9)	5.4
Other permanent differences	1.0	(0.2)
Income tax prior years	(0.8)	(1.3)
Change in tax regulations	(1.0)	0.0
Other	(1.5)	(0.7)
Total	6.8	8.6
Effective tax rate	(12.6%)	(345.0%)

Change in tax regulations refers to change in deferred taxes caused by a reduction in Norwegian statutory tax rate from 27% to 25% effective from 2016.

Significant components of deferred tax assets and liabilities were as follows:

(in NOK billion)	2015	At 31 December 2014
Deferred tax - assets		
Inventory	0.5	0.5
Tax losses carry forward	7.4	8.1
Pensions	3.9	5.2
Long term provisions	0.6	1.6
Derivatives and long term debt	1.5	0.8
Other non-current items	1.2	0.8
Total deferred tax assets	15.1	17.0
Deferred tax - liabilities		
Property, plant and equipment	0.5	0.3
Total deferred tax liabilities	0.5	0.3
Net deferred tax assets/(liabilities)	14.6	16.7

At 31 December 2015, Statoil ASA had recognised net *deferred tax assets* of NOK 14.6 billion, as it is considered probable that taxable profit will be available to utilise the deferred tax assets.

The movement in deferred tax

(in NOK billion)	2015	2014
Deferred tax assets/(liabilities) at 1 January	16.7	7.1
Charged to the income statement	6.0	8.0
Actuarial losses pension	(2.8)	(0.2)
Group Contribution	(7.6)	(0.3)
Other	2.2	2.1
Deferred tax assets/(liabilities) at 31 December	14.6	16.7

11 Property, plant and equipment

(in NOK billion)	Machinery, equipment and transportation equipment	Buildings and land	Vessels	Other	Total
Cost at 31 December 2014	4.0	2.9	4.9	1.2	12.9
Additions and transfers	0.3	0.0	0.0	0.0	0.3
Disposals at cost	(0.0)	(0.9)	0.0	0.0	(0.9)
Effect of changes in foreign exchange	0.8	0.4	0.9	0.2	2.3
Cost at 31 December 2015	5.0	2.4	5.8	1.4	14.7
Accumulated depreciation and impairment losses at 31 December 2014	(3.0)	(0.9)	(2.1)	(1.1)	(7.2)
Depreciation	(0.5)	(0.2)	(0.3)	(0.0)	(0.9)
Reversal of impairment losses	0.0	0.1	0.0	0.1	0.1
Accumulated depreciation and impairment disposed assets	0.0	0.3	0.0	0.0	0.3
Effect of changes in foreign exchange	(0.6)	(0.2)	(0.4)	(0.2)	(1.4)
Accumulated depreciation and impairment losses at 31 December 2015	(4.1)	(0.9)	(2.8)	(1.3)	(9.1)
Carrying amount at 31 December 2015	0.9	1.5	3.0	0.1	5.6
Estimated useful lives (years)	3 - 10	20 - 33	15 - 20		

12 Investments in subsidiaries and other equity accounted companies

(in NOK billion)	2015	2014
Investments at 1 January	474.6	389.9
Net income from subsidiaries and other equity accounted companies	(33.7)	24.2
Increase (decrease) in paid-in capital	(24.1)	11.5
Pension adjustments	0.0	(0.5)
Distributions	(24.4)	(21.6)
Translation adjustments	57.3	71.2
Investments at 31 December	449.7	474.6

The closing balance of investments at 31 December of NOK 449.7 billion consists of investments in subsidiaries amounting to NOK 448.8 billion and investments in other equity accounted companies amounting to NOK 0.9 billion. In 2014, the amounts were NOK 473.8 billion and NOK 0.8 billion respectively.

The foreign currency translation adjustments relate to currency translation effects from subsidiaries with functional currencies other than Norwegian Krone (NOK).

In 2015 *Net income from subsidiaries and other equity accounted companies* was impacted by net impairment losses related to *Property, plant and equipment* and exploration assets of NOK 52.5 billion after tax, primarily resulting from reduced commodity price assumptions. For more information see the Consolidated financial statements of Statoil note 11 *Property, plant and equipment.* In 2014 *Net income from subsidiaries and other equity* *accounted companies* was impacted by net impairment losses related to *Property, plant and equipment* and exploration assets of NOK 32.3 billion after tax, primarily resulting from reduced short term oil price forecasts.

Amortisation and impairment of goodwill amounts to NOK 4.5 billion in 2015. Amortisation and impairment of goodwill amounted to NOK 2.8 billion in 2014.

Distributions during 2015 mainly consist of dividends and group contributions related to 2014 from group companies of NOK 10.2 billion and group contribution related to 2015 from Statoil Petroleum AS of NOK 3.2 billion after tax and from other group companies of NOK 9.6 billion after tax. In 2014 the group contribution from Statoil Petroleum AS was NOK 3.9 billion after tax.

In June 2015, Statoil ASA sold its shares in the company Forusbeen 50 AS to Colony Capital, Inc., for a cash consideration of NOK 2.3 billion. At the same time, the company entered into a 15-year operating lease agreement for the head office building. A gain of NOK 1.5 billion was recognised and presented in the line item *Other income* in the statement of income.

In December 2015 Statoil ASA sold its shares in the companies Strandveien 4 AS and Arkitekt Ebbelsvei 10 AS to TRD Campus AS, for a cash consideration of NOK 1.7 billion. At the same time Statoil entered into 15-year operating lease agreements for the office buildings in Trondheim and Stjørdal. A gain of NOK 0.6 billion was recognised and presented in the line item *Other income* in the statement of income.

The acquisition cost for investments in subsidiaries and other equity accounted companies are NOK 411.5 billion in 2015 and NOK 365.6 billion in 2014.

Ownership in certain subsidiaries and other equity accounted companies

Name	in %	Country of incorporation	Name	in %	Country of incorporation
Statholding AS	100	Norway	Statoil Nigeria Deep Water AS	100	Norway
Statoil Angola Block 15 AS	100	Norway	Statoil Nigeria Outer Shelf AS	100	Norway
Statoil Angola Block 15/06 Award AS	100	Norway	Statoil Norsk LNG AS	100	Norway
Statoil Angola Block 17 AS	100	Norway	Statoil North Africa Gas AS	100	Norway
Statoil Angola Block 31 AS	100	Norway	Statoil North Africa Oil AS	100	Norway
Statoil Angola Block 38 AS	100	Norway	Statoil Orient AG	100	Switzerland
Statoil Angola Block 39 AS	100	Norway	Statoil OTS AB	100	Sweden
Statoil Angola Block 40 AS	100	Norway	Statoil Petroleum AS	100	Norway
Statoil Apsheron AS	100	Norway	Statoil Shah Deniz AS	100	Norway
Statoil Azerbaijan AS	100	Norway	Statoil Sincor AS	100	Norway
Statoil BTC Finance AS	100	Norway	Statoil SP Gas AS	100	Norway
Statoil Coordination Centre NV	100	Belgium	Statoil Tanzania AS	100	Norway
Statoil Danmark AS	100	Denmark	Statoil Technology Invest AS	100	Norway
Statoil Deutschland GmbH	100	Germany	Statoil UK Ltd	100	United Kingdom
Statoil do Brasil Ltda	100	Brazil	Statoil Venezuela AS	100	Norway
Statoil Exploration Ireland Ltd.	100	Ireland	Statoil Venture AS	100	Norway
Statoil Forsikring AS	100	Norway	Statoil Metanol ANS	82	Norway
Statoil Færøyene AS	100	Norway	Mongstad Refining DA	79	Norway
Statoil Hassi Mouina AS	100	Norway	Mongstad Terminal DA	65	Norway
Statoil Indonesia Karama AS	100	Norway	Tjeldbergodden Luftgassfabrikk DA	51	Norway
Statoil New Energy AS	100	Norway	Naturkraft AS	50	Norway
Statoil Nigeria AS	100	Norway	Vestprosess DA	34	Norway

13 Financial assets and liabilities

Non-current receivables from subsidiaries and other equity accounted companies

		At 31 December
(in NOK billion)	2015	2014
Interest bearing receivables from subsidiaries and other equity accounted companies	122.3	66.4
Non-interest bearing receivables from subsidiaries	0.8	2.2
Receivables from subsidiaries and other equity accounted companies	123.1	68.6

Interest bearing receivables from subsidiaries and other equity accounted companies are mainly related to Statoil Petroleum AS. The total amount of credit facility given to Statoil Petroleum AS is NOK 135.0 billion at 31 December 2015 and NOK 65.0 billion at 31 December 2014, under which NOK 120.0 billion and NOK 65.0 billion is drawn in 2015 and 2014, respectively.

Of the total interest bearing receivables at 31 December 2015 all is due later than five years, except for NOK 15.7 billion which is due within the next five years. Of the non-interest bearing receivables from subsidiaries at 31 December 2015, NOK 0.8 billion relates to pension, see also note 19 *Pensions*. Correspondingly, NOK 1.3 billion related to pension at 31 December 2014.

Current receivables from subsidiaries and other equity accounted companies

Receivables from subsidiaries and other equity accounted companies include group contributions from Statoil Petroleum AS before tax of NOK 4.0 billion at 31 December 2015 and NOK 5.0 billion at 31 December 2014.

Current financial investments

(in NOK billion)	2015	At 31 December 2014
Time deposits	19.1	9.8
Interest bearing securities	61.4	43.4
Financial investments	80.5	53.2

Current *Financial investments* at 31 December 2015 and 2014 are considered to be trading securities, measured at fair value with gains and losses recognised in the statement of income. The cost price for current financial investments was NOK 81.3 billion at 31 December 2015 and NOK 55.2 billion at 31 December 2014.

Current liabilities to subsidiaries and other equity accounted companies

Liabilities to subsidiaries and other equity accounted companies include current liabilities to Statoil Petroleum AS of NOK 20.3 billion and liabilities related to Statoil group's internal bank arrangements of NOK 61.8 billion at 31 December 2015. The corresponding amounts were NOK 27.6 billion and NOK 83.3 billion at 31 December 2014.

14 Inventories

(in NOK billion)	2015	At 31 December 2014
Crude oil	6.6	7.8
Petroleum products	3.1	3.6
Other	2.6	3.8
Inventories	12.3	15.3

Other inventory consists mainly of natural gas.

The write-down of inventories from cost to net realisable value amounts to an expense of NOK 2.4 billion and NOK 2.8 billion in 2015 and 2014, respectively.

15 Trade and other receivables

(in NOK billion)	2015	At 31 December 2014
Trade receivables	27.1	38.3
Other receivables	6.6	5.3
Trade and other receivables	33.7	43.6

16 Cash and cash equivalents

(in NOK billion)	2015	At 31 December 2014
Cash at bank available	2.1	3.4
Time deposits	13.2	32.4
Money market funds	4.0	3.6
Interest bearing securities	44.7	30.5
Margin deposits	1.8	1.6
Cash and cash equivalents	65.8	71.5

Restricted cash at 31 December 2015 and 2014 consists of margin deposits including both cash and exchange traded derivative products with daily settlement of NOK 1.8 billion and NOK 1.6 billion, respectively.

17 Equity and shareholders

Change in equity

(in NOK billion)	2015	At 31. December 2014
Shareholders' equity at 1 January	358.2	321.3
Net income	(46.8)	6.1
Actuarial gain (loss) defined benefit pension plans	7.3	0.9
Foreign currency translation adjustments	38.6	52.8
Ordinary dividend	(23.5)	(22.9)
Value of stock compensation plan	(0.0)	0.1
Treasury shares purchased	(0.1)	(0.1)
Total equity at 31 December	333.7	358.2

The accumulated foreign currency translation effect as of 31 December 2015 increased total equity by NOK 109.5 billion. At 31 December 2014 the corresponding effect was an increase in total equity of NOK 70.9 billion. The foreign currency translation adjustments relate to currency translation effects from the subsidiaries.

Group contributions from Statoil ASA to subsidiaries, without any net effect on the equity of Statoil ASA for the period 2005-2014, are included in the annual accounts for 2005 with NOK 2,150 million, 2006 with NOK 1,800 million, 2007 with NOK 8,000 million, 2009 with NOK 2,000 million, 2012 with NOK 1,003 million, 2013 with NOK 430 million and 2014 with NOK 168 million.

Common stock

	Number of shares	NOK per value	At 31 December Common stock
Authorised and issued	3,188,647,103	2.50	7,971,617,757.50
Treasury shares	11,009,183	2.50	27,522,957.50
Total outstanding shares	3,177,637,920	2.50	7,944,094,800.00

There is only one class of shares and all the shares have the same voting rights.

During 2015 a total of 4,057,902 treasury shares were purchased for NOK 0.6 billion and 3,203,968 treasury shares were allocated to employees participating in the share saving plan. In 2014 a total of 3,381,488 treasury shares were purchased for NOK 0.6 billion and 2,960,972 treasury shares were allocated to employees participating in the share saving plan. At 31 December 2015 Statoil had 11,009,183 treasury shares and at 31 December 2014 10,155,249 treasury shares, all of which are related to Statoil's share saving plan. For further information, see note 6 *Share-based compensation*.

The board of directors is authorised on behalf of the company to acquire Statoil shares in the market. The authorisation may be used to acquire Statoil shares with an overall nominal value of up to NOK 35.0 million. Such shares acquired in accordance with the authorisation may only be used for sale and transfer to employees of the Statoil group as part of the group's share saving plan approved by the board. The minimum and maximum amount that may be paid per share will be NOK 50 and NOK 500, respectively. The authorisation is valid until the next ordinary general meeting.

The board of directors will propose to the annual general meeting to introduce a two-year scrip dividend programme starting from the fourth quarter 2015. The scrip programme will give shareholders the option to receive quarterly dividends in cash or in newly issued shares in Statoil, at a 5% discount for the fourth quarter 2015.

	The 20 largest shareholders at 31 December 2015	Account type	Ownership in %
1	The Norwegian State (Ministry of Petroleum and Energy)		67.00
2	Folketrygdfondet (Norwegian national insurance fund)		3.23
3	Clearstream Banking	Nominee	2.65
4	Deutsche Bank Trust Co. Americas	Nominee	2.64
5	State Street Bank and Trust Co.	Nominee	0.78
6	State Street Bank and Trust Co.	Nominee	0.77
7	State Street Bank and Trust Co.	Nominee	0.68
8	State Street Bank and Trust Co.	Nominee	0.55
9	BNY Mellon SA/NV	Nominee	0.49
10	The Bank of New York Mellon	Nominee	0.46
11	Invesco Funds		0.41
12	State Street Bank and Trust Co.	Nominee	0.37
13	The Northern Trust Co.	Nominee	0.37
14	Statoil ASA		0.35
15	J.P. Morgan Chase Bank N.A. London	Nominee	0.34
16	State Street Bank and Trust Co.	Nominee	0.32
17	KLP Aksje Norge Indeks		0.30
18	J.P. Morgan Chase Bank N.A. London	Nominee	0.30
19	J.P. Morgan Chase Bank N.A. London	Nominee	0.29
20	Six SIS AG	Nominee	0.29

Members of the board of directors, corporate executive committee and corporate assembly holding shares as of 31 December 2015:

Board of directors	
Øystein Løseth[1)]	1,000
Roy Franklin[1)]	0
Bjørn Tore Godal	0
Jakob Stausholm	50,000
Maria Johanna Oudeman	0
Rebekka Glasser Herlofsen[1)]	0
Wenche Agerup[1)]	2,423
Lill-Heidi Bakkerud	330
Ingrid Elisabeth di Valerio	2,845
Stig Lægreid	1,519

Corporate executive committee	
Eldar Sætre[2)]	39,130
Torgrim Reitan	28,482
Margareth Øvrum	42,621
Lars Christian Bacher	21,116
Tim Dodson	28,614
Hans Jakob Hegge[2)]	22,854
John Knight	85,731
Arne Sigve Nylund	9,261
Irene Rummelhoff[2)]	17,082
Jens Økland[2)]	10,735
Anders Opedal[2)]	14,511
Corporate assembly (in total)	19,592

1) Effective from 21 August 2015, Wenche Agerup was elected by the corporate assembly as new board member. Effective as from 1 July 2015, Øystein Løseth was elected as new chair, and Roy Franklin as new member and deputy chair, of the board of directors. Former chair of the board Svein Rennemo and board member James Mulva left the board of directors as per this date. Former board member Catherine Hughes left the board as per 15 April 2015. Former deputy chair of the board of directors, Grace Reksten Skaugen, left the board as per 19 March 2015, and Rebekka Glasser Herlofsen was elected as new board member from the same date.

2) Effective from 1 August 2015, former CFO Torgrim Reitan took up a new position in the CEC as EVP of DPUSA and Hans Jakob Hegge was appointed new CFO. Former EVP DPNA William Maloney left the company as per the same date. Effective as per 1 June 2015, Irene Rummelhoff was appointed EVP for the business area NES and Jens Økland was appointed EVP of MMP. Tor Martin Anfinnsen left the position as EVP of MMP as per the same date. Effective as per 1 April, Anders Opedal was appointed Chief Operating Officer, a newly established role in the CEC. Eldar Sætre, who was acting CEO after Helge Lund's departure 15 October 2014, was appointed Statoil's new President & CEO as per 4 February 2015.

18 Finance debt

Non-current finance debt

(in NOK billion)	2015	At 31 December 2014
Unsecured bonds	265.7	209.4
Unsecured loans	0.7	0.6
Finance lease liabilities	3.7	3.3
Total finance debt	270.1	213.3
Less current portion	9.6	12.0
Non-current finance debt	260.5	201.3
Weighted average interest rate (%)	3.33	3.86

Statoil ASA uses currency swaps to manage foreign exchange risk on its non-current financial liabilities. For information about the interest rate risk management, see note 3 *Financial risk management and derivatives*.

In 2015 Statoil ASA issued the following bonds:

Issuance date	Amount in EUR billion	Interest rate in %	Maturity date
17 February 2015	1.00	1.625	February 2035
17 February 2015	1.25	1.25	February 2027
17 February 2015	1.00	0.875	February 2023
17 February 2015	0.50	floating	August 2019

Substantially all unsecured bond and unsecured bank loan agreements contain provisions restricting future pledging of assets to secure borrowings without granting a similar secured status to the existing bond holders and lenders.

Out of Statoil ASA total outstanding unsecured bond portfolio, 48 bond agreements contain provisions allowing Statoil to call the debt prior to its final redemption at par or at certain specified premiums if there are changes to the Norwegian tax laws. The carrying amount of these agreements is NOK 264 billion at the 31 December 2015 closing exchange rate.

Statoil ASA has an undrawn revolving credit facility for USD 5.0 billion supported by 21 core banks. As of 31 December 2015 and 2014, Statoil ASA had no amount drawn under any committed revolving credit facility.

Non-current finance debt repayment profile

(in NOK billion)	
2017	22.5
2018	32.2
2019	25.1
2020	17.7
Thereafter	163.0
Total	260.5

More information regarding finance lease liabilities is provided in note 22 *Leases*.

Current finance debt

(in NOK billion)	At 31 December 2015	2014
Collateral liabilities and other current financial liabilities	10.2	12.7
Non-current finance debt due within one year	9.6	12.0
Current finance debt	19.8	24.7
Weighted average interest rate (%)	1.93	2.19

Collateral liabilities and other current financial liabilities relate mainly to cash received as security for a portion of Statoil ASA's credit exposure.

19 Pensions

Statoil ASA is subject to the Mandatory Company Pensions Act, and the company's pension scheme follows the requirements of the Act.

In 2014 Statoil ASA made a decision to change the company's main pension plan from defined benefit plan to defined contribution plan. The actual transitioning to the defined contribution plan took place in 2015. At the same time paid-up policies for the rights vested in the defined benefit plan were issued. Employees with less than 15 years of future service before their regular retirement age retained the existing defined benefit plans. For onshore employees between 37 and 51 years of age and offshore employees between 35 and 49 years of age a compensation plan has been established. The defined contribution scheme is managed by an insurance company (Storebrand) and period´s contributions are recognised in the financial statement of income as pension cost for the period.

The new pension plans includes unfunded elements. These notional contribution plans earns a return equal to the return on asset for the main contribution plan and are valued at fair value and recognised as pension liabilities. See note 2 *Significant accounting policies* for more information about the accounting treatment of the notional contribution plans.

The closed defined benefit pension scheme is managed and financed through Statoil Pensjon (Statoil's pension fund - hereafter "Statoil Pension"). Statoil Pension is an independent pension fund that covers employees of Statoil ASA. The purpose of Statoil Pension is to provide retirement and disability pension to members and survivor's pension to spouses, registered partners, cohabitants and children. The pension fund's assets are kept separate from the company's assets. Statoil Pension is supervised by the Financial Supervisory Authority of Norway ("Finanstilsynet") and is licensed to operate as a pension fund.

The Norwegian National Insurance Scheme ("Folketrygden") provides pension payments (social security) to all retired Norwegian citizens. Such payments are calculated by reference to a base amount ("Grunnbeløpet" or "G") annually approved by the Norwegian Parliament. Statoil ASA's plan benefits are generally based on a minimum of 30 years of service and 66% of the final salary level, including an assumed benefit from the Norwegian National Insurance Scheme.

Due to national agreements in Norway, Statoil ASA is a member of both the previous agreement-based early retirement plan ("AFP") and the AFP scheme applicable from 1 January 2011. Statoil ASA paid a premium for both AFP schemes until 31 December 2015. After that date, premiums are only due on the latest AFP scheme. The premium in the latest scheme is calculated on the basis of the employees' income between 1 and 7.1 G. The premium is payable for all employees until age 62. Pension from the latest AFP scheme will be paid from the AFP plan administrator to employees for their full lifetime. Statoil ASA has determined that its obligation under this multi-employer defined benefit plan can be estimated with sufficient reliability for recognition purposes. Accordingly, the estimated proportionate share of the latest AFP plan has been recognised as a defined benefit obligation.

The present values of the defined benefit obligation and the related current service cost and past service cost are measured using the projected unit credit method. The assumptions for salary increases, increases in pension payments and social security base amount are based on agreed regulation in the plans, historical observations, future expectations of the assumptions and the relationship between these assumptions. At 31 December 2015 the discount rate for the defined benefit plans was established on the basis of seven years' mortgage covered bonds interest rate extrapolated on a yield curve which matches the duration for Statoil ASA's payment portfolio for earned benefits.

Social security tax is calculated based on the pension plan's net funded status and is included in the defined benefit obligation.

Statoil ASA has more than one defined benefit plan, but the disclosure is made in total since the plans are not subject to materially different risks.

Net pension cost

(in NOK billion)	2015	2014
Current service cost	3.0	4.7
Interest cost	1.5	3.0
Interest (income) on plan asset	(1.1)	(2.5)
Losses (gains) from curtailment, settlement or plan amendment[1)]	2.0	(1.9)
Actuarial (gains) losses related to termination benefits	(0.0)	(0.2)
Notional contributions	0.3	0.0
Defined benefit plans	5.6	3.2
Defined contribution plans	0.9	0.0
Total net pension cost	6.5	3.2

1) In 2015 and 2014 Statoil ASA offered early retirement (termination benefits) to a defined group of employees above the age of 58 years. The expenses of NOK 1.4 billion and 1.6 billion respectively were recognised in the statement of income. In addition, a plan amendment effect related to the changed pension scheme resulted in a recognition in the statement of income of a loss of NOK 0.6 billion in 2015 and a gain of NOK 3.5 billion in 2014. The plan amendment effect was recalculated in 2015 due to actual transitioning from a defined benefit to a defined contribution plan took place in 2015 and all information was not available when calculating the effect in 2014.

Pension cost includes associated social security tax and is partly charged to partners of Statoil operated licences.

(in NOK billion)	2015	2014
Defined benefit obligations (DBO)		
Defined benefit obligation at 1 January	61.3	75.6
Current service cost	3.0	4.7
Interest cost	1.5	3.0
Actuarial (gains) losses - Demographic assumptions	0.0	(0.1)
Actuarial (gains) losses - Financial assumptions	(5.9)	4.6
Actuarial (gains) losses - Experience	(3.1)	(2.0)
Benefits paid	(1.8)	(2.0)
Losses (gains) from curtailment, settlement or plan amendment[1)]	2.2	(2.8)
Paid-up policies	(1.2)	(20.4)
Change in receivable from subsidiary related to termination benefits	0.4	0.7
Changes in notional contribution liability	0.3	0.0
Defined benefit obligation at 31 December	56.6	61.3
Fair value of plan assets		
Fair value of plan assets at 1 January	42.8	60.6
Interest income	1.1	2.5
Return on plan assets (excluding interest income)	0.7	0.8
Benefits paid	(0.5)	(0.7)
Paid-up policies and personal insurance	(1.7)	(20.4)
Fair value of plan assets at 31 December	42.3	42.8
Net pension liability at 31 December	(14.3)	(18.6)
Represented by:		
Asset recognised as non-current pension assets (funded plan)	10.9	7.9
Asset recognised as non-current receivables from subsidiary[2)]	0.8	1.3
Liability recognised as non-current pension liabilities (unfunded plans)	(26.1)	(27.7)
DBO specified by funded and unfunded pension plans	56.6	61.3
Funded	31.4	34.9
Unfunded	25.2	26.5
Actual return on assets	1.8	3.3

1) A loss of NOK 0.1 billion in 2015 and a gain of NOK 0.9 billion in 2014, related to plan amendment, were recognised against *Property, plant and equipment*.
2) Asset recognised as non-current receivables from subsidiary relates to termination benefits.

As part of the change of Statoil ASA's main pension plan the estimated assets related to paid-up policies and personal insurance (new disability pension and children pension from 2015) and liabilities related to paid-up policies have been excluded from the amounts in the table above.

Actuarial losses and gains recognised directly in retained earnings

(in NOK billion)	2015	2014
Net actuarial (losses) gains recognised in retained earnings during the year	9.6	1.7
Actuarial (losses) gains related to currency effects on net obligation and foreign exchange translation	0.5	(0.1)
Tax effects of actuarial (losses) gains recognised in retained earnings	(2.8)	(0.2)
Recognised directly in retained earnings during the year net of tax	7.3	1.4
Cumulative actuarial (losses) gains recognised directly in retained earnings net of tax	(6.1)	(13.5)

The net actuarial gain in 2015 is mainly related to an updated assessment of the discount rate and expected rate of pension increase to be used for pension obligations.

The line item net actuarial (losses) gains recognised in retained earnings during the year in 2014 includes actuarial loss charged to partners of Statoil operated licences.

The line item actuarial (losses) gains related to currency effects on net obligation and foreign exchange translation includes the translation of the net pension obligation in NOK to the functional currency USD and the translation of the net pension obligation from the functional currency USD to Statoil ASA's presentation currency NOK.

Actuarial assumptions

	Assumptions used to determine benefit costs in %		Assumptions used to determine benefit obligations in %	
	2015	2014	2015	2014
Discount rate	2.50	4.00	2.75	2.50
Rate of compensation increase	2.25	3.50	2.25	2.25
Expected rate of pension increase	1.50	2.50	1.00	1.50
Expected increase of social security base amount (G-amount)	2.25	3.25	2.25	2.25
Number of employees (including pensioners)[1)]			9,789	9,469
Weighted-average duration of the defined benefit obligation			17.1	19.1

1) Number of employees listed above is related to the main defined benefit plan. In addition, all employees are members of the AFP plan and different groups of employees are members of other unfunded plans.

Expected attrition at 31 December 2015 was 0.4% and 0.1% for employees between 50-59 years and 60-67 years, respectively. Expected attrition at 31 December 2014 was 2.1%, 2.2%, 1.3%, 0.5% and 0.2% for the employees under 30 years, 30-39 years, 40-49 years, 50-59 years and 60-67 years, respectively.

The mortality table K2013, issued by The Financial Supervisory Authority of Norway, is used as the best mortality estimate.

Disability tables developed by the actuary were implemented in 2013 and represent the best estimate to use for Statoil ASA.

Sensitivity analysis

The table below presents an estimate of the potential effects of changes in the key assumptions for the defined benefit plans. The following estimates are based on facts and circumstances as of 31 December 2015. Actual results may materially deviate from these estimates.

	Discount rate		Expected rate of compensation increase		Expected rate of pension increase		Mortality assumption	
(in NOK billion)	0.50%	-0.50%	0.50%	-0.50%	0.50%	-0.50%	+ 1 year	- 1 year
Changes in:								
Defined benefit obligation at 31 December 2015	(4.3)	5.0	1.1	(1.0)	3.5	(3.1)	2.0	(2.2)
Service cost 2016	(0.2)	0.2	0.1	(0.0)	0.1	(0.1)	0.1	(0.1)

The sensitivity of the financial results to each of the key assumptions has been estimated based on the assumption that all other factors would remain unchanged. The estimated effects on the financial result would differ from those that would actually appear in the financial statements because the financial statements would also reflect the relationship between these assumptions.

Pension assets

The plan assets related to the defined benefit plans were measured at fair value. Statoil Pension invests in both financial assets and real estate.

Real estate properties owned by Statoil Pension amounted to NOK 3.4 billion and NOK 3.2 billion of total pension assets at 31 December 2015 and 2014, respectively, and are rented to Statoil companies.

The table below presents the portfolio weighting as approved by the Board of Statoil Pension for 2015. The portfolio weight during a year will depend on the risk capacity.

(in %)	Pension assets on investments classes 2015	2014	Target portfolio weight
Equity securities	38.3	40.1	31 - 43
Bonds	40.3	38.7	36 - 48
Money market instruments	14.9	13.4	0 - 29
Real estate	5.0	4.8	5 - 10
Other assets	1.5	3.0	
Total	100.0	100.0	

No company contribution is expected to be paid to Statoil Pension in 2016.

20 Provisions

(in NOK billion)	Provisions
Non-current portion at 31 December 2014	2.1
Current portion at 31 December 2014 reported as trade and other payables	3.7
Provisions at 31 December 2014	5.7
New or increased provisions	0.5
Decrease in estimate	(0.4)
Amounts charged against provisions	(3.3)
Currency translation	0.6
Provisions at 31 December 2015	3.1
Current portion at 31 December 2015 reported as trade and other payables	0.6
Non-current portion at 31 December 2015	2.5

In 2015 a significant part of the financial exposure related to long term gas sales price reviews was resolved and resulted in a reduction in provisions. See also comments on provisions in note 23 *Other commitments and contingencies*.

21 Trade and other payables

(in NOK billion)	At 31 December 2015	2014
Trade payables	8.6	10.9
Non-trade payables, accrued expenses and provisions	7.9	11.7
Equity accounted investments and other related party payables	5.3	6.5
Trade and other payables	21.8	29.1

22 Leases

Statoil ASA leases certain assets, notably vessels and office buildings.

In 2015, net rental expenditures were NOK 3.4 billion (NOK 3.3 billion in 2014) consisting of minimum lease payments of NOK 4.0 billion (NOK 3.9 billion in 2014) reduced with sublease payments received of NOK 0.6 billion in 2015 (NOK 0.6 billion in 2014). Contingent rents expensed were immaterial both years.

The information in the table below shows future minimum lease payments under non-cancellable leases at 31 December 2015. Amounts related to finance leases include future minimum lease payments for assets recognised in the financial statements at year end 2015.

			Finance leases		
(in NOK billion)	Operating leases	Operating sublease	Minimum lease payments	Discount element	Net present value minimum lease payments
2016	4.3	(0.2)	0.5	(0.0)	0.4
2017	3.2	(0.2)	0.5	(0.0)	0.4
2018	2.5	(0.2)	0.5	(0.1)	0.4
2019	2.3	(0.2)	0.5	(0.1)	0.4
2020	2.2	(0.2)	0.5	(0.1)	0.4
Thereafter	12.3	(1.1)	2.3	(0.7)	1.6
Total future minimum lease payments	26.7	(2.3)	4.6	(1.0)	3.7

Statoil ASA has a long term time charter agreement with Teekay for offshore loading and transport in the North Sea. The contract covers the lifetime of applicable producing fields and at year end 2015 includes three crude tankers. The contract's estimated nominal amount is approximately NOK 7.0 billion at year end 2015, and is accounted for as Operating leases.

As of 2015, operating leases include future minimum lease payments to related parties of NOK 4.3 billion regarding the lease of one office building located in Bergen and owned by Statoil Pension. This operational lease commitment extends in time to the year 2034. NOK 3.2 billion of the total is payable after 2020.

Statoil ASA leases three LNG vessels on behalf of Statoil and the State's direct financial interest (SDFI). Statoil ASA accounts for the combined Statoil and SDFI share of these agreements as finance leases in the balance sheet, and further accounts for the SDFI related portion as operating sublease. The finance leases included in the balance sheet reflect the original lease term of 20 years from 2006. In addition, Statoil has the option to extend the leases for two additional periods of five years each.

Property, plant and equipment includes NOK 3.0 billion for leases that have been capitalised at year end 2015 (NOK 2.8 billion in 2014), also presented in the category vessels in note 11 *Property, plant and equipment*.

23 Other commitments and contingencies

Contractual commitments
Statoil ASA had contractual commitments of NOK 9.0 billion at 31 December 2015. The contractual commitments reflect the Statoil ASA share and comprise financing commitments related to exploration activities.

Other long-term commitments
Statoil ASA has entered into various long-term agreements for pipeline transportation as well as terminal use, processing, storage and entry/exit capacity commitments and commitments related to specific purchase agreements. The agreements ensure the rights to the capacity or volumes in question, but also impose on the company the obligation to pay for the agreed-upon service or commodity, irrespective of actual use. The contracts' terms vary, with duration of up to 30 years.

Take-or-pay contracts for the purchase of commodity quantities are only included in the table below if their contractually agreed pricing is of a nature that will or may deviate from the obtainable market prices for the commodity at the time of delivery.

Obligations payable by Statoil ASA to entities accounted for as associates and joint ventures are included gross in the table below. Obligations payable by Statoil ASA to entities accounted for as joint operations (for example pipelines) are included net (i.e. gross commitment less Statoil ASA's ownership share).

Nominal minimum commitments at 31 December 2015:

(in NOK billion)	
2016	9.7
2017	9.7
2018	9.4
2019	9.2
2020	8.2
Thereafter	39.2
Total	85.4

Guarantees
Statoil ASA has provided parent company guarantees covering liabilities of subsidiaries with operations in Algeria, Angola, Australia, Azerbaijan, Brazil, Canada, Colombia, Denmark, Germany, Greenland, India, Ireland, Libya, the Netherlands, Nicaragua, Nigeria, Norway, Sweden, United Kingdom, the United States of America and Venezuela. The company has also counter-guaranteed certain bank guarantees covering liabilities of subsidiaries in Angola, Australia, Brazil, Canada, Colombia, the Faroes, Greenland, Indonesia, Mexico, the Netherlands, Nicaragua, Norway, South Africa, Sweden, United Kingdom and the United States of America.

Contingencies
Statoil ASA is the participant in certain entities ("DAs") in which the company has unlimited responsibility for its proportionate share of such entities' liabilities, if any, and also participates in certain companies ("ANSs") in which the participants in addition have joint and several liability. For further details, refer to note 12 *Investments in subsidiaries and other equity accounted investments*.

A number of Statoil ASA's long-term gas sales agreements contain price review clauses. Certain counterparties have requested arbitration in connection with price review claims. The related exposure for Statoil ASA has been estimated to an amount equivalent to approximately NOK 2.6 billion for gas delivered prior to year end 2015. Statoil ASA has provided for its best estimate related to these contractual gas price disputes in the financial statements, with the impact to the statement of income reflected as revenue adjustments.

On 10 March 2014, following a regular review process of Statoil's 2012 Consolidated financial statements, the Financial Supervisory Authority of Norway (the FSA) concluded that it had identified three errors, related to interpretation and application of IFRS accounting principles for determination of cash generating units (CGUs) and impairment evaluations. For further information, reference is made to note 23 *Other commitments and contingencies* in the 2015 Consolidated financial statements.

During the normal course of its business Statoil ASA is involved in legal proceedings, and several other unresolved claims are currently outstanding. The ultimate liability or asset in respect of such litigation and claims cannot be determined at this time. Statoil ASA has provided in its financial statements for probable liabilities related to litigation and claims based on the company's best judgment. Statoil ASA does not expect that its financial position, results of operations or cash flows will be materially affected by the resolution of these legal proceedings.

Provisions related to claims and disputes are reflected within note 20 *Provisions*.

24 Related parties

The Norwegian State is the majority shareholder of Statoil ASA and also holds major investments in other Norwegian companies. This ownership structure means that Statoil ASA participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis.

Transactions with the Norwegian State
Total purchases of oil and natural gas liquids from the Norwegian State amounted to NOK 60.0 billion and NOK 86.4 billion in 2015 and 2014, respectively. Total purchases of natural gas regarding Tjeldbergodden methanol plant from the Norwegian State amounted to NOK 0.6 billion and NOK 0.5 billion in 2015 and 2014, respectively. In addition, Statoil ASA sells in its own name, but for the Norwegian State's account and risk, the Norwegian State's gas production. These transactions are presented net. For further information please see note 2 *Significant accounting policies*. The major part included in the line item equity accounted investments and other related parties payables in note 21 *Trade and other payables*, are amounts payable to the Norwegian State for these purchases.

Transactions with internally owned companies
Revenue transactions with related parties are presented in note 4 *Revenues*. Total intercompany revenues amounted to NOK 34.3 billion and NOK 39.3 billion in 2015 and 2014, respectively. The major part of intercompany revenues are attributed to sales of crude oil and sales of refined products to Statoil Refining Denmark AS and Statoil Marketing.

Statoil ASA sells natural gas and pipeline transport on a back-to-back basis to Statoil Petroleum AS. All of the risks related to these transactions are carried by Statoil Petroleum AS and are therefore not reflected in Statoil ASA's financial statements.

Statoil ASA buys volumes from its subsidiaries and sells them into the market. Total purchases of goods from subsidiaries amounted to NOK 122.9 billion and NOK 170.7 billion in 2015 and 2014, respectively. The major part of intercompany purchases of goods is attributed to Statoil Petroleum AS, NOK 82.5 billion and NOK 119.4 billion in 2015 and 2014, respectively.

In relation to its ordinary business operations, Statoil ASA has regular transactions with group companies in which Statoil has ownership interests. Statoil ASA makes purchases from group companies amounting to NOK 8.0 billion and NOK 4.7 billion in 2015 and 2014, respectively.

Expenses incurred by the company, such as personnel expenses, are accumulated in cost pools. Such expenses are allocated in part on an hours incurred cost basis to Statoil Petroleum AS, to other group companies, and to licences where Statoil Petroleum AS or other group companies are operators. Cost allocated in this manner is not reflected in Statoil ASA's financial statements. Expenses allocated to group companies amounted to NOK 38.4 billion and NOK 37.0 billion in 2015 and 2014, respectively. The major part of the allocation is related to Statoil Petroleum AS, NOK 32.1 billion and NOK 31.6 billion in 2015 and 2014, respectively.

Other transactions
In relation to its ordinary business operations Statoil ASA enters into contracts such as pipeline transport, gas storage and processing of petroleum products, with companies in which Statoil ASA has ownership interests. Such transactions are carried out on an arm's length basis and are included within the applicable captions in the statement of income. Gassled and certain other infrastructure assets are operated by Gassco AS, which is an entity under common control by the Norwegian Ministry of Petroleum and Energy. Gassco's activities are performed on behalf of and for the risk and reward of pipeline and terminal owners, and capacity payments flow through Gassco to the respective owners. Statoil ASA payments that flowed through Gassco in this respect amounted to NOK 7.2 billion and NOK 7.4 billion in 2015 and 2014, respectively.

For information concerning certain lease arrangements with Statoil Pension, see note 22 *Leases*.

Current receivables and current liabilities from subsidiaries and other equity accounted companies are included in note 13 *Financial assets and liabilities*.

Related party transactions with management and management remunerations for 2015 are presented in note 5 *Remuneration*.

25 Subsequent events

In the first quarter of 2016 Statoil acquired 11.93% of the shares and votes in Lundin Petroleum AB for a total purchase price of SEK 4.6 billion. The shares will be accounted for as a non-current financial investment at fair value.

Trondheim, 9 March 2016

THE BOARD OF DIRECTORS OF STATOIL ASA

ØYSTEIN LØSETH
CHAIR

ROY FRANKLIN
DEPUTY CHAIR

BJØRN TORE GODAL

LILL-HEIDI BAKKERUD

JAKOB STAUSHOLM

MARIA JOHANNA OUDEMAN

REBEKKA GLASSER HERLOFSEN

INGRID ELISABETH DI VALERIO

STIG LÆGREID

WENCHE AGERUP

ELDAR SÆTRE
PRESIDENT AND CEO

Report of KPMG on the financial statements of Statoil ASA

To the annual shareholders' meeting of Statoil ASA

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements
We have audited the accompanying financial statements of Statoil ASA, which comprise the financial statements of the parent company Statoil ASA and the consolidated financial statements of Statoil ASA and its subsidiaries. The parent company financial statements comprise the balance sheet as at 31 December 2015, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements comprise the balance sheet as at 31 December 2015, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The board of directors and chief executive officer's responsibility for the financial statements
The board of directors and chief executive officer are responsible for the preparation and fair presentation of the parent company financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the board of directors and chief executive officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the separate financial statements
In our opinion, the parent company financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Statoil ASA as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Statoil ASA and its subsidiaries as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the board of directors' report and the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the board of directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for covering the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on accounting registration and documentation

Based on our audit of the financial statements as described above, and procedures we considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 9 March 2016
KPMG AS

Mona Irene Larsen　　　　Jimmy Daboo
State authorized public accountant[1]

[Translation has been made for information purposes only]

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[1] Appointed as the responsible auditor by KPMG AS according to the Auditing and Auditors Act section 2-2

Recommendation of the corporate assembly

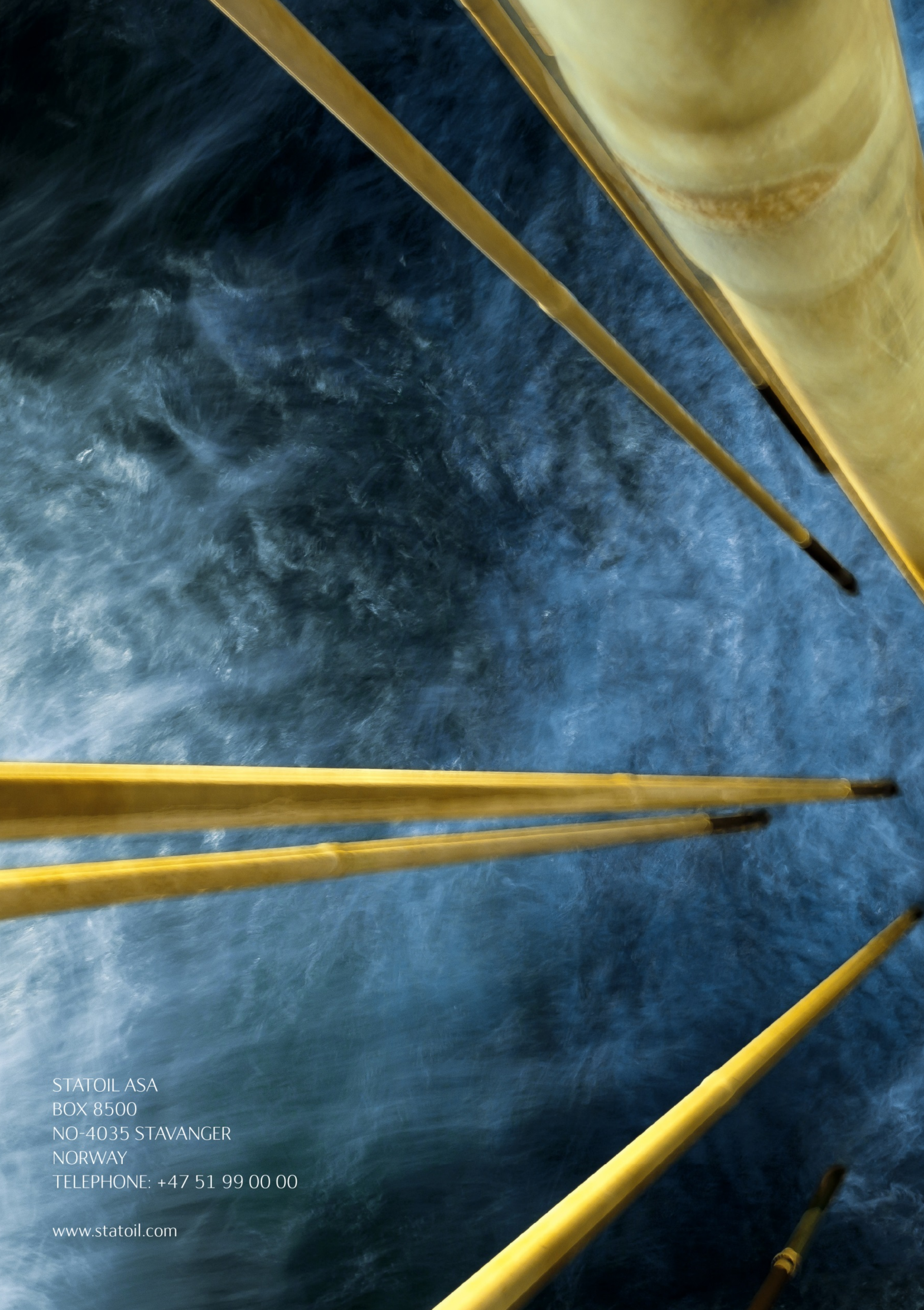
Resolution:
At its meeting of 17 March 2016 the corporate assembly discussed the 2015 annual accounts of Statoil ASA and the Statoil group, and the board of directors' proposal for the allocation of net income.

The corporate assembly recommends that the annual accounts and the allocation of net income proposed by the board of directors are approved.

Oslo, 17 March 2016

Olaug Svarva
Chair of the corporate assembly

Corporate assembly
Olaug Svarva, Idar Kreutzer, Karin Aslaksen, Greger Mannsverk, Steinar Olsen, Tone Cathrine Lunde Bakker, Ingvald Strømmen, Rune Bjerke, Barbro Hætta, Siri Kalvig, Terje Venold, Kjersti Kleven, Brit Gunn Ersland, Steinar Kåre Dale, Per Martin Labråthen, Anne K. S. Horneland, Jan-Eirik Feste, Hilde Møllerstad, Per Helge Ødegård, Dag-Rune Dale og Sun Lehmann.



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