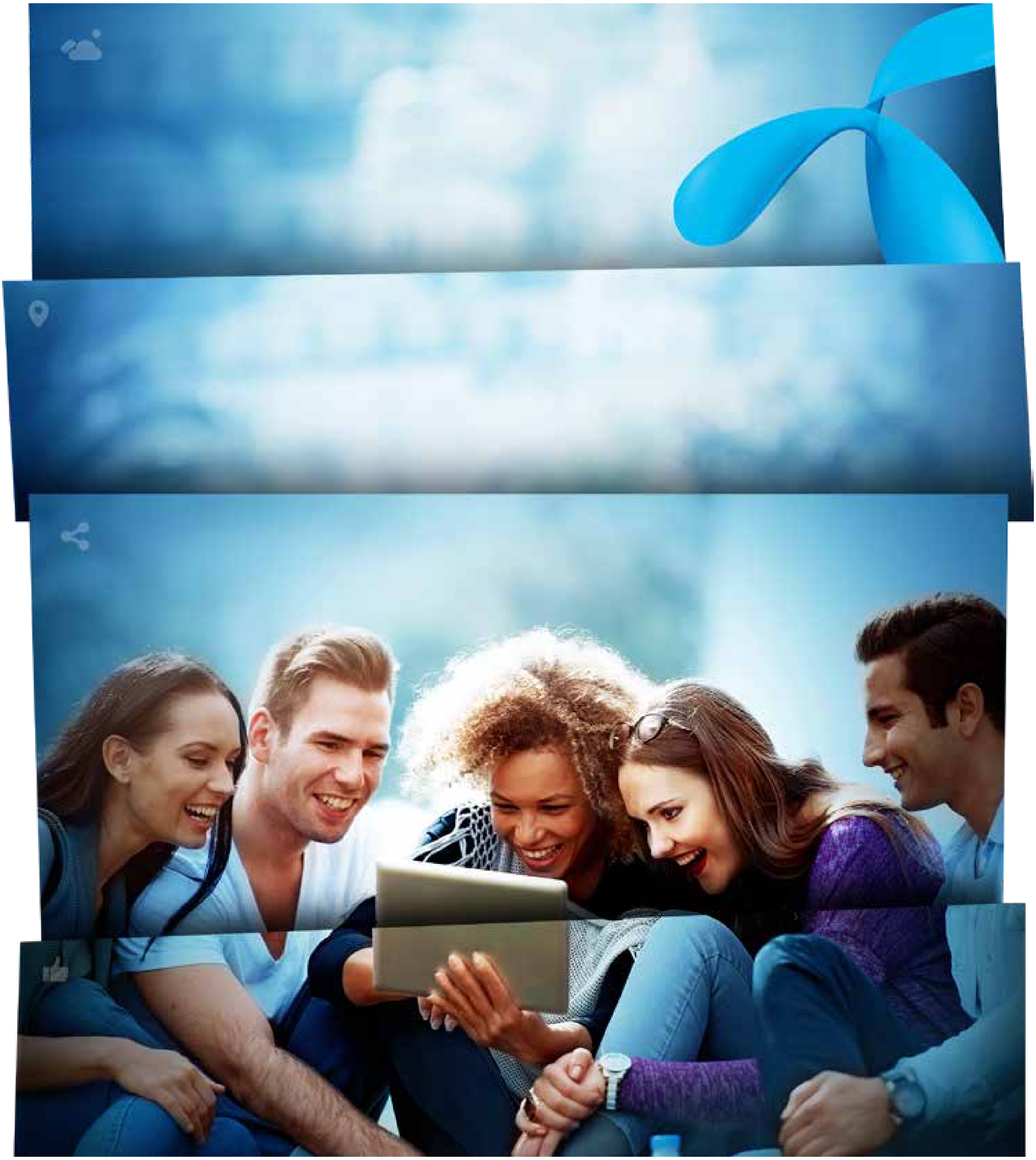
ANNUAL REPORT
2015

telenor group



CONTENT

Letter from the CEO

> More than moving towards a digital future, many of us are living digital – with connected homes and connected cars in connected communities. Digitization isn't a development in telecoms or in the ICT industry, it's a revolution affecting every part of society, every industry and everyone's lives.

In its 160th year of operations, Telenor yet again delivered strong performance and growth. It was also a year of transition, change and challenges.

Overall, the company delivered record high revenues and EBITDA for the year. Our Myanmar operations reported positive EBITDA only a few months after service launch. We launched 4G services in Bulgaria and expanded 4G across Thailand. In April, we launched the Thor 7 satellite. In addition to growth in our core business and customer base, our video conferencing service appear.in has surpassed more than 300,000 active users, and our trusted cloud storage solution Capture has been rolled out to customers across seven markets. In Serbia, Telenor Banka is serving more than 100,000 customers with user friendly mobile-first banking services.

Mobile and digital communication is for all. This realization has fueled Telenor's international expansion for the past two decades, and brought the company into markets in Europe and Asia. Five years ago, we announced the ambition to bring Internet for All and while we still have some way to go, we see that this ambition is within reach. A country like Myanmar, where internet connectivity was made widely available over mobile networks only in late 2014, access is already comparable to advanced markets like Malaysia and Sweden.

In mature markets demand for data connectivity, higher speed and better capacity continues to soar. Last year, data traffic in Norway more than doubled and Telenor continues to invest over NOK 4 billion every year in upgrading infrastructure and networks. In Thailand, smartphone users now report spending up to six hours per day on their devices. More than moving towards a digital future, many of us are living digital – with connected homes and connected cars in connected communities. Digitization isn't a development in telecoms or in the ICT industry; it's a revolution affecting every part of society, every industry and everyone's lives.

2015 was also a year of transition and change. Telenor's CEO for 13 years, Jon Fredrik Baksaas, stepped down in August, leaving behind a legacy of growth, expansion and building a common culture. In addition, we welcomed Gunn Wærsted as Telenor ASA's new Chair as of January 14, 2016.

When taking the helm as Group CEO in August 2015, I initiated changes to the organization and to the strategy process. The new Group Executive Management has fewer layers and enables me to have a more direct relationship with the business. The team also better reflects the global reach of Telenor Group: 98 per cent of our customers and the majority of our employees are non-Norwegians. The top leadership team now has seven nationalities based in 12 different countries. But while cultural diversity has improved, I am not satisfied with the gender diversity. Addressing this, both at top level and throughout the organization, is a priority and an area where we have set clear targets and timelines to improve.

Telenor remains committed to deliver profitable growth driven by increasing data usage, and aims to do so by balancing growth ambitions with value creation and cost efficiency. We believe this means offering attractive consumer services, digitizing our core telco processes and exploring opportunities in digital businesses. This strategic ambition is built around an aspiration to become our customers' favourite partner in digital life.

2015 has been a challenging year for Telenor in relation to our minority ownership of 33 per cent in VimpelCom. Telenor has taken the investigations against VimpelCom very seriously and has cooperated with the investigating authorities as a witness. The Board initiated a review into Telenor's shareholding and handling of the ownership in VimpelCom to be concluded in spring 2016. In addition to the review on VimpelCom, the Board also resolved an external review to identify improvements of the governance of Telenor's ownership and follow-up of Telenor's various operations as well as an external maturity review of Telenor's anti-corruption programme. We anticipate that the results of the external reviews will give us a broad basis for strengthening our organization going forward.

Telenor relies on trust; from customers, from our employees and business partners, and from society at large. We are proud of our vision to "Empower Societies" and we believe the Telenor Way, our people and our culture are our strongest tools to safeguard the responsible and sustainable business practices that Telenor is known for. We continuously work to further enhance, strengthen and integrate the Telenor Way in all parts of our operations.

At the end of 2015, Telenor passed the milestone of 200 million customers. We continue pushing to bring Internet for All and 38 per cent of our customer base are now active data users. Five per cent organic revenue growth and five per cent organic EBITDA growth in 2015 shows the strength of our portfolio of operations. It will be my key priority to secure focus on profitable growth and cost efficiency in 2016.

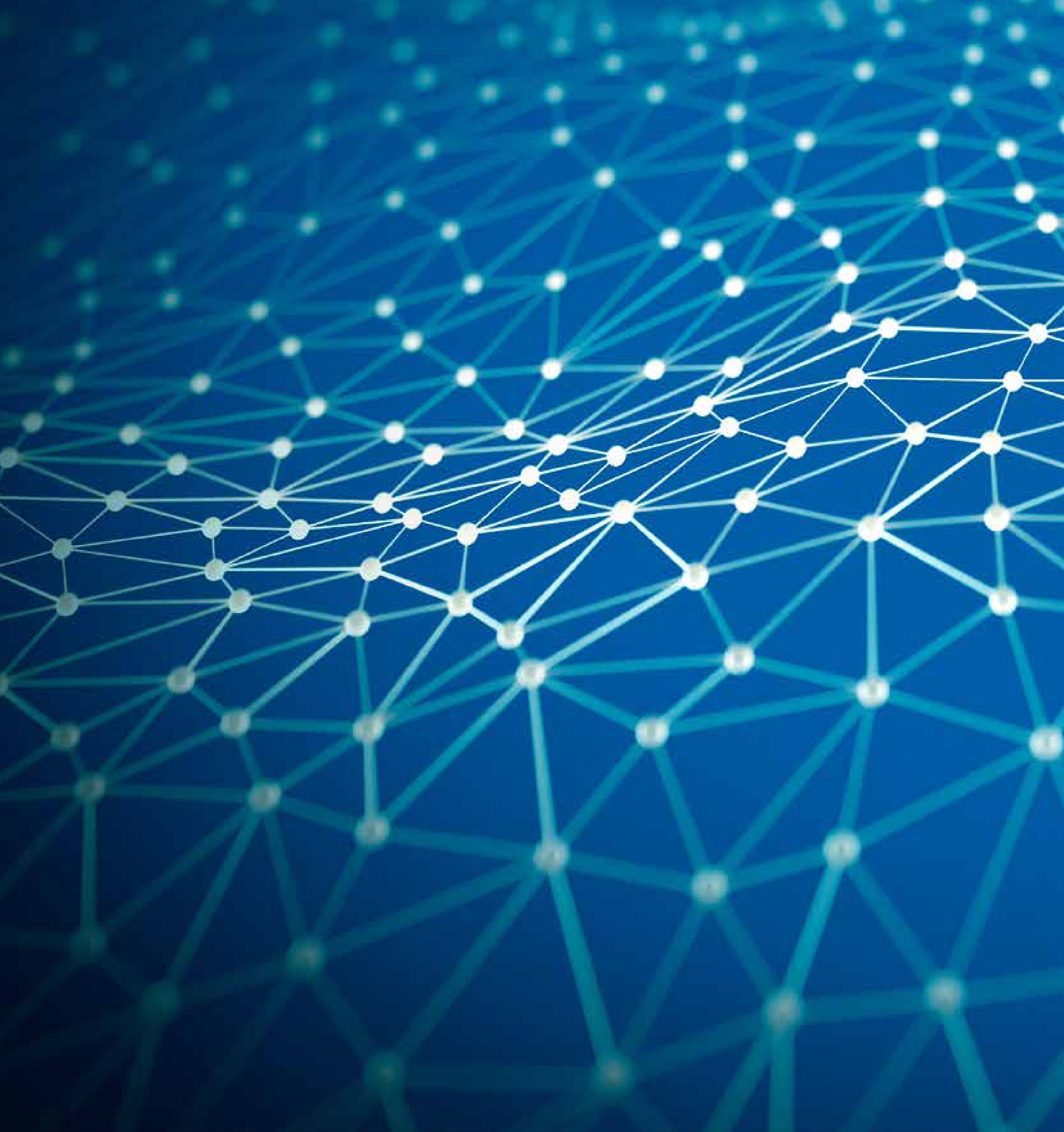
Telenor will evolve into an increasingly digital company with a broader set of engaging products and services reaching an even larger number of customers, yet deeply rooted in highly efficient core telecoms operations. Our future journey will be enabled by the concerted efforts and collective brainpower of a global, winning team that I'm incredibly proud to be leading.

Best regards,

Sigve Brekke
President and CEO Telenor Group

Telenor will evolve into an increasingly digital company with a broader set of engaging products and services reaching an even larger number of customers, yet deeply rooted in highly efficient core telecoms operations.

– Sigve Brekke



Key Figures 2015

NOK in millions	2011	2012	2013	2014	**2015**
Organic revenue growth[1]	7%	5%	1%	3%	**5%**
EBITDA before other income and other expenses/Revenues (%)	31.0%	32.3%	34.5%	34.5%	**34.5%**
EBIT margin	10.5%	9.6%	20.5%	22.4%	**17.8%**
Capex excl. licences and spectrum/Revenues (%)	11.6%	12.1%	14.1%	15.6%	**18.4%**
Net interest-bearing liabilities[2]	17 231	33 082	39 395	46 830	**54 106**
Net interest-bearing liabilities/EBITDA	0.57	1.03	1.12	1.16	**1.25**
Earnings per share	4.45	5.63	5.74	6.03	**2.27**
ROCE[3]	7.5%	11.0%	13.8%	10.7%	**13.6%**
Total return[4]	7.8%	20.1%	34.9%	10.0%	**2.2%**

[1] Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

[2] Net interest-bearing liabilities excluding net present value of licence liabilities.

[3] Return on capital employed (ROCE) is based on Net Income excluding financial items, other income, other expense, write downs of associated companies and joint ventures, gain/loss on disposal of associated companies and joint ventures.

[4] Dividends are reinvested on ex-dates.

Disclaimer
This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook,strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Revenues in 2015 increased by 15 per cent to 128 billion kroner compared with a year earlier. The organic revenue growth was 5 per cent. EBITDA before other income and expenses rose by 15 per cent to 44 billion kroner, while the corresponding EBITDA margin remained stable at 34.5 per cent from 2014.

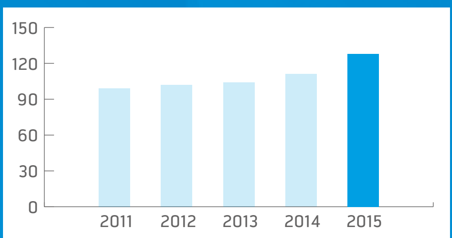
For 2016, Telenor expects organic revenue growth in the range of 2% to 4%, EBITDA margin before other income and other expenses in the range of 33%-34%, and capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 17% to 19%.

2015

Record high revenues and all-time high EBITDA

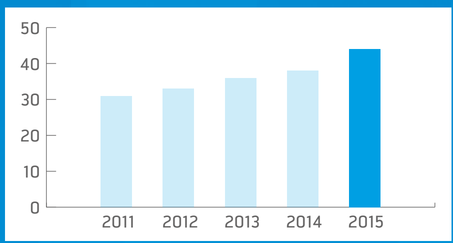
REVENUES

In NOK billions



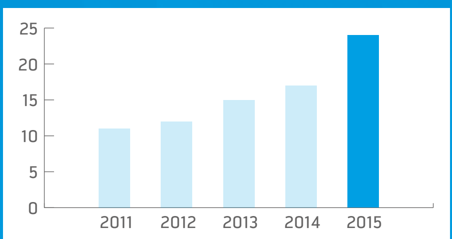
EBITDA

In NOK billions



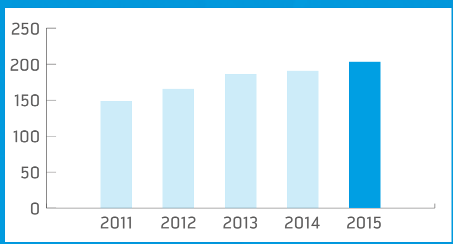
CAPEX excl. licences and spectrum

In NOK billions



MOBILE SUBSCRIPTIONS

In millions



Highlights

Connecting the world has been Telenor's domain for more than 160 years, driven by a singular vision: to empower societies. #morethan connectivity and Internet for All, we're about enabling digital lives – everywhere. An international provider of tele, data and media communication services, Telenor Group has mobile operations in 13 markets in the Nordic region, Europe and in Asia, as well as an economic stake of 33 per cent in VimpelCom Ltd., operating in 14 markets. Head-quartered in Norway, Telenor Group is one of the world's major mobile operators serving over 200 million mobile subscriptions every day and with an ambition to deliver digital experiences to even more.

HIGHLIGHTS 2015

Revenues & EBITDA
Record high revenues and EBITDA for the year

27 April
Successful launch of Thor 7 satellite

JANUARY

Myanmar
Myanmar reported positive EBITDA only a few months after service launch

12 May
Sustainability Update in London

FINANCIAL CALENDAR 2016

27 April 2016	Telenor's result for the 1st quarter 2016
11 May 2016	Annual General Meeting
19 July 2016	Telenor's result for the 2nd quarter 2016
26 October 2016	Telenor's result for the 3rd quarter 2016

29 September
Telenor adopts global 6-month paid maternity leave policy

4G services launched
in Bulgaria, and expanded across markets including Norway, Malaysia and Thailand

DECEMBER

17 August
Sigve Brekke appointed Chief Executive Officer

14 January
Gunn Wærsted assumes position as new Chair of the Board

Impact

At Telenor, we're driven by a singular vision: to empower societies. Much more needs to be done, by us and others, to achieve an internet for all in 2020 -- yet this is why Telenor exists. Connected societies are empowered societies. The network is the foundation upon which we integrate the world to the opportunity that awaits them – enabling everyone to drive business, build societies, improve their lives and secure a better future for all of us.

By 2020,
half of world's population will be connected to the mobile internet

ACTIVE DATA USERS

2013 2014 2015

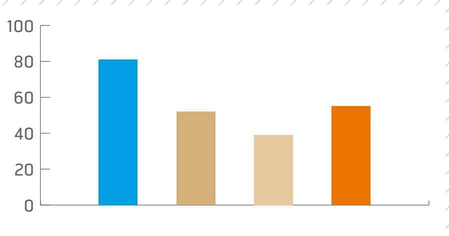
32 million

60.3 million

77.7 million

SHARE OF SMARTPHONES

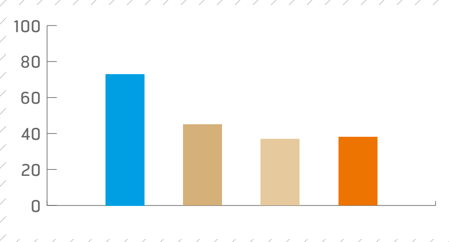
In per cent



Nordics (81%)
CEE (52%)
Asia (39%)
Group (55%)

SHARE OF ACTIVE DATA USERS

In per cent



Nordics (73%)
CEE (45%)
Asia (37%)
Group (38%)

All figures refer to Telenor Group figures.

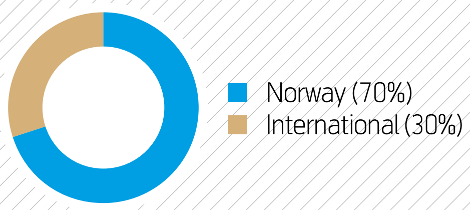
Our People

Winning teams create world-class customer experiences and great places to work. Our people and our culture are our strongest competitive advantages. To keep winning in a digital future, we will build empowered expertise-driven teams with the will, the skill and the means to collaborate and innovate across boundaries.

Leadership attitudes:
explore, engage, empower and execute

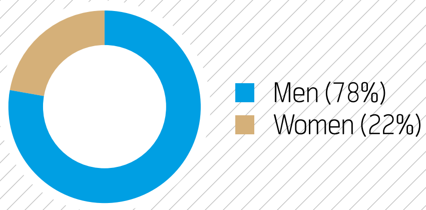
NATIONALITY TELENOR ASA

In per cent



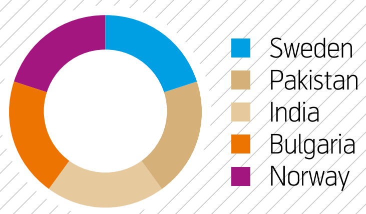
WOMEN IN TOP MANAGERIAL POSITIONS

In per cent



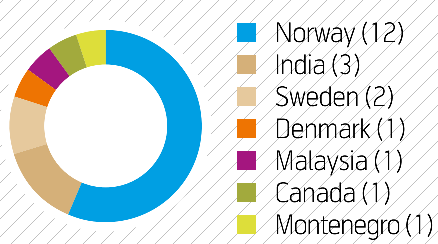
OPEN MIND (DISABILITY PROGRAMME)

By location



NATIONALITIES EXECUTIVE MANAGEMENT

By number of people



Telenor Group's Operations

Telenor
NORWAY
Telenor is the country's leading telecommunications operator.

Telenor
SWEDEN
Telenor is the third largest mobile operator in Sweden.

Telenor
DENMARK
Telenor is the second largest mobile operator in Denmark.

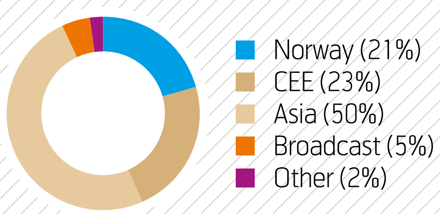
Telenor
HUNGARY
Telenor is the second largest mobile operator in Hungary.

Telenor
SERBIA
Telenor is the largest mobile operator in Serbia.

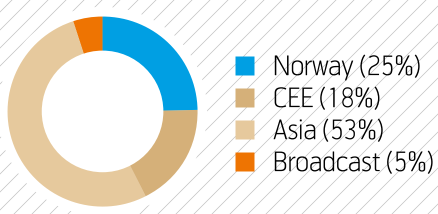
Telenor
MONTENEGRO
Telenor is the largest mobile operator in Montenegro.

Telenor
BULGARIA
Telenor is the second largest operator in Bulgaria.

REVENUE PER REGION
In per cent



EBITDA PER REGION
In per cent



Telenor
PAKISTAN

Telenor is the second largest mobile operator in Pakistan.

Telenor
INDIA

Telenor India launched its services in 2009. It has operations in six Indian telecom circles and won licenses for a seventh circle in 2014.

Grameenphone
BANGLADESH

Grameenphone is the largest mobile operator in Bangladesh. Grameenphone is listed on the Dhaka Stock Exchange (DSE) Ltd and the Chittagong Stock Exchange (CSE) Ltd.

Telenor
MYANMAR

License signed in February 2014 and services launched 8 months later. Ambitions to become market leader.

dtac
THAILAND

dtac is the second largest mobile operator in Thailand and is listed on the Stock Exchange of Thailand.

Digi
MALAYSIA

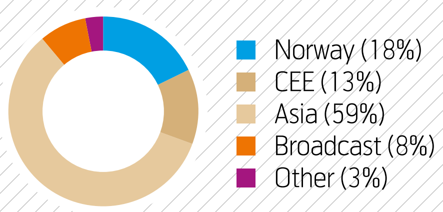
Digi is the third largest mobile operator in Malaysia. Digi is listed on Bursa Malaysia.

VimpelCom
Telenor Group holds an economic stake of 33 per cent in VimpelCom Ltd. with more than 200 million customers in 14 markets (Q4 2015).

The Telenor Group is listed on the Oslo Stock Exchange

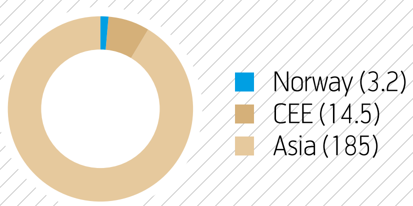
CAPEX EXCL. LICENCE PER REGION

In per cent



SUBSCRIBERS PER REGION

In millions



Board of Directors

"

As the new Chair of the Board, I look forward to being part of the exciting journey that lies ahead of Telenor. The company continued to create value for its customers, shareholders and employees and delivered solid financial results for 2015.

I will help drive this organization further, supported by key principles of sound corporate governance, customer centricity, transparency, profitable growth and operational efficiency.

Digital communication is a catalyst for growth, enabling people to improve their lives, build societies and secure a future for the many, not just the few.

– Gunn Wærsted, Chair of the Board

From left to right (starting back row): Jon Erik Reinhardsen, Dag J. Opedal, Frank Dangeard, Per Gunnar Salomonsen, Harald Stavn, Åse Selfjord, Marit Vaagen, Regi Aalstad and Sally Davis. Front row: Dr. Burckhard Bergman and Chair Gunn Wærsted.

Board of Directors' Report

KEY FIGURES 2015

5% organic
revenue growth

17 million new subscribers, taking the total to 203 million

Revenues of
NOK 128.2 billion

EBITDA before other income and other expenses of
NOK 44.2 billion

Operating cash flow of
NOK 20.6 billion

Proposed dividend
NOK 7.50 per share*

*Of which NOK 4.00 shall be paid in May and NOK 3.50 in November.

Revenues in 2015 increased by 15 per cent to NOK 128 billion compared with a year earlier. The organic revenue growth was 5 per cent, supported by strong results in Myanmar. EBITDA before other income and expenses rose by 15 per cent to NOK 44 billion, while the corresponding EBITDA margin remained stable at 34.5 per cent from 2014.

In 2015, Telenor celebrated its 160th anniversary, having grown from a local Norwegian telegraph operator in 1855 into an international mobile operator present in 13 countries by 2015. The year also marked the passing of a significant milestone for the Group: all-time high revenues and EBITDA, and 200 million customers. With these achievements came changes to the company's top leaders, as Jon Fredrik Baksaas stepped down as President and CEO and former Head of Region Asia Sigve Brekke assumed the role. In addition, a new Chair of the Board, Gunn Wærsted, was elected as the year came to a close.

While it was a landmark year for Telenor in many respects, the company also confronted challenges related to its minority ownership in VimpelCom Ltd., the handling of which continues to have high priority. See also VimpelCom section, Sustainability Report and Corporate Governance Report.

Investments and customer needs

Throughout the year, Telenor Group continued its investments in data networks with the aim of capturing and monetising data growth across its markets in Europe and Asia.

The mobile industry continues to be in the midst of transition and the move from voice to data is on. Telenor has experienced the transformation from fixed communication to mobile, a move redefining the telecom industry and society at large. Now, like many others in this highly competitive and opportune playing field, Telenor is faced with technology shifts to higher speed mobile data networks and rising adoption of smartphones and connected devices. In addition, customers' appetite for data will only grow in the years to come.

People and machines are creating and sharing more information than ever. Societies and economies are expecting more from the internet than ever, along with the services that rely on it. Mobile is at the center of this rapidly evolving digital world and consumers' experiences are being redefined constantly, as they spend an increasing amount of time on their digital devices. Telenor is both enabling and driving this ecosystem through its mobile networks and connectivity, innovation, the creation and development of relevant services, as well as partnerships. In addition, mobile internet access enables digital inclusion and opens opportunities for all. By the end of 2015, 38 per cent of Telenor's customers were mobile internet users and the number is expected to increase significantly in the coming years.

During the year, Telenor Group retained its focus on Internet for All and operational efficiency, and continued to place the customer at the center of its decision-making. Telenor focused on value creation and growth, in both its traditional telco business and in its digital positions including Internet of Things, financial services and online classified services, while exploring new digital arenas such as mHealth.

On 29 January 2016, Telenor entered into an agreement to acquire approximately 95 per cent of New York-based startup Tapad Inc., a leading marketing technology firm. The acquisition enables Telenor to take a position within the rapidly growing market for advertising technology, and secures important competence within digital marketing and analytics. The company delivers unified cross-device marketing technology solutions that give publishers,

> The network is the foundation upon which we integrate the world to the opportunity that awaits them, enabling everyone to drive business, build societies, improve their lives and secure a better future for all of us.

marketers and technology providers a holistic view of consumers across devices and screens, including smartphones, tablets, home computers and smart TVs.

Telenor believes that significant value can be created from applying marketing technology to improve the digital capabilities of the company's core telecom business. This will improve Telenor's understanding of customer behaviour, and supports building a platform for other business areas.

Operating Responsibly

As a global operator, Telenor is expected (by management, the Board and the world at large) to not only build and run modern and high-quality telecom networks, but to go about it in a sustainable, compliant and transparent way. Telenor Group is acting on this responsibility - working to continuously improve the company's corporate governance structures and operate responsibly in all aspects of its business. The company and Telenor's Board have specifically taken steps to improve Telenor's governance related to minority shareholdings and within the Ethics and Compliance function. For further details see Telenor Group's Sustainability and Corporate Governance Reports.

Sustainability is an embedded part of how Telenor does business, as well as an integral part of the company's business strategy. The company wants to maximise the impact of its communications services by creating shared value for both its business and society at large.

Bringing the benefits of mobile to as many people as possible entails focusing on continuous improvement by drawing on extensive experience, systematic risk mitigation and due diligence; as well as applying relevant international best practices, frameworks and standards. Supply chain sustainability, human rights and sustainable business practices in general will continue to be high on Telenor's agenda.

The Telenor Way defines the company's aspirations and sets the standard for how Telenor does sustainable business and adheres to responsible business practices. To secure sustainable corporate governance, Telenor seeks to ensure good and healthy business practices, reliable financial reporting and compliance with legislation and regulations across the Group. The Code of Conduct is Telenor's overarching business framework and the values define Telenor's culture, and guide its employees.

Privacy and data security

Human rights, privacy, data security and freedom of expression, as well as online safety are linked to Telenor's progression to become the customers' favourite partner in their digital life. Privacy, cyber-security and authority requests for access to communication data are complex and need to be handled by the industry and society. During 2015, Telenor continued its drive to contribute to industry-wide transparency on privacy matters, by publishing a legal and country-by-country overview on the number of authority requests for access to communication data and lawful interception. Telenor also established a new security strategy in 2015 supporting its privacy-related objective to protect both Telenor employees and customer data. For further details see Telenor Group's Sustainability and Corporate Governance Reports and www.telenor.com.

> Internet access is more than just a benefit: it's what empowers societies.

At Telenor, Internet for All, child online safety and digital responsibility are thought of as one and the same. Telenor continued during the year to actively run projects in all its business units to deliver safer experiences for children and young adults, making sure new internet users are prepared for connectivity. Telenor Group also supported world leaders in their commitment to reach the new UN Sustainable Development Goals. Telenor's ambition: to connect 200 million people to the internet by 2017, opening access to knowledge, opportunities and vital services that can bring a better future for everyone.

Internet for All

The 200-million customer milestone that was surpassed in December was driven largely by Telenor Group's six markets in Asia. The company's subscriber base has grown from 28 million to more than 200 million in 10 years. Eighty-six per cent of Telenor's customers are smartphone users, while 38 per cent active data users.

Telenor now aims to see all of these customers transition from a voice-centric past to an internet and digital-centric future in the coming years. Internet for All is not only about enabling use, it's also about giving people a good reason to go online.

Accommodating customers through this transition continues to be a strategic ambition of Telenor Group. The company sees this change in consumer behaviour as an opportunity for growth, but also as a challenge – as increasing connectivity changes the social and security-related landscape, as consumer demands evolve. Across all of Telenor Group's business units, partnering with customers at every stage of their digital journeys drives business activities and powers innovation.

Myanmar is a shining example of the impact mobile communications can have in the frontier markets of Asia. Telenor's goal is to deliver state-of-the-art telecommunication and internet services that will enrich the daily lives of the people across Myanmar. Telenor will contribute to Myanmar's economy and development by serving as a responsible corporate citizen and employer-of-choice, and by building vital infrastructure that will help modernise Myanmar's telecommunications sector and create long term value for all stakeholders and society.

Telenor Myanmar's first year of operations saw the company take in more than 12 million customers through attractive service offerings and a solid sales and distributions apparatus. Active data users already account for 52 per cent of the company's subscriber base. The full-year Ebitda margin was 40 per cent.

In Malaysia, Digi uses the power of the internet and digital services to further inspire advanced Malaysia. Among its 12 million customers, more than half are smartphone users and 62 per cent active data users.

In Thailand, dtac is going through a comprehensive turnaround process amidst a competitive market environment. The company serves a population with a large appetite for data services, and took nationwide steps to fill it in 2015. For the 25 million dtac subscribers, 2015 saw the expansion of dtac's 3G and launch of 4G networks in 40 metropolitan areas around Thailand, the Association of Southeast Asian Nations' (ASEAN) second-largest smartphone market.

Telenor India expanded its commitment to bring the best on value to its 42.6 million customers. In 2015, Telenor India announced a programme to modernize its complete network, including swapping its entire network of 23,625 base stations with state-of-the-art equipment by 2017, which will increase network efficiency and make the operation future ready to launch new technologies when completed. More than 5,000 sites were already swapped by the end of 2015.

Grameenphone continued its growth in 2015, following its 50-million customer milestone in 2014. The operation continues to be the largest in terms of customer numbers in Telenor Group. To accommodate this growth, Grameenphone is preparing for an ambitious network expansion covering all citizens in Bangladesh under its network. In 2015, active data users accounted for 28 per cent of its customer base.

Telenor Pakistan customers are rapidly digitizing and the company's share of the rapidly growing 3G market in Pakistan increased faster than its closest competitor in 2015. Pakistan witnessed its fastest growth of 3G and 4G users in 2015. Telenor Pakistan customers now stand at 34.6 million.

In Telenor's European operations including Scandinavia, the company continues to be focused on securing spectrum and upgrading networks and IT infrastructures, increasing smartphone penetration, stimulating usage through selected third-party and own developed services and growing profitability through data centric price plans.

In both Norway and Sweden, the appetite for data and new digital services continues to accelerate. The ability to match customer demands with relevant consumer offerings, delivered through superior network quality, continued to create value in Norway. In Sweden, some 76 per cent of subscribers are active data users, while 74 per cent of the company's Norwegian consumers are active data users.

Operational Efficiency

Telenor's ambition of EBITDA growth exceeding revenue growth does not only entail an increase in revenues, it also requires further cost control. To remain relevant to customers and stay competitive in a highly dynamic environment, Telenor is working continuously on being more cost efficient and operate smarter throughout its entire organization.

New operating models, granular performance management, the acceleration of technology efficiency and process simplification will allow the company to operate in a cost efficient way, and to focus its attention and resources on the most value creating activities.

Throughout 2015, Telenor Group continued to invest in networks, providing and developing relevant offerings and healthy pricing, and modernizing products, processes and IT systems and thereby reducing legacy costs. Telenor accelerated 3G and 4G investments in Thailand in 2015 to capture a sound data position, ramped up network investments in Myanmar to cater for strong demand trends and invested significantly in Norway's 4G network to reach a population coverage of more than 90 per cent by the end of 2015. Telenor achieved its target of gross savings of NOK 5 billion in the period 2013 to 2015. Total operating expenses were NOK 48.8 billion in 2015.

As in previous years, Telenor aims to improve energy efficiency of its networks as they represent around 80 per cent of the total energy consumption. The company's CO_2 emissions per end customer have over the last four years dropped by approximately 27 per cent.

Telenor drives operational excellence by leveraging the company's global footprint. Telenor is transforming its IT structure to become an enabler for superior customer experiences. Improving how the company runs IT is important to reduce cost and improve agility. The company will continue to focus on high quality networks, mobile, as well as user-friendly and engaging services & products.

Telenor continues to focus on having cost efficient operations with operational synergies across borders, efficiency improvements across its business units and global activities; including Global Shared Services, Global Sourcing, Global Backend, and Global Wholesale.

Through Telenor Global Shared Services, which delivers group-wide shared services within IT, Human Resources and Finance and Accounting, Telenor launched common IT infrastructure operations for its Asian entities in Bangladesh, Pakistan, Malaysia and Thailand. Synergies through a common outsourced shared payroll system are being realized for all Nordic business units through the launch in Sweden.

Telenor Common Operation, delivering network and IT services to the European businesses, now services six customers and has been in operation since 2012. Telenor also continued to deliver on its transformation programme in Denmark and Hungary, automating complex processes, introducing future-proof technology against shifting customer trends, and simplifying as well as reducing price plans and product offers.

In 2015, Telenor continued to implement its cluster-based model across the company's markets including Thailand and Myanmar. The localized model allows Telenor to collect information and adjust performance based on specific local issues. In addition, Telenor continued to utilise network sharing to improve its cost and quality position. Network sharing agreements are now in place in Denmark, Sweden and Hungary. After a successful network upgrade and renovation project earlier in the year, Telenor has started offering 4G services in Bulgaria.

Customers' favourite partner

Becoming the customers' favourite partner in their digital life is important for future value creation and growth. Mobile is expected to be the primary channel for consumers and Telenor will focus on leading customers into the digital space, creating superior and personalized experiences as well as digital engagement with customers. Deploying scalable and commercial models for financial and communication services, health, agriculture and education, as well as providing people with internet connectivity is an important catalyst for growth and development.

In October 2015, Telenor Group established the functions markets and technology to improve and develop customer experiences, and to secure that networks and IT systems are ready for future demands. Telenor also announced that its initiatives and partnerships in the digital arena will be gathered in a dedicated digital business area to better explore positions in new adjacent businesses.

Financial services

During the year, Telenor launched digital mobile money in its newest market Myanmar. Commercial testing commenced in December and financial services will be offered through 800 point-of-sales under the brand "Wave Money".

In Pakistan, via Easypaisa, Telenor has about 20 million active customers utilizing mobile money for person-to-person (P2P) payments, bill-payments and merchant payment. In Serbia, Telenor Banka is now providing full digital banking services to more than 100,000 customers. In August 2015, Telenor was granted a so-called payments bank license in India together with two partners, IDFC and Dilip Shanghvi.

> Driving innovation – we were one of the first to explore M2M technologies 15 years ago, and we continue to be the go-to connectivity partner for everything from cars to security alarms to city streetlights to even the family pet.

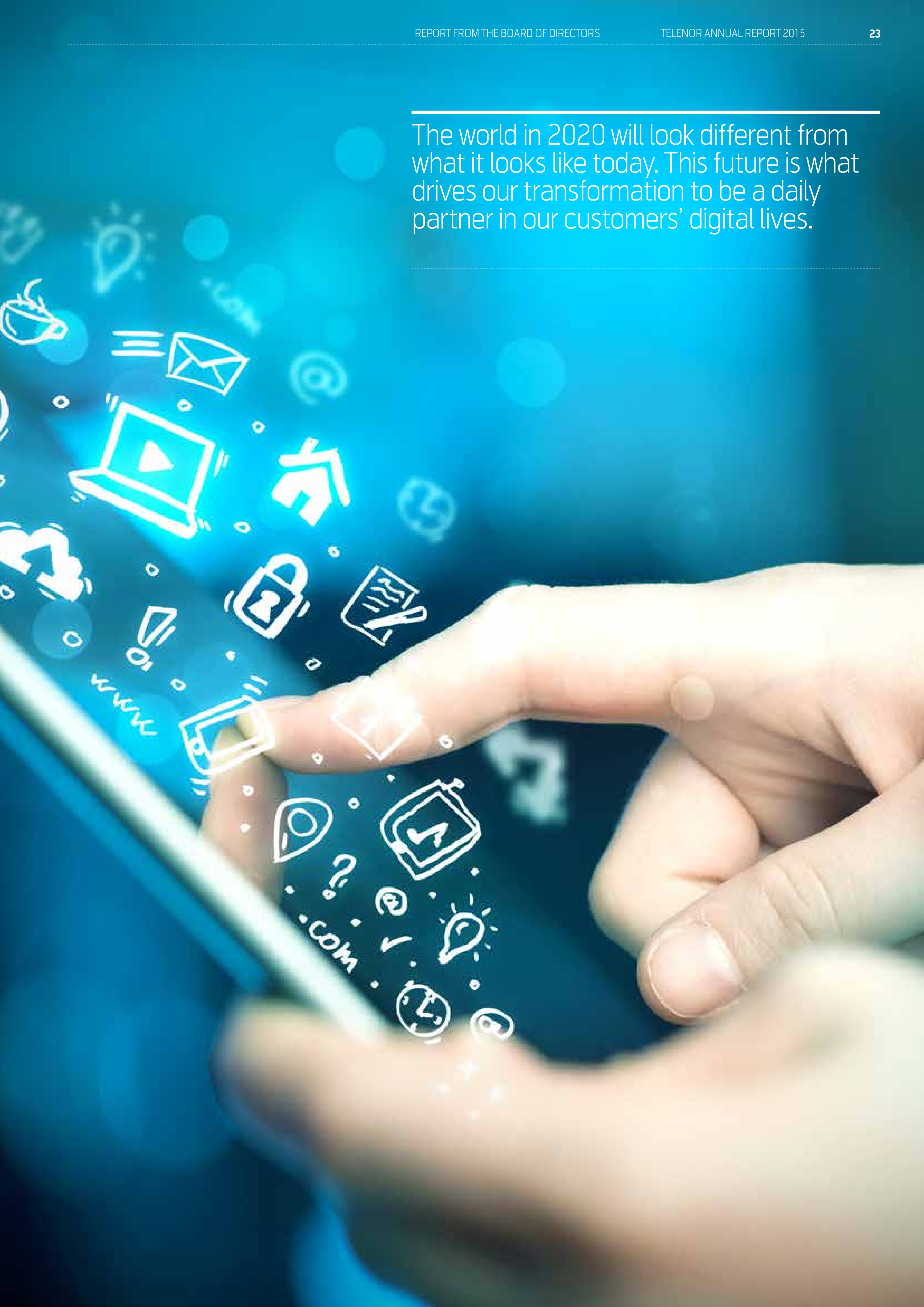
Home-grown services and partnerships

In 2015, cloud storage service Capture (Min Sky in Norway) passed 800,000 monthly active users and is now available in seven markets, with the highest uptake in Norway and Thailand. Video communication service appear.in, launched in 2013, has users in more than 190 countries.

Telenor's WoWBox, a mobile internet portal installed as an app on smartphones, was launched in May 2015 and had one million monthly active users at year-end. Telenor Connect ID, the company's global solution to authenticate end-users - offering easy access to all services - passed two million users at year-end.

Telenor Connexion, provider of connected business solutions, continued to deliver solid results within the Internet of Things segment and passed five million connected devices globally.

The world in 2020 will look different from what it looks like today. This future is what drives our transformation to be a daily partner in our customers' digital lives.



It's not enough just to enable access. We have to unleash its full potential to advance the way we live, work, learn, share, and solve global challenges. This is what we do, and why we exist.

Telenor Group continued its collaboration with its global strategic partners including Facebook, Youtube, Google, Opera, Wikipedia and Twitter, as well as UNICEF. The company also continued to drive its venture in online classifieds together with Schibsted ASA, Naspers Ltd. and Singapore Press Holdings Ltd.

Telenor acquired Tapad Inc. at the start of 2016 taking a position within the rapidly growing market for advertising technology, and securing important competence within digital marketing and analytics.

Research

Telenor Group's research unit plays a key role in providing insights and competences that enables Telenor to become a customer-centric software and data driven company. Contributions within customer insight, data analytics, machine learning, innovation, digital services, new technologies and market dynamics have been important throughout the year.

In 2015, Telenor conducted several studies to prepare the company for future trends and customer behavior. The surveys looked into the mobile internet habits of 16-35 year olds, and analyzed the trade-offs consumers make between privacy and personalized services. Researchers also made head-way in advanced methods of text analysis, used to understand and act in real-time on customer feedback from sources such as social media and Net Promoter Score.

Telenor also conducted a study in conjunction with the Harvard T.H. Chan School of Public Health, Oxford University, the U.S. Center for Disease Control, and the University of Peshawar, demonstrating the power of mobile data to predict and track the spread of epidemic disease, and part of Telenor Group's ambition to contribute to finding sustainable long-term solutions to social challenges, creating shared value for society and the company.

Telenor Research is also collaborating with

European research arenas on next generation mobile technology 5G and holds board positions in NetWorld 2020 and the 5G PPP Infrastructure Association. World leading research based on Artificial Intelligence has been applied and piloted on new innovative services.

Telenor also continued to build relationships with world leading international institutions, including Harvard, Massachusetts Institute of Technology (MIT), the EU as well as the Institute on Asian Consumer Insight. Research is also conducted through long term collaboration with Norwegian academia in the form of NHH, NTNU and the University of Oslo. In 2015, researchers at Telenor published 30 articles in peer reviewed journals and conferences – including one in Proceedings of the National Academy of Sciences, the second most cited journal in the world.

In 2015, Telenor spent NOK 3.4 billion on innovation in new infrastructure, services and processes, of which NOK 0.5 billion were costs related to research and development. The new satellite Thor 7 was a major investment in 2015. In comparison, the total spend on innovation was NOK 3.1 billion in 2014, of which NOK 0.5 billion were costs related to research and development.

Sustainability

Telenor is committed to the disclosure of its performance on material sustainability issues in-line with stakeholder expectations. Following a thorough assessment process involving stakeholder consultations and desktop research, a number of material sustainability issues were identified for reporting in 2015 based on the GRI G4 principles of materiality, clarity and balance. These material issues have been framed in the Sustainability Report respecting the requirements of the Norwegian Accounting Act, which are to report on policies, actions, results and ambitions in the areas of human rights, labour rights and social conditions, environment and anti-corruption where relevant. Please also see "Operating Responsibly" section on page 20 of the Board of Directors Report.

Following is the structure through which the Norwegian Accounting Act § 3-3c areas of reporting have been covered within the Sustainability Report 1) 'Anti-Corruption' under material topics Corporate Governance, Ethics & Anti-Corruption and Transparency & Stakeholder Engagement; 2) 'Social' under material topics Mobile Phones & Health, Child Online Safety, Economic Contribution to Society, Service Reliability, Digital Access & Outreach, Innovative Services & Programmes and Researching for Shared Value; 3) 'Environmental' under material topics Climate Change & Environment and Low Carbon Solutions; 4) 'Labour Rights' under material topics Labour Rights & Standards and Supply Chain Sustainability; 5) 'Human Rights' under material topics Human Rights and Privacy & Data Security and Freedom of Expression.

The report on how Telenor is delivering on its sustainability can be found in a separate and more detailed section of the Annual Report for 2015, see pages 43-67.

People

In 2015, Telenor Group focused on diversity, way of work, and learning and development of leaders and experts. Telenor continued its transition into a more expertise-driven company, aiming to attract talent with digital mindset and competence. At year-end, Telenor Group employed around 38,000 (the number of employees is the total number of full-time and part-time employees) people across its 13 markets. The company retains and actively recruits a diverse employee base, with about 30 per cent with international background in Telenor ASA at year-end. In Telenor Group, about 36 per cent of the employees are women (based on 35,000 employees). The percentage of women in top managerial positions in Telenor Group is 22 per cent.

Telenor aims to strengthen its competitiveness in the markets where it operates and to do so, the company relies on attracting and retaining the best leaders and experts from diverse backgrounds, and developing more women leaders. The company strives for greater gender diversity on all levels, and in 2015 set targets to reach 25 per cent women in top management positions in 2016, and 30 per cent by 2020.

> Our people and our culture are our strongest competitive advantages.

Telenor has established a number of initiatives to encourage diversity and develop more women leaders throughout the entire company, and all Telenor business units promoted gender diversity in the workplace in 2015. Telenor has reinforced its commitment to gender balance, and as part of this, top leaders across Telenor Group are measured on strengthening the women leadership pipeline.

In addition to measurement of its leaders, Telenor will continue to invest in programmes and initiatives to promote gender balance and diversity in the workplace, and in the societies where we operate. One example was Telenor's introduction of a six-month maternity leave as a minimum standard globally. This new policy is of particular benefit to Telenor's Asian business units, where local regulation in some of these markets entitles women to less than six months. In addition, Telenor has reinforced its requirements to ensure balanced representation among candidates for top leader positions. Another initiative towards gender diversity is Telenor's sponsorship of the Women Leadership Programme in Norway, with 50 per cent of the participants having a technology background.

In 2015, Telenor's operations in Sweden, Denmark, Norway and Pakistan, along with Grameenphone in Bangladesh, ran trainee programmes targeting top talents among graduate students from diverse educational backgrounds, of which 47 per cent of the candidates were women.

Telenor continues to operate its Telenor Open Mind and Telenor Integration programmes, making it easier for people with disabilities (either mentally or physically) and immigrants with higher education to enter employment. The programme offers comprehensive internship programmes with active coaching and mentoring. There is a global ambition to launch Open Mind (for people with disabilities) in all Telenor markets by the end of 2019. As of 2015, Open Mind has launched in Sweden, Pakistan, India and Bulgaria, in addition to Norway, with a total of 375 people inducted through the programme globally.

Winning teams create world-class customer experiences and great places to work.

Employee Engagement and Learning Programmes

Employee engagement continues to develop positively, as it has over the past five years. The level of engagement and enablement indicated by an employee survey places Telenor among the top performing companies globally, according to survey provider Hay Group's global benchmarks.

To enhance learning opportunities for all employees, Telenor runs an online learning environment that provides all employees access to Telenor's mandatory learning programmes such as anti-corruption and Code of Conduct, in addition to an open and comprehensive library of learning content. Telenor also revitalized its learning academies for leaders and experts.

Telenor also continued education on its cultural framework, the Telenor Way in 2015. To also strengthen the focus on ethics and the company's Code of Conduct, an online learning campaign was developed in 2015, and will be implemented for all employees globally in Q1 2016.

To ensure that Telenor continues to recruit the right leaders for the future and in response to new market and organizational challenges, the company decided to improve the recruitment process for senior leadership positions in 2015. The two main changes made to the process included the use of psychometrics in candidate evaluation and the introduction of a "People Committee" to support the final stage of the recruitment process. This committee is composed of the CEO, three Group Executive Management members and the senior vice president for Group Talent Management.

In 2015, Telenor renegotiated its global agreement with UNI Global Union, as a platform and framework for the company's dialogue on fundamental labour rights.

In 2015, the sickness absence rate for the entire Telenor Group was 1.44%.

Financial Information

Revenues in 2015 were NOK 128.2 billion; a reported growth of 15% compared to NOK 111.4 billion in 2014. The organic revenue growth of 5% was mainly the result of strong performance in the Myanmar operation. The reported revenue growth was higher than the organic revenue growth, due to the depreciation of the Norwegian Krone towards most of the business units' reporting currencies. Positive currency effects on revenues amounted to NOK 11.1 billion.

EBITDA[1] before other income and other expenses, increased by NOK 5.7 billion to NOK 44.2 billion, while the corresponding EBITDA margin of 34.5% remained stable, from 2014. The operations in Myanmar, Pakistan, Bangladesh and India contributed positively while the European operations, Thailand and Malaysia had a dilutive effect on the EBITDA margin.

The operating profit was NOK 22.8 billion compared to NOK 24.9 billion in 2014. The decrease is explained by the impairment in Telenor Denmark of NOK 2.1 billion and higher depreciation and amortization more than offsetting the improved EBITDA. Profit before taxes was NOK 13.0 billion compared to NOK 19.4 billion in 2014. Share of net income of associated companies was impacted by VimpelCom Ltd.'s financial results which contributed a loss of NOK 1.7 billion to Telenor's financial results, including NOK 2.4 billion for Telenor's share of provision recognized by VimpelCom for investigations related to Uzbekistan. In addition, an impairment loss of NOK 5.5 billion has been charged to the income statement during 2015. Consequently, Telenor's share of net income from associated companies in 2015 was NOK -7.1 billion compared to NOK -3.8 billion in 2014. Net financial expenses increased to NOK 2.9 billion from NOK 1.7 billion in 2014. Income taxes in 2015 were NOK 6.3 billion, down from NOK 6.6 billion in 2014, corresponding to an effective tax rate of 48.5% and 34.1%, respectively. Net income to shareholders of Telenor ASA in 2015 was NOK 3.4 billion, or NOK 2.27 per share. The corresponding figure for 2014 was a net income of NOK 9.1 billion, or NOK 6.03 per share.

Total investments in 2015 amounted to NOK 25.7 billion, of which NOK 25.2 billion were capital expenditure (capex) and NOK 0.5 billion were investments in businesses. The total capex increased by NOK 2.2 billion compared to 2014. When excluding investments in new spectrum and licences in 2015 of NOK 1.6 billion in total, capex increased by NOK 6.2 billion. Capital expenditure as a proportion of revenues,

[1] See definition and reconciliation of EBITDA in note 5 to the consolidated financial statements

Norway – robust and resilient infrastructure

2015 was the year of modernisation and technology upgrade for Telenor in Norway, making the nation's infrastructure more robust, secure and resilient, through better coverage and higher speeds. The company's modernisation processes are progressing according to plan.

Increasing mobile data consumption is supported by strong growth in 4G coverage and 4G devices. Telenor continued to expand its 4G network across the country reaching 93 per cent population coverage in 2015. Additionally, 4G+ was launched in March and at the end of 2015 over 330 municipalities had 4G+. The modern 4G mobile network allows for new innovations, and as a result Telenor launched 4G Voice (VoLTE) in December. Telenor Norway also won 2x10 MHz in the 1800 spectrum auction of which 2x15 was available, which will be incremental for Telenor Norway to pursue its ambition of upgrading all its 2G base stations to 4G in early 2018.

The fixed network was also upgraded and revamped in 2015, and the work will continue in 2016. As businesses and society are becoming increasingly digital and are using cloud systems, Telenor needs to invest more in infrastructure. The investments bring fibre technology closer to the home and upgrade speed on: fibre, copper and coax.

As increasing parts of society are digitised, investing in security becomes even more important. Telenor is responsible for over 80 per cent of Norway's total traffic. Ensuring this traffic is secure, is a top priority for Telenor, both when it comes to robustness and cyber security.

Investing in infrastructure allows municipalities to digitalise more efficiently in years to come. In 2015, Telenor started its smart municipality initiative, which uses smart intelligence and network analytics to help municipalities with digital strategies within healthcare, waste management and traffic control.

Norway is undergoing the biggest digital transformation for citizens and government in the country's history, across many municipalities.

excluding licences and spectrum, increased from 15.6% in 2014 to 18.4% in 2015.

Net cash inflow from operating activities during 2015 was NOK 37.1 billion, an increase of NOK 3.3 billion compared to 2014, mainly due to an increase in EBITDA of NOK 2.8 billion and working capital improvement of NOK 0.4 billion.

Net cash outflow to investing activities during 2015 was NOK -20.3 billion, a decrease of NOK -0.7 billion compared to 2014. The decrease is mainly explained by the acquisition of Tele2's internet and cable business in Sweden of NOK -0.7 billion during 2014.

Net cash outflow to financing activities during 2015 was NOK -15.0 billion. This is mainly explained by dividends paid to shareholders in Telenor ASA of NOK -10.7 billion, dividends paid to minority interest of NOK -3.8 billion and net repayments of borrowings of NOK -0.5 billion.

Cash and cash equivalents (including bank overdraft) increased by NOK 1.9 billion during 2015 to NOK 13.8 billion as of 31 December 2015.

During 2015, total assets increased by NOK 11.1 billion to NOK 204.9 billion. The increase is mainly due to investments in network and the weakening of the Norwegian Krone against most relevant currencies, partly offset by the reduction in the carrying amount of VimpelCom Ltd. VimpelCom Ltd.'s carrying amount reduced, due to Telenor's share of negative results of VimpelCom Ltd. and an impairment loss recognized, based on the market value. See note 19 for further information related to VimpelCom Ltd.

Net interest bearing liabilities increased by NOK 7.3 billion to NOK 54.1 billion. Interest bearing liabilities excluding licences increased with NOK 8.9 billion, while fair value of hedging instruments decreased with NOK 0.3 billion. This was partly offset by an increase in cash and cash equivalents (including bank overdraft) of NOK 1.9 billion.

Total equity decreased by NOK 5.4 billion to NOK 63.1 billion, mainly due to dividends to shareholders of Telenor ASA and non-controlling interests of NOK 14.8 billion and share of net negative equity adjustments in associated companies of NOK 1.6 billion. These effects were partly offset by a positive net income from operations of NOK 6.7 billion, positive currency translation effects of NOK 3.5 billion and pension re-measurement of NOK 0.9 billion.

At the end of 2015, total assets in the consolidated statement of financial position amounted to NOK 204.9 billion, with an equity ratio (including non-controlling interests) of 31% compared to NOK 193.8 billion and 35%, respectively, at the end of 2014. Total non-current liabilities at the end of 2015 were NOK 76.8 billion compared to NOK 72.6 billion at the end of 2014. Net interest-bearing liabilities excluding licence commitments increased from NOK 46.8 billion at the end of 2014 to NOK 54.1 billion by the end of 2015. Dividends of NOK 10.7 billion were paid out to shareholders of Telenor ASA. In the Board's view, Telenor Group has a satisfactory financial position. In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis.

Telenor's Annual Report for 2014 contained a financial outlook for 2015 which was later specified and updated in the quarterly reports. The full year results were in line with the organic revenue growth and EBITDA margin outlook, while capex to sales for the year was somewhat higher.

Telenor Group Operations

Telenor Group operates in seven European countries and six countries in Asia. In addition, Telenor Group also holds an economic stake of 33.05% in VimpelCom Ltd. The operations in Norway, Denmark and Sweden offer fixed telecommunication services in addition to mobile services. The Group's core business also includes Telenor Broadcast, which holds a leading position in the Nordic market for TV services and satellite broadcasting. In addition, Telenor is involved in the classifieds industry in South East Asia and South America through a joint venture with Schibsted.

Please note that all comments below are based on the development in local currency for 2015 compared to 2014, unless otherwise stated. EBITDA is EBITDA before other income and other expenses, unless otherwise stated.

Norway

The Norwegian mobile market was characterised by a strong increase in data consumption driven by the 4G network rollout and increasing 4G handset penetration. The total subscription base fell 2% from fewer data cards and prepaid subscriptions, whereas the contract subscriber base increased by 2%, ending the year with a total subscription base slightly below 3.2 million. The share of active data users increased to 74% and the median data usage increased by more than 50% compared to the previous year.

Total revenues increased by 1%. Revenues from the mobile operation increased by 5%, mainly due to customers choosing tariffs with larger data buckets, higher share of contract subscriptions and higher handset sales, more than offsetting reduced wholesale revenues. Fixed revenues decreased by 3% as increased revenues from TV and data services were offset by the continuing decline in fixed telephony and wholesale revenues. The EBITDA margin decreased by 1 percentage point to 42%, as the growth in mobile service revenues was offset by declining contribution from high-margin mobile wholesale and fixed telephony revenues. In 2015, Telenor Norway invested more than NOK 4.8 billion in infrastructure for fixed and mobile services, in addition to acquiring a license for 2x10 MHz in the 1800 MHz frequency for NOK 595 million. Throughout the year, Telenor Norway increased the total number of high-speed fixed broadband connections by 66,000 to 544,000, whereas total fixed broadband connections remained stable at 854,000.

Sweden

Telenor Sweden reported 3% organic revenue growth in 2015, following continued focus on promoting data centric mobile subscriptions. Swedish mobile consumers are among the most sophisticated in the world, with wide access to high-speed networks. The smartphone penetration in Telenor Sweden's customer base is close to 90%, while the median data consumption for a smartphone user is 1.2 GB per month. Telenor Sweden ended the year with 2.5 million subscriptions, with 76% being active data users. Revenues in local currency from the mobile operation increased by 5%, driven by higher subscription and traffic revenues in the consumer segment and higher device sales, through targeted bundles. In the fixed segment, revenues in local currency declined by 3% due to a continued reduction in the number of telephony and DSL subscriptions, while the number of high-speed fibre connections increased by 41,000 in 2015. The EBITDA margin declined 1 percentage point to 29% in 2015, mainly due to higher sales of low margin handsets. Capital expenditure was primarily related to network improvements and upgrades in Telenor Sweden's home network, and increased 4G coverage through the infrastructure joint operation Net4Mobility.

Denmark

Telenor and TeliaSonera withdrew from the earlier announced joint venture talks in the autumn of 2015. A turnaround process has been initiated following this decision. However, the outlook for the Danish telecom market remains challenging, and in the fourth quarter of 2015, tangible and intangible assets in the amount of NOK 2.1 billion were impaired. See note 16 for details.

The Danish telecommunication market is fully saturated and competition is fierce, with four existing MNOs and a number of service providers. Telenor Denmark experienced a 2% subscription loss during 2015, mainly in the consumer segment. At the end of 2015, Telenor Denmark had 2.0 million mobile subscriptions of which 68% were active data users. Total revenues, as well as mobile revenues in local currency, decreased by 2%, mainly due to reduced retail prices together with lower inter-connect rates and roaming charges. As a result of a decreased number of telephony and internet subscriptions, revenues in the fixed line operation declined by 7%. The EBITDA margin decreased by 3 percentage points to 11% following lower revenues, together with 4% higher operating expenditures. Capital expenditure was 10% less than in the previous year, due to the effects from the network sharing agreement. In Denmark, Telenor has a network and spectrum sharing agreement with Telia for all technologies through the infrastructure joint venture TT Netværket P/S.

Hungary

At the end of 2015, Telenor Hungary had 3.2 million mobile subscriptions, of which 47% were active data users. Revenues in local currency were stable compared to last year. 9% of total revenues were related to the sale of mobile phones. The EBITDA margin in 2015 was 31%, a 2 percentage point decrease compared to 2014, caused by higher operating expenditure. Capital expenditure decreased by 20% following less network investments, as a consequence of a network sharing agreement with Magyar Telekom.

Bulgaria

In December 2015, Telenor Bulgaria launched their 4G network and reached 57% population coverage at year-end. At the end of 2015, Telenor Bulgaria had slightly below 3.6 million mobile subscriptions, of which 40% were active data users. Total revenues for 2015 in local currency increased by 1% mainly driven by increased interconnection and handset revenues. EBITDA in local currency increased by 2% while the EBITDA margin was stable mainly as a result of efficiency programmes. Capital expenditure was mainly related to network rollout, rebranding of stores and the launch of LTE.

Montenegro & Serbia

Telenor in Montenegro and Serbia ended 2015 with 3.4 million mobile subscriptions, and a share of active data users in Montenegro and Serbia of 43% and 48%, respectively. In Serbia, Telenor Banka had 46,000 active bank customers by the end of the year. Revenue in local currency increased by 6%, driven by interconnect on SMS in Serbia, handset revenues and fixed wholesale revenues. The EBITDA margin decreased by 2 percentage points to 35% mainly driven by growth in low margin revenues. Capital expenditure was mainly related to network rollout, transformation of IS/IT systems and new technical premises in Montenegro. In Serbia, the 3G population coverage increased to 90% while 4G launched in the first quarter, reached 6% of the population by year-end. The 4G population coverage in Montenegro has been 40% for the whole year. NOK 378 million was paid for both 2x10 MHz in the 800 MHz spectrum in Serbia and licence in the 1800 MHz frequency band.

dtac - Thailand

The strong growth in demand for high-speed data continued and by the end of 2015, more than 14 million or 56% of dtac's subscriber base were active data users. The Thai telecom regulator NBTC announced a requirement that mobile operators must register existing prepaid subscribers by 31 July 2015. This requirement impacted dtac's subscriber base negatively by approximately 1.3 million subscribers, and the total subscriber base declined by 2.8 million subscribers to 25.3 million at the end of 2015. Revenues in local currency decreased by 3% driven by reduced subscription revenues and lower interconnect rates following rate reduction from 1 July. The full year EBITDA margin was 32%, a 2 percentage points decline from 2014 driven mainly by increased sales of subsidised mobile phones, partly offset by lower regulatory cost. Capital expenditure increased significantly related to a

People and machines are creating and sharing more information than ever. Societies and economies are expecting more from the internet than ever, along with the services that rely on it. Mobile is at the center of this rapidly evolving digital world.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Business Strategy

programme to improve network perception. During the last quarter of 2015, the regulator NBTC, held two spectrum auctions for 900MHz and 1800MHz outside the legacy concession regime with high revenue share cost. The auctions reached record-high price levels and 1800MHz spectrum was awarded to number one operator AIS and number three operator TRUE while 900MHz spectrum was won by TRUE and the fixed-line operator JASMINE.

Digi - Malaysia

Strong demand for smartphones, mobile data services and large volumes of international traffic are some of the key characteristics of the Malaysian market. During 2015, Digi further strengthened its network capabilities with higher transmission capacities and extended high speed coverage, and has taken a strong position on 4G. Competition increased significantly during the year, with aggressive offers on both domestic and international services. The weakening of the Malaysian Ringgit exercised further pressure on international traffic margins and reduced purchasing power among Malaysia's large migrant population. By year-end, Digi's mobile subscriber base reached 12.1 million, of which 62% were active internet users. Revenues in local currency decreased by 1% caused by reduced handset sales and reduced interconnect rates. The EBITDA margin decreased by 1 percentage point to 44% due to price competition and currency effects on international voice traffic, as well as higher operating expenditures. Capital expenditure was mainly related to expansion of network coverage and capacity, backhaul transmission and modernisation of IT systems.

Grameenphone - Bangladesh

Grameenphone continued the strong growth and added 10% more subscriptions during 2015, reaching more than 56 million by year-end. However with a real mobile penetration estimated at 50% there is still large untapped growth potential. After the successful launch of 3G services, Grameenphone has focused the initiatives on driving data growth. Through a continued effort to build internet awareness, offering affordable 3G phones and promoting content services, as many as 28% of Grameenphone's subscribers are now active data users. Total revenues in local currency increased by 2% and the EBITDA margin continue to be strong at 53%. Capital expenditure, excluding licences and spectrum, increased by 27% following the continued rollout of 3G coverage, whereby expanding the 3G population coverage to above 70% and the estimated smartphone penetration to around 20%.

Pakistan

In the beginning of 2015, Pakistan's telecom operators had to biometrically verify their complete customer base and disconnect all unverified SIM cards. During the verification period, restrictions on new SIM sales through retail channels were enforced. This resulted in a 5% reduction of the subscription base to 34.6 million at the end of the year. 34% of Telenor Pakistan's subscription base were active data users and the smartphone penetration is estimated to be around 18%.Total revenues in local currency, increased by 6% driven by continued data usage, coupled with strong growth in mobile financial services and incoming international traffic. Revenues from mobile financial services constituted 11% of Telenor Pakistan's total revenues, through services ranging from money transfers, government disbursement programmes, ATM cards, insurance products and mobile accounts. The EBITDA margin improved by 4 percentage points to 41%. Capital expenditure was focused towards the continued rollout of the 3G network during the year, whereby expanding the 3G population coverage to 46%.

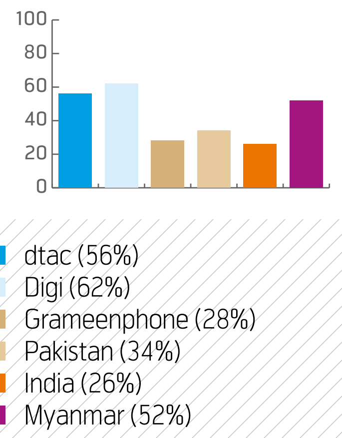
India

The Indian operation changed its name from Uninor to Telenor in September 2015. At the end of 2015, the Indian operation had 42.6 million mobile subscriptions, an increase of 6 million from the year before. 26% of the customers were active data users. Revenues for 2015 in local currency increased by 9%, driven by the increase in subscriptions and partly offset by lower usage and the lowered interconnect rates. With effect from 1 March the Indian Telecom Regulator (TRAI) reduced the interconnect rates by 30%. This had a negative impact on revenues, but a positive impact on the gross margin, as a result of the traffic balance. EBITDA improved from NOK -422 million in 2014 to NOK -47 million in 2015 as a result of the revenue growth, the reduction in interconnect rates and strengthened focus on operational efficiency. A project to modernise the network was initiated in 2015. This impacted the capex for the year as well as accelerated depreciations of current network assets.

Myanmar

The Myanmar operation had its first full year of operation in 2015, following the launch of operations in September 2014. Telenor Myanmar added a total of 10.3 million mobile subscriptions in 2015, ending the year with 13.7 million, of which 52% were active data users. The strong growth in subscriptions came as a result of an aggressive rollout of network coverage, with almost 4,200 sites on air, as well as a solid network of retailers across the country, with approximately 68,000 points of sales at the end of 2015. Total revenues were NOK 4.8 billion for 2015 compared to NOK 290 million in 2014. The EBITDA margin came in at 40% for the full year on the back of strong

ACTIVE DATA USERS IN ASIA



revenue growth, positive traffic balance and disciplined cost management. Capex was high at almost NOK 2.8 billion due to the investments in coverage and capacity in order to cater for the surge in traffic volumes and to connect extended parts of the Myanmar population. In July 2015, Telenor Myanmar exercised an option in its license contract to acquire additional 2x5 MHz of spectrum in the 2.1 GHz frequency band, at an exercise price of USD 75 million.

Broadcast

In the Nordic market for TV services, Telenor Broadcast maintained its leading position in 2015. Revenues decreased by 1%, or 4 % excluding currency effects, mainly due to the divested company, Conax, which was included in the first quarter last year. EBITDA increased by 4%, and the EBITDA margin widened by 1 percentage point to 33%. A new satellite, Thor 7, was launched in April 2015, and was the main reason for the increase in capital expenditure.

VimpelCom

Telenor holds a 33.05% economic stake in VimpelCom Ltd. ("VimpelCom"). This minority stake is included as an associated company in Telenor's financial reporting. In 2015, VimpelCom's financial results contributed a loss of NOK 1.7 billion to Telenor's financial results which includes NOK 2.4 billion for Telenor's share of provision recognized by VimpelCom for investigations related to Uzbekistan. In addition, Telenor recognized an impairment loss of NOK 5.5 billion based on the market value of VimpelCom shares pursuant to Group's announcement of its decision to divest its shareholding in VimpelCom.

Since 2013, Telenor's economic and voting interest has remained unchanged at 33.05% and 43% respectively. VimpelCom has gradually contributed less to the value of Telenor Group, and the value of Telenor's core operations have increased rapidly. The market value of the VimpelCom shares represents approximately 8 per cent of Telenor's market capitalization as of 31 December 2015. Since its entrance, Telenor Group has invested a total of NOK 15 billion in VimpelCom and has received a total of NOK 20 billion in dividends. The market value of Telenor's ownership stake in VimpelCom is approximately NOK 16.7 billion as of 31 December 2015.

On 5 October 2015, Telenor Group announced its intention to divest all its shares in VimpelCom. Telenor Group will explore options to divest its shares in VimpelCom, and will seek to find the best solution for Telenor and its shareholders. A timeframe for divestment has not been set.

On 12 March 2014, VimpelCom announced that it is under investigation by both the U.S. Securities and Exchange Commission ("SEC") and Dutch authorities related to its operations in Uzbekistan, including relations with Takilant Ltd. On 18 March 2014, VimpelCom reported that it is also under investigation by the U.S. Department of Justice ("DoJ") related to the same issues. VimpelCom further reported that there can be no assurance that the investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in these or other jurisdictions, or that there will not be litigation commenced against VimpelCom.

On 3 November 2015, VimpelCom announced that it will make a provision of USD 900 million in their third quarter financial statements for a resolution of the investigations into VimpelCom's business in Uzbekistan and prior dealings with Takilant.

On 18 February2016, VimpelCom, US and Dutch authorities announced that VimpelCom Ltd. and VimpelCom's Uzbek subsidiary Unitel LLC (VimpelCom) had entered into global foreign bribery resolutions with US and Dutch authorities after investigations relating to VimpelCom's business in Uzbekistan and prior dealings with Takilant. VimpelCom admitted to bribery and violation of books and records rules and will as part of the settlement agreements pay an aggregate of USD 795 million in fines and disgorgements to US and Dutch authorities, and retain an independent corporate monitor for at least three years. The relevant settlement agreements have been approved by the authorities. The fines are within the provision that VimpelCom has previously made for this purpose.

As a minority shareholder, Telenor has fully cooperated as a witness with the authorities' investigations into VimpelCom. Corruption is unacceptable and it is very serious that VimpelCom has admitted to violations of the US Foreign Corruption Practices Act and relevant Dutch Laws.

The international investigation of VimpelCom Ltd. has raised questions around Telenor's corporate governance principles and mechanisms for minority stakes.

On 5 November 2015, the Telenor Board of Directors engaged Deloitte Advokatfirma AS (Deloitte) to perform a review of Telenor's handling and oversight of the minority ownership in VimpelCom. The review will focus on Telenor's handling of its ownership in VimpelCom which covers the Telenor nominees on the VimpelCom Supervisory Board and Telenor's follow-up as a shareholder. In addition, the review will cover actions and decisions by Telenor nominees and Telenor employees in relation to VimpelCom's investment in Uzbekistan. The review will assess facts and identify learning points for future governance and organization of Telenor's ownerships. This would cover both the formal governance structure and the practical handling of the ownerships. The review will cover the period from 2005. The key findings of the review will be made public. Telenor temporarily relieved two executives and two former Telenor nominees to the VimpelCom Supervisory Board of their responsibilities while the review is ongoing.

Telenor provides information relating to the VimpelCom investigations on www.telenor.com/media/in-focus/vimpelcom-ltd/vimpelcom-investigation. Further information on the formation of VimpelCom together with historical background is publicly available on www.telenor.com/media/in-focus/vimpelcom-ltd.

Risk Factors

When operating across multiple markets, Telenor Group is exposed to a range of financial, regulatory, operational, industry and reputational risks that may adversely affect the business. See also note 3 for critical accounting judgments and key sources of estimation uncertainty, note 28 for managing capital and financial risk management and note 33 for legal disputes and contingencies.

Risk Management

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values and codes and conducts. Risk management is integrated within the Group's annual strategy planning process, and key risks highlighted therein by business units are tracked through various Group review processes. Business units report their strategic risk matrix in their annual strategy plan, based on a thorough risk assessment process.

Group Strategy aggregates risks from the business unit strategy plans, analyses other significant risks across the Group and presents Telenor's strategic risks to the Group Executive Management, the Audit Committee and ultimately to the Board of Directors. Each business unit is responsible for updating their company level risk register on a regular basis. Business units provide quarterly updates to strategic risks reported in the strategy plan and also report key strategic risks that have emerged, including the status of actions to mitigate the risks. Business units are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day to day business processes.

Telenor Group's corporate governance principles and practices are the framework by which the Telenor Group governs and controls its business.

Telenor is focused on continuous improvement of risk management processes and will in 2016 initiate the rollout and implementation of an enterprise-wide risk management process based on a Governance, Risk and Control tool, GRACE. The purpose is to improve assessment, monitoring and reporting of risks by linking risks to relevant policies and emphasizing on mitigation control and follow-up.

Financial Risk

Financial risks are continuously monitored and analysed. Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. Measures are taken to mitigate these risks and reduce the probability for financial losses.

Telenor Group is exposed to credit risk mainly through accounts receivable, deposits with financial institutions and financial derivatives. In 2015, Telenor Group had no credit losses due to defaults of financial institutions.

Financial flexibility is a key priority for Telenor Group. The liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. As at 31 December 2015, Telenor's net debt/ EBITDA ratio was 1.25. This is well within the cap of 2.0x as stated in the financial policy.

73% of the Group's revenues are derived from operations with a functional currency other than the Norwegian krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian kroner. Telenor Group seeks to hedge its net investment in non-Norwegian operations by allocating currency debt according to relevant equity market values and market capabilities. The most significant debt currencies for the Group are Euros, US dollars, Swedish krona, Thai baht and Malaysian ringgits.

Exchange rate risk exists when Telenor ASA or any of its subsidiaries enter into transactions in foreign currencies.

Committed cash flows in foreign currencies equivalent to NOK 50 million or more are hedged if feasible.

The Group is exposed to fluctuations in interest rates through funding and liquidity management activities. Telenor's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval from 0 to 5 years. The duration was 1.6 years as of 31 December 2015. The risk is managed using both fixed and floating rate debt, as well as interest rate derivatives.

Regulatory Risk

Telenor Group's operations are subject to extensive regulatory requirements. Unfavourable regulatory developments and regulatory uncertainty could adversely affect the Group's results and business prospects, see also note 33 Consolidated Financial Statements.

In several of the countries where Telenor Group operates, the government has imposed sector specific taxes and levies, as a measure to improve state finances. The introduction of, or increase in, sector specific taxes and levies may adversely impact the Group's business.

Telenor Group depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. Spectrum processes, including renewal of existing spectrum licences in some markets, are expected over the next 1–3 years. If the Group is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this might impact the Group's business strategy, and/or the Group could be required to make additional investments to maximize the utilisation of existing spectrum.

In most of the countries where the Group operates, the wholesale market (e.g. copper and fibre access, MTR, site sharing etc.) is to some extent regulated. Changes to terms and conditions for wholesale access (including regulated prices) may negatively impact the Group's business. Furthermore, the transition from voice to data services is influenced by a number of regulatory levers, e.g. MTR levels and net neutrality provisions.

In Norway, the EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated on 4 December 2012 an investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices in the Norwegian mobile market. Both investigations are still ongoing. A Statement of Objections (SO) was issued by EFTA Surveillance Authority (ESA) on 1 February 2016.

Several governments and regulators have taken an increased interest in regulating cross-border data transfer, which might negatively influence Telenor's operations. Similarly, increased consumer and regulatory interest in privacy and data retention could negatively impact the company's operations.

The European Union has in 2015 initiated a review of the EU's regulatory framework for electronic communications – a series of rules which apply throughout the EU/EEA Member States. Changes to these rules will have a direct impact on Telenor operations in Europe.

In Bangladesh, the regulator has initiated an audit of Grameenphone's compliance with laws and regulations for the tenure of the company's license. The audit is expected to take place during 2016 and the outcome of the audit may have negative operational and financial impact on Grameenphone.

Further, the government has required the industry to verify the identity of existing subscribers through a biometrical verification system before April 30, 2016. The SIM verification requirement could have a significant operational and financial impact on Grameenphone.

In Myanmar, investment frameworks are still in development and weak institutional capacity remains a challenge. Further, not meeting the license obligations in the mobile license constitutes a risk.

In Thailand, following the change in government in May 2014, the laws governing the telecommunications sector are being revised by the new government. Changes to existing laws and regulations could have a negative impact on dtac's operations. In addition, the Foreign Dominance regulations constitute a risk despite the matter being subject to discussion at the Council for Trade in Services (WTO) in Geneva.

dtac has a dispute with TOT related to payment of Access Charges to TOT. dtac is of the opinion that the Interconnection Charge regime in force since May 2006 replaces the previous Access Charge regime, and that the claim from TOT is without merit.

Further, CAT and dtac have a number of disputes and disagreements over understanding and reach of the concession agreements. This also includes how the new 3G regime is to be understood in relation to the concession agreements. dtac is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that dtac is operating in violation of concession agreements.

Operational Risk

The introduction of new business models and technologies in the telecom sector may lead to structural changes and different competitive dynamics within the industry. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, has the potential to impact the Group's position in the value chain, service offerings and customer relationships. This may adversely impact the Group's results of operations.

Telenor Group's portfolio of companies competes on several dimensions, e.g. product portfolio, price, network quality, network coverage, reliability, sales, distribution and service differentiation.

Revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Telenor Group's ability to attract or retain customers may be impaired.

The quality and reliability of Telenor Group's telecommunications services depends on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions, including interruptions coming from cyber security attacks. Repeated, prolonged or catastrophic network or IT system failures could damage the Group's reputation and ability to attract and retain subscribers. Telenor Group depends on key suppliers and third-party providers for supply and maintenance of equipment and services that the company needs to develop its network and operate its business. Problems that manifest in relation to the supply chain may adversely affect the Group's business and results of operations.

Telenor Group's local partners or other co-shareholders may fail to adequately support the companies in which Telenor has invested or disagree with the Group's strategy and business plans. This may prevent these companies from operating or competing effectively and temporarily or permanently reduce the Group's cash flow from these companies.

Across Telenor Group's portfolio of operations there is depth of experience and knowledge on a broad range of market-related, technical and partner engagement matters that have direct relevance beyond individual business units. Inability to leverage this asset across the Group may contribute to sub-optimisation.

Telenor Group handles substantial volumes of confidential information. Loss, mismanagement or unauthorized disclosure of such information, adversely affect the Group's business and reputation.

Concern has been expressed that electromagnetic signals from mobile handsets and base stations may pose health risks. Any substantiation of such claims may adversely affect the Group's business and results of operations.

The growing scale of Telenor Group's international operations brings with it the potential for exposure to fraud and corruption, both internally and among external stakeholders who may have a differing set of business values from those under which Telenor Group operates. Failure to adhere to the values that Telenor Group commits to in the company's global operations may damage customer perception of the Telenor brand as well as adversely impact the Group's results of operations.

Telenor Group operates in countries where there is a history of political instability and violence. Any recurrence or escalation of such events, including social unrest, terrorist attacks and war, may prevent the Group from operating its business effectively. Telenor Group actively monitors the environments in the countries where it operates and takes additional steps to protect its employees, assets and overall business when necessary. Crisis management is practiced in Telenor, and the company prioritises the safety of its employees in the event of an emergency.

Sustainability risk

Governance and human rights related risks of working in emerging markets will continue to fare high on the wider telecommunication industry agenda. From a Telenor perspective, one of the main challenges related to respecting human rights will remain privacy and freedom of expression particularly due to potential authority misuse of access to telecom data and networks. Telenor sees that while telecommunications enable the exchange of ideas and expression of opinions, occasions where governments request access to Telenor's data and networks may sometimes present human rights risks. In addition, the challenging business environment of relatively new investment markets such as Myanmar continues to present risks in respecting human rights.

Telenor also acknowledges that while the rapid pace at which children and young people are accessing online content in Telenor markets enables sharing, engaging, learning and entertainment, the risk that children will be exposed to undesirable externalities and have negative experiences and encounters online remains real.

Telenor Group is a multinational company with operations in very different markets. Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Some of the markets in which Telenor operates are emerging economies with potentially complex and sensitive political and social contexts, including markets associated with high corruption risks. This creates challenges that require robust, targeted measures to mitigate such risks. Telenor believes that taking a risk-based approach to mitigate specific local risks and challenges is key to ensuring implementation of Telenor's ethical standard and zero tolerance policy on corruption in all of the company's markets. All local Telenor companies have a responsibility to conduct regular risk assessments. Risks shall be responded to with the adaptation and implementation of remediating measures to ensure that risks are managed in accordance with Telenor's ethical standards.

Scientists and researchers continue to investigate the possibility that EMFs generated by mobile technology could have detrimental health effects. Telenor is confident in, and refers to, the World Health Organization, which has stated that: 'To date, no adverse health effects have been established as being caused by mobile phone use.' Nevertheless, Telenor is respectful of anyone coming forward with concerns for their health or that of their families.

Telenor strives for high standards and continuous improvement in its own operations and throughout the entire supply chain. It is increasingly important for its business units to be vigilant and systematic in their efforts to engage with their supply chains to ensure responsible business conduct where there are risks for breach of internationally recognized standards related to human rights, health and safety, labour rights, environment and anti-corruption. Capacity building and monitoring of suppliers to ensure long term risk reduction will therefore continue to be a prioritised activity.

In terms of climate-related regulatory risks, the mobile industry may face higher operational cost due to increasing carbon taxes and energy/ fuel taxes as well as higher capital cost due to a required shift towards more energy efficient technology and renewable energy solutions. However, the risk for Telenor in short to medium term is moderate due to low direct carbon emissions per customer from our operations.

Climate-related physical risks include potential risks to telecoms and utility infrastructure such as increase in the frequency and intensity of storms, increase in the frequency and intensity of floods, increase in temperature, and sea level rise. The impact of climate change is expected to be greatest in Telenor's countries of operation in Asia.

Growing demand for ICT products and devices, and their increasingly short lifespans, has resulted in electronic waste becoming one of the fastest growing waste streams globally. E-waste contains toxic materials that may present health hazards and the industry runs the risk of environmental damage through land contamination or water and air pollution as well as not being compliant to international standards and regulations.

Shares and Shareholder issues

The Telenor share is listed on the Oslo Stock Exchange (OSE). Including reinvested dividends, the total return of the Telenor share was 2% in 2015, whereas the benchmark index STOXX Europe 600 Telecommunications Index Gross Return (SXKGR) increased by 13%. The Oslo Stock Exchange Benchmark Index (OSEBX) increased by 6%. The Telenor share closed at NOK 148.30 at year-end 2015, corresponding to an equity value of NOK 223 billion. In 2015, Telenor paid out ordinary dividends of NOK 7.3 per share, around NOK 11 billion in total, for the fiscal year 2014. Last year, Telenor moved to semi-annual dividends, to align Telenor's competitive shareholder remuneration with the company's cash flow profile throughout the year. At year-end, Telenor's share capital was NOK 9,008,748,180, divided into 1,501,458,030 shares. There were no changes in the share capital in 2015.

Telenor had approximately 42,000 shareholders at year-end, an increase of around 13% compared to the previous year. The 20 largest shareholders held 74% of the registered shares. Norwegian institutional investors, including the Norwegian state, held 63% of the total issued share capital at year-end. North American institutional investors owned 12%, while UK institutional investors and other European institutional investors held 6% and 9% of the shares, respectively. Telenor does not hold any treasury shares as of 31 December 2015. Through active communication with the capital market and shareholders in 2015, Telenor ensured that significant information required for an external evaluation of the Telenor Group's securities was published in accordance with applicable rules and guidelines.

Corporate Governance

Telenor's Report on Corporate Governance

Telenor ASA is a publicly limited liability company established under Norwegian law. Telenor is subject to specific rules and regulations in all the countries where the Group conducts business. The Telenor shares are listed on the Oslo Stock Exchange. As an issuer of shares, Telenor complies with and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules on Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the "Code of Practice") issued by the Norwegian Corporate Governance Board (NCGB). An account of Telenor Group's corporate governance principles and practices, pursuant to Section 3-3b of the Norwegian Accounting Act, and how Telenor operates in accordance with the NCBG's Code of Practice, including any deviations, is provided in the Board of Director's separate yearly "Report on Corporate Governance". The report is publicly available on Telenor's web page www.telenor.com/about-us/corporate-governance/ governance-in-telenor.

> Telenor had approx 42,000 shareholders at year-end. The 20 largest held 74% of the registered shares.

Telenor's Principles for Corporate Governance

Telenor Group's corporate governance principles and practices are the framework by which the Telenor Group governs and controls its business. It is the role and responsibility of the Board to ensure that Telenor adheres to generally accepted principles for the effective control of company activities, and to provide the necessary guidelines for such activities and corporate management. The Board shall furthermore observe such standards in its own work and decision making. The Board shall also ensure that Telenor protects its reputation in relation to owners, employees, customers, the public and the capital market effectively.

The Board has a strong focus on implementing a high ethical standard across the Telenor Group, and Telenor's values represent an important foundation for Telenor's corporate governance. The Board believes that sound corporate governance is critical to Telenor's business integrity and for ensuring the greatest possible value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. Maintaining a high standard of corporate governance across the Telenor Group, in line with Norwegian and international generally accepted rules and recommendations, is of high importance for the Board.

Telenor's principles for Corporate Governance are subject to regular discussions and annual review by the Board and the Board's Governance and Remuneration Committee.

A robust governance model requires both appropriate design and effective implementation. Telenor has adapted a governance framework, including the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. Telenor's governance framework is a key management tool and shall ensure operationalisation of good and efficient corporate governance throughout the Telenor Group. The Telenor Code of Conduct sets out rules and guidelines on how Board members, managers, employees and anyone acting for or on behalf of Telenor are expected to conduct business. Telenor has implemented a Governance Work Programme which shall support continuous improvement of Telenor's governance regime. This is an annual process divided into three phases: Development and approval; distribution and implementation; and monitoring and reporting. Its purpose is to ensure that documents, training and control mechanisms are current and adequate.

The governing documents are adapted and implemented in Telenor ASA and all subsidiaries directly or indirectly controlled by Telenor. In companies not controlled directly or indirectly by Telenor ASA, board members nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working on how to achieve such goals in these companies. The Board has in 2015 continued to focus on maintaining and further developing Telenor's ethical platform and corporate governance standard as one key factor for Telenor's business integrity and continuing strong performance. In 2015, the Board decided to perform an assessment of Telenor's general handling of fully and partly owned companies with the aim of identifying areas of improvement. The emphasis will be on business processes and activities that directly or indirectly may affect the reputational risk of Telenor Group. PricewaterhouseCoopers AS (PwC) was engaged to perform the assessment. The assessment will be finalized in 2016 and provide valuable input to a revision and improvement of Telenor's ownership principles and governance of both subsidiaries directly or indirectly controlled by Telenor ASA and companies not directly or indirectly controlled by Telenor ASA going forward.

Composition and work of the Board Role and Responsibility of the Board

The Board of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organisation of the business. The Board shall supervise the day-to-day management and Telenor's business in general. The Board makes decisions and in certain cases grants authority to make decisions on issues which, due to the nature of the business, are unusual or of major significance to the company. The Board shall, to the degree necessary, approve strategies, business plans and rolling forecasts for the activities of Telenor and its subsidiaries. The Telenor Group strategy is available on www.telenor.com/about-us/our-strategy.

The Board appoints the Group's CEO, set his/her terms of employment based on recommendations by the Governance and Remuneration Committee, and devise instructions for the position. The Board shall decide the CEO's terms of employment and salary and any adjustments therein.

The Board issues instructions for its own work as well as for the Chief Executive Officer, with particular emphasis on clear internal allocation of responsibilities and duties. Revised instructions for the Board and the Chief Executive Officer were adopted in 2015. The Board emphasizes the importance on gaining valuable insights and being well informed on relevant technological, regulatory and market developments. In September 2015, the Board visited Telenor Myanmar and dtac, Telenor's business units in Myanmar and Thailand.

The Board systematically evaluates its performance, activities and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation of the self-assessment, as recommended by the NCBG's Norwegian Code of Practice for Corporate Governance. The Board's self-assessment was reviewed in a Board meeting on 10 February 2015 and discussed in the Nomination Committee.

Composition of the Board

Telenor's Board shall have a diverse composition and competence tailored to meet the company's needs. By year-end 2015, the Board consisted of ten Board Members, of which three are employee elected members as required by Norwegian company law. With the new Chair assuming her position on 14 January 2016, the Board consists of eleven members.

None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The management is not represented on the Board, and all shareholder representatives on the Board are independent. Information regarding the background, education and other board positions of each Board Member is available on www.telenor.com/about-us/corporate-governance/board-of-directors. The Nomination Committee makes recommendations to the Corporate Assembly regarding the election of shareholder-elected members and deputies to the Board. Telenor's Corporate Assembly, a distinctly Norwegian body pursuant to Norwegian law, elects the members to the Board and the Chair of the Board. Other tasks of the Corporate Assembly are to supervise the Board's and the CEO's management of the company.

At the meeting of the Corporate Assembly on 20 May 2015, the Corporate Assembly elected Regi Aalstad as new member of the Board for a period of up to two years, replacing Barbara Milan Thoralfsson. Aalstad (born in 1964) has held several General Manager and Vice President positions for Procter&Gamble in Asia, Europe, Middle East and Africa. Aalstad was a member of Procter&Gamble's Global Business Leadership Council since 2005 and served as Vice President of Baby Care until 2014. She also completed the High Performance Board Programme at the Institute for Management Development in Lausanne, Switzerland in 2014. Aalstad holds a Master of Business Administration from the University of Michigan. At the same meeting, Svein Aaser, Frank Dangeard, Burckhard Bergmann, Sally Davis, Dag Opedal, Marit Vaagen and Jon Erik Reinhardsen were re-elected as members of the Board for a period of up to two years. In addition, Svein Aaser was re-elected as Chair of the Board for a period of up to two years.

Svein Aaser resigned from his Board duties on 30 October 2015, and the Corporate Assembly elected Gunn Wærsted as new Chair of the Board at its meeting of 17 December 2015. Wærsted assumed her position on 14 January 2016. Gunn Wærsted (born in 1955) was Executive Vice President and member of the Group Executive Management in Nordea Bank and Country Senior Executive in Nordea Bank Norway. During her career, she has held a number of senior executive positions within banking and insurance, among these are positions as CEO of SpareBank 1 Gruppen and the SpareBank 1 Alliansen, Group Executive Vice President of DNB and CEO of Vital Forsikring. Wærsted is Chair of the Board of Petoro and has previously been Chair of the boards of Ferd Holding and BI Norwegian Business School and a board member of Statoil and Statkraft among others. Wærsted holds a Master in Business and Economics (siviløkonom) from BI Norwegian Business School.

The Board held 26 Board meetings in 2015. The average attendance over the year at the Board meetings was 97%.

Working Committees of the Board

The Board has appointed three preparatory working committees of the Board: The Audit Committee, the Governance and Remuneration Committee and the Ethics and Sustainability Committee. The Board decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the President and Chief Executive Officer at the time. In addition, the Board appointed in December 2014 an ad hoc sub-committee of the Board related to the VimpelCom investigations.

The Board Committees report to the Board in connection with the scope of work described in the Charters for the Committees. Each member of the Board has access to all working documents including the minutes from the Committee meetings.

The Audit Committee

The Audit Committee was by year-end 2015 composed of the following members of the Board: Dag J. Opedal (Chair of the Committee), Jon Erik Reinhardsen (replacing Barbara Milian Thoralfsson from 22 July 2015) and Harald Stavn (employee representative). The Committee held eight meetings in 2015. The average attendance over the year at the Committee meetings was 100%.

The Committee supports the Board in fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting as well as external and internal auditing matters. The Committee oversees the procedures to identify financial and operational risks, as well as understand and assess risk exposures and mitigating actions. The Committee also supports the Board in fulfilling its responsibilities with respect to ethics and compliance related to accounting and auditing matters according to the Code of Conduct and accompanying governing documents.

In addition to fulfilling its responsibilities as described above, the Audit Committee has had a particular focus on legal and regulatory matters in 2015.

The Governance and Remuneration Committee

The Governance and Remuneration Committee was by year-end 2015 composed of the following members of the Board: Sally Davis (Chair of the Committee, replacing Svein Aaser as Chair from 4 November 2015), Burckhard Bergmann, Frank Dangeard (replacing Svein Aaser from 4 November 2015) and Åse Selfjord (replacing Bjørn André Anderssen as employee representative from 1 July 2015). The Committee held eight meetings in 2015. The average attendance over the year at the Committee meetings was 97%.

The Committee oversees that Telenor sets generally accepted high standards of Corporate Governance and maintains a corporate culture that encourages good corporate governance. The Committee shall also ensure that Telenor has relevant management and control bodies and to oversee the President and CEO authority and responsibility. The Committee shall also provide support to the Board on matters relating to long term development of culture and leadership. Further, the Committee considers Telenor's remuneration policy and programmes, including bonus programmes and share-based schemes, and presents recommendations to the Board for decision. The Committee annually evaluates the President and CEO's total remuneration and presents recommendations to the Board for decision.

During 2015, the Committee has had a particular focus on the remuneration implications of the change in the role of the President and CEO and the extended Group Executive Management. In addition, the Committee discussed the consequences of changes in the Government guidelines on remuneration to executives, implementation of executive bonus plans, succession planning and development of governance processes. Furthermore, the Committee assessed and made changes to both the Employee Share Programme and the Long Term Incentive programme.

In 2016, the Committee will focus particularly on diversity and the development of the leadership pipeline in Telenor. Furthermore, the Committee will follow the development of Telenor culture and review of governance processes.

The Ethics and Sustainability Committee

The Ethics and Sustainability Committee was by year-end 2015 composed of the following members of the Board: Marit Vaagen (replacing Frank Dangeard as Chair of the Committee from 4 November 2015), Regi Aalstad (replacing Jon Erik Reinhardsen on 22 June 2015) and Per Gunnar Salomonsen (replacing Brit Østby Fredriksen as employee representative on 1 July 2015). Frank Dangeard was Chair of the Committee in the period from 1 January – 4 November 2015. The Ethics and Sustainability Committee held 7 meetings in 2015. The average attendance over the year at the Committee meetings was 100%.

The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated by law, code of practices and Telenor Group's Code of Conduct and accompanying governing documents. The Committee also supports the Board in fulfilling its responsibilities with respect to employees, in terms of personnel security, occupational health and safety (OHS) and labour rights. The Committee shall also oversee Telenor's efforts on sustainability, described as the company's responsibility for the manner in which its activities affect society and the environment. This includes responsible business practices internally and for the supply chain, as well as ensuring a positive impact on society. In addition, the Committee oversees policies, processes and practices related to IT-security, network integrity, physical security and related areas. For each of these areas the Committee shall review strategies and policies, oversee implementation and organisational capabilities, and consider non-financial Group key performance indicators (KPIs). The Committee may also address other issues it deems relevant for fulfilling its obligations, hereunder issues affecting Telenor's reputation. Moreover, the Committee shall oversee Telenor Group's external non-financial reporting, including non-financial information in the Annual Report, and oversee that Telenor's reporting practices are aligned with and meet stakeholder expectations and relevant regulations.

During 2015, the Committee has had a particular focus on establishing assessments of Telenor's business units on ethics and sustainability, as well as follow-up on Telenor Myanmar. Other addressed topics included: anti-corruption, integrity and ethics awareness and training, Ethics & Compliance function, integrity due diligence, business security, human rights and authority requests, supply chain sustainability, occupational health and safety, as well as Internal Audit. Planned focus for 2016 includes further developing the country assessments, as well as addressing all main areas within the scope of the Committee's mandate.

The VimpelCom ad hoc Committee

Telenor ASA's Board decided in December 2014 to appoint an ad hoc sub-committee of the Board related to the investigations of VimpelCom Ltd. The Committee consists of Frank Dangeard (chairman of the Ethics and Sustainability Committee), Dag J. Opedal (chairman of the Audit Committee) and Burckhard Bergmann (member of the Governance and Remuneration Committee). The VimpelCom Committee held 11 meetings in 2015. The average attendance over the year at the Committee meetings was 97%.

The VimpelCom Committee shall, inter alia, follow up and keep itself informed on relevant issues relating to the ongoing investigation of VimpelCom Ltd., Telenor management's actions and handling of the ongoing investment in VimpelCom Ltd. and any other measure or issue which the Committee deems appropriate in connection with the investigations. The VimpelCom Committee shall report regularly to the Board and may present proposals for resolutions to the Board.

CEO Succession ad hoc Committee

Telenor ASA's Board decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the now former President and Chief Executive Officer. The Committee consisted of Svein Aaser (chair of the Committee), Frank Dangeard (chair of the Ethics and Sustainability Committee), Marit Vaagen (member of the Ethics and Sustainability Committee) and Bjørn Andre Anderssen (employee representative). The CEO Succession Committee held 6 meetings in 2015. The average attendance at the Committee meetings was 100%. In addition, there were Board meetings with the Committee to discuss the progress of the process.The Committee was dissolved with the appointment of the new CEO.

Events after reporting period

Digi - Malaysia

In February 2016, Digi was pre-allocated spectrum of 2x5 MHz in the 900 MHz frequency band and 2x20 MHz in 1800 MHz frequency band for 15 years, with full implementation starting 1 July 2017. Terms and conditions are not yet determined.

Sale of Amedia

On 22 February 2016, Telenor signed an agreement to dispose of all of its shares in Amedia AS to Sparebankstiftelsen DNB. Telenor holds a 44.2% interest in Amedia. Telenor's share of the consideration will be approximately NOK 190 million, which is below the carrying amount as of 31 December 2015 of NOK 545 million.

Outlook for 2016

Based on the current Group structure, Telenor expects organic revenue growth in the range of 2% to 4%, EBITDA margin before other income and other expenses in the range of 33%-34%, and capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 17% to 19%.

Annual Results and allocation

Telenor ASA's net income for the year 2015 was NOK 424 million, after receipt of a group contribution and dividend of NOK 8,308 million. The Board proposes the following allocation: Transferred to retained earnings: NOK 424 million. After this allocation, Telenor ASA's equity, after deduction of share capital, is 37,970 million. Telenor's policy is to distribute dividend to its shareholders equal to 50-80% of normalised net income and aim for a year-on-year growth in the dividend per share. To maintain a strong financial position to ensure access to funding, Telenor's main priority is to keep reported net debt/EBITDA below 2.0x. As of 31 December 2015 the reported net debt ratio was 1.25x (1.16x as of 31 December 2014).

Dividends of 2015

The Telenor Board of Directors will propose a dividend of NOK 4.00 per share (NOK 6.0 billion) to be resolved by the general meeting in May 2016, and paid out in May 2016. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2016. In total this will bring the ordinary dividend for the fiscal year 2015 to NOK 7.50 per share (NOK 11.3 billion).

Fornebu, 15 March 2016

Gunn Wærsted
Chair

Frank Dangeard
Deputy Chair

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Regi Aalstad
Board member

Per Gunnar Salomonsen
Board member

Åse Selfjord
Board member

Harald Stavn
Board member

Sigve Brekke
President & CEO

Sustainability Report 2015

Sustainability at Telenor

Telenor is committed to maximizing the benefits and outreach of digital communication through ethical and responsible business conduct. In doing so, we create long-term shared value that empowers everyone to improve their lives, build societies and secure a better future for all.

HIGHLIGHTS 2015

Mechanisms to **prevent access to illegal child sexual abuse material** in place for 189 million customers

7,900 supply chain inspections 80% carried out unannounced

27% reduction in CO_2 emissions per end customer over last four years

Collaboration with **UNICEF in 6 markets** promoting child rights

25% reduction in energy consumption per end customer over last four years

Introduction of **Human Rights Due Diligence** process completed in all business units

Taking roots in governance principles and values, sustainability is not only an integral part of the corporate culture, but a key element of the business strategy.

Mobile and digital communication are reshaping the horizon of individual and collective opportunities. At Telenor, sustainability is the manifestation of our intent to capitalize on this ubiquity and contribute to social, economic and environmental progress in the markets we operate. Taking roots in governance principles and values, sustainability is not only an integral part of the corporate culture, but a key element of the business strategy. The corporate vision 'empower societies' is both a clear direction and call for action that guides sustainability strategy wherever we operate.

Performing business practices ethically and responsibly is fundamental to Telenor's sustainability agenda. We therefore strive to ensure that the right set of governance and ethical values are in place company-wide, that we listen to and engage with our stakeholders openly and trustingly, that we understand and manage the risk of potential social and environmental effects of our business, and that we respect human and labour rights. Also important to our agenda is the socio-economically vital communication infrastructure and investment that we bring to societies. And with these fundamentals in place, we focus on introducing innovative services and programmes that help people improve their lives.

Our work is also an enabler for the achievement of UN Sustainable Development Goals, which Telenor supports. We believe that a connected future can open access to knowledge, opportunities and vital services for all. Whether it's children in Norway learning how to be safe when online, citizens in mountainous Bulgaria benefiting from connectivity despite hazardous weather conditions, girls in rural Pakistan receiving education stipends through mobile banking, or women employees in Myanmar benefiting from Telenor's global 6 months paid maternity leave starting 2016 – we endeavour to positively impact the lives we touch. This opportunity however does not come without risks. Telenor recognizes both the risks and opportunities that shape our potential to create long-term shared value. Central to understanding and responding to the evolving nature of these risks and opportunities is reflection and improvement, which is why listening to and engaging with our stakeholders is very important to us.

About the Report

The Sustainability report is one of the many mediums through which Telenor delivers on its commitment to transparency, openness and disclosure with respect to performance. The topics highlighted in the report have been articulated through a materiality assessment based on the Global Reporting Initiative G4 (GRI G4) principles, and embody issues which are deemed most important to both Telenor and its stakeholders. The scope of the report covers the range of 'medium and high' rated material social, economic and environmental related progress of the organisation. The content covers Sustainability at Telenor Group's 13 worldwide operations as well as other businesses. Detail on Telenor's 2015 Materiality Assessment can be viewed at www.telenor.com/sustainability/reporting/scope-and-principles.

This report is also an integral part of the reporting requirements mandated by the Norwegian Accounting Act §3-3c, a description of which can be found in the BOD report page 25. Additionally, DNV GL was commissioned to carry out an independent review of the Sustainability Report, in particular to assess the accuracy of claims. DNV GL's independent review can to be found on the web site www.telenor.com/sustainability/reporting/our-performance.

Responsible Business Practices

Performing business practices ethically and responsibly is fundamental to Telenor's sustainability agenda. This involves ensuring the right framework for governance, ethics, anti-corruption and transparency, undertaking social and environmental responsibility and respecting human rights & labour rights.

Corporate Governance

At a Glance: Telenor Group's corporate governance principles and practices define a framework of rules and procedures of the way business is governed and controlled in all subsidiaries directly or indirectly controlled by Telenor ASA. In companies not directly or indirectly controlled by Telenor ASA, board members nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working on how to achieve such goals in these companies.

Telenor's corporate values represent an important foundation for articulating and implementing the governance framework, and the Telenor ASA Board of Directors (the Board) maintains a strong focus on implementing high ethical standards across the Group. Telenor works continuously to improve its governance regime and will in 2016 continue a revision and improvement of Telenor's ownership principles and governance of subsidiaries directly or indirectly controlled and companies not directly or indirectly controlled by Telenor ASA going forward.

Information on Telenor's principles and practices for corporate governance and the Code of Conduct, which are used as a platform to integrate material sustainability issues into our business strategies, daily operations and relationship with stakeholders, can be read at www.telenor.com/about-us/corporate-governance and in Telenor's Report on Corporate Governance 2015.

Ethics & Anti-Corruption

Policy & Actions

Telenor's commitment to integrity and transparency is clearly stated in the Code of Conduct, which is the guardian of integrity within the Telenor Way and defines the standards by which we conduct business and ourselves. Telenor also endorses the ten principles of the UN Global Compact (UNGC), which present clear standards of business ethics. As a member of the UNGC, we report annually on progress in embedding our ethical culture in all parts of our organisation.

Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards. Corruption includes bribery and trading in influence. Any corrupt activity – either in public or private sector (between private parties) – is prohibited. It is prohibited to offer, give, ask for, accept or receive any form of bribe, including facilitation payments. Telenor's zero tolerance on corruption and ethical standards are set out in our Code of Conduct, Group Anti-Corruption Policy and other governing documents, which are implemented in all subsidiaries directly or indirectly controlled by Telenor ASA. Telenor Group Anti-Corruption Policy states that Telenor shall actively attempt to ensure that corruption does not occur in Telenor's business activities through an adequate and risk-based Anti-Corruption Programme. The programme includes several elements working together: proportionate procedures; top level commitment; risk assessment; integrity due diligence; communication and training; monitoring and review; and enforcement and sanctions. The Group Anti-Corruption Policy and the effectiveness of the Anti-Corruption Programme are assessed and revised on a regular basis, with the aim of continuous improvement and alignment with prevailing international standards.

Telenor's Governance framework clearly defines roles and responsibility for implementation of the Anti-Corruption Policy, both at Group and local business unit level. The Anti-Corruption Programme works together with Telenor's Ethics & Compliance function, which is an important component of Telenor's governance, risk management and internal control systems. The Ethics and Sustainability Committee of the Board additionally supports the Board in fulfilling its responsibilities. A description of Telenor's Anti-Corruption Programme and the Ethics & Compliance function is publicly available on our web site www.telenor.com/about-us/corporate-governance/ethics-compliance and www.telenor.com/about-us/corporate-governance/anti-corruption.

Status & Ambition

Continuous Improvement Initiatives: Telenor strives to continuously improve its work on ethics and anti-corruption and to identify development opportunities and areas for improvement. Following an external benchmark carried out by Deloitte in 2014 and internal surveys carried out in 2015, the setup of a new Ethics & Compliance function was mandated by the Board in June 2015. Group Ethics & Compliance reports functionally directly to the Ethics & Sustainability Committee. Administrative reporting is to the Head of Corporate Affairs & General Counsel. The other important change is that Ethics & Compliance Officers in the larger business units are full time dedicated resources and that they report functionally to Group Ethics & Compliance. The objective is to ensure centralized group-wide governance. In smaller business units, Ethics & Compliance Advisors are part time functions. Going forward, the Ethics & Compliance function will focus on implementation of the new Ethics & Compliance organisation, the new Hotline and awareness activities, including new global online learning on Code of

Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards.

Conduct. The function will also take part in development of training and communication plans as well as exploring increased transparency on incidents for organisational learning.

In 2015, the Board also initiated an external maturity review of Telenor Group's Anti-Corruption Programme which was conducted by PwC and finalized by year-end 2015. The review shows that Telenor has a mature Anti-Corruption Programme and a strong framework. It is clearly communicated and understood in the organization that Telenor does not accept any form of corruption. PwC also identifies areas for improvement, including a need for stronger monitoring and implementation of the Anti-Corruption Programme in the business units. The review will provide input and contribute to the ongoing development of the Anti-Corruption Programme going forward in 2016, which will be subject to follow-up both by the Board and Group Executive Management. This improvement process will also benefit from a second review initiated by the Board in 2015, where PwC shall assess Telenor's governance in fully and partly owned companies with the aim of identifying areas of improvement.

In Telenor, we all have a personal responsibility to act with integrity and speak up if we become aware of potential breaches. Leaders have a particular responsibility to act as good role models and to build a safe, trustful and transparent culture in their teams. Managing breaches of the Code of Conduct and Governing Documents is an important pillar of Telenor's ethics and compliance work. Employee confidence in reporting incidents is central to ensuring an ethical corporate culture. A new web based Ethics & Compliance Hotline has been established, which was launched on 27 January 2016. The Hotline is a confidential channel where anyone can ask questions and raise concerns about possible breaches of Telenor's Code of Conduct, including relevant laws, regulations and governing documents. The report intake of the new Hotline is operated by a professional vendor called Navex Global while investigations are still handled by Ethics & Compliance Officers in Telenor. The purpose has been to strengthen the confidence and professionalise the handling of the Hotline, and this is in line with recognized international practice. All employees, suppliers and other stakeholders are encouraged to Speak Up through the Hotline.

Telenor is part of the Telecom Integrity Initiative launched in 2015, which is supported by Transparency International. Telenor became a member of the Conference Board Compliance Council in 2015, a network where Compliance executives exchange experiences, access relevant research and expertise, and gain insights into new developments.

During 2015, the reporting mechanism for compliance incidents has been actively used on both local and Group level, and compliance incidents are handled and concluded in accordance with the requirements of the global Ethics & Compliance framework. Telenor is exploring ways of increasing transparency on compliance incidents in order to ensure learning across the company worldwide or within a business unit.

Through the year, Ethics & Compliance has logged 501 new compliance incidents. This results in a volume indicator of 1.4 (reports

received annually per 100 employees), which is in line with industry median of 1.3 issued by Navex Global Benchmark in 2015. Reporting volume development in recent years has been 506 (2012), 620 (2013), 394 (2014) and 501 (2015).

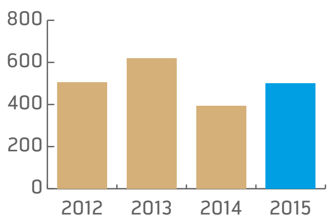
In 2015, a total of 492 compliance incidents were concluded and closed. The three largest categories among the closed compliance incidents were Theft & Embezzlement (246 incidents), Working Conditions including harassment and discrimination (38 incidents) and Personal Data & Privacy (24 incidents). Disciplinary sanctions were implemented in 55 per cent of the closed compliance incidents.

Strengthening Culture of Zero Tolerance: Telenor's anti-corruption training activities for employees range from on-boarding and online learning programmes to dilemma-training and town halls. The Anti-Corruption Handbook, which is a practical guide to help all employees understand Telenor's values and the formal anti-corruption policy, was revised in 2015. The guide is a downloadable web-App publicly available on Telenor.com. The guidelines shall help each employee to make the right decisions. The Handbook cannot provide answers to every situation and dilemma that our employees may face and our employees are strongly encouraged to seek advice when in doubt.

The Code of Conduct must be signed by all employees upon joining the company. From 2016 onwards, Code of Conduct is signed annually within the HR management system (Workday). A new global Code of Conduct online learning has been launched in Feb 2016 and revised mandatory online learning on anti-corruption will also be launched during the year. This will be in addition to a Board Handbook and a revised training programme for employees nominated as board members in companies where Telenor has ownership.

COMPLIANCE REPORTING VOLUME

Number of incidents



Integrity is a vital part of Telenor's business. Telenor's management is committed to sending clear, unambiguous and regular messages to all staff and business partners that corruption and bribery are unacceptable. Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place. Nevertheless, some markets in which we operate are emerging economies with potentially complex and sensitive political and social contexts, including markets associated with high corruption risks. This creates challenges that require robust, targeted measures to mitigate such risks. All Telenor business units have a responsibility to conduct regular risk assessments and risk-based reviews of their anti-corruption procedures and implement remediating measures to mitigate risks. Telenor is focused on continuous improvement of risk management processes and will in 2016 initiate the roll out and implementation of an enterprise-wide risk management system to improve assessment, monitoring and reporting of risks.

We recognize that our business partners, whether new investments, partners, agents, consultants, contractors or suppliers, will be associated with Telenor and due care shall be exercised to the selection and use of business partners to ensure compliance with Telenor's ethical standards. A continued focus in 2015 has been Telenor's procedures for risk-based integrity due diligence (IDD) of business partners. Revised mandatory requirements and procedures for IDD were launched in 2015, and implementation of these on Group and local level will be a continued priority in 2016.

VimpelCom: Telenor holds a 33.05 per cent economic stake in VimpelCom Ltd. ("VimpelCom"). This minority stake is included as an associated company in Telenor's financial reporting. In 2015, VimpelCom's financial results contributed a loss of NOK 1.7 billion to Telenor's financial results which includes NOK 2.4 billion for Telenor's share of provision recognized by VimpelCom for investigation related to Uzbekistan. In addition, Telenor recognized an impairment loss of NOK 5.5 billion based on the market value of VimpelCom shares pursuant to Group's announcement of its decision to divest its shareholding in VimpelCom.

Since 2013, Telenor's economic and voting interest has remained unchanged at 33.05 per cent and 43 per cent respectively. VimpelCom has gradually contributed less to the value of Telenor Group, and the value of Telenor's core operations have increased rapidly. The market value of the VimpelCom shares represents approximately 8 per cent of Telenor's market capitalization as of 31 December 2015. Since its entrance, Telenor Group has invested a total of NOK 15 billion in VimpelCom and has received a total of NOK 20 billion in dividends. The market value of Telenor's ownership stake in VimpelCom is approximately NOK 16.7 billion as of 31 December 2015.

On 5 October 2015, Telenor Group announced its intention to divest all its shares in VimpelCom. Telenor Group will explore options to divest its shares in VimpelCom, and will seek to find the best solution for Telenor and its shareholders. A timeframe for divestment has not been set.

On 12 March 2014, VimpelCom announced that it is under investigation by both the U.S. Securities and Exchange Commission ("SEC") and Dutch authorities related to its operations in Uzbekistan, including relations with Takilant. On 18 March 2014, VimpelCom reported that it is also under investigation by the U.S. Department of Justice ("DoJ") related to the same issues. VimpelCom further reported that there can be no assurance that the investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in these or other jurisdictions, or that there will not be litigation commenced against VimpelCom.

On 3 November 2015, VimpelCom announced that it will make a provision of USD 900 million in their third quarter financial statements for a resolution of the investigations into VimpelCom's business in Uzbekistan and prior dealings with Takilant.

On 18 February 2016, VimpelCom, US and Dutch authorities announced that VimpelCom Ltd and VimpelCom's Uzbek subsidiary Unitel LLC (VimpelCom) had entered into global foreign bribery resolutions with US and Dutch authorities after investigations relating to VimpelCom's business in Uzbekistan and prior dealings with Takilant Ltd. VimpelCom admitted to bribery and violation of books and records rules and will as part of the settlement agreements pay an aggregate of USD 795 million in fines and disgorgements to US and Dutch authorities, and retain an independent corporate monitor for at least three years. The relevant settlement agreements have been approved by the authorities. The fines are within the provision that VimpelCom has previously made for this purpose.

As a minority shareholder, Telenor has fully cooperated as a witness with the authorities' investigations into VimpelCom. Corruption is unacceptable and it is very serious that VimpelCom has admitted to violations of the US Foreign Corruption Practices Act and relevant Dutch Laws.

The international investigation of VimpelCom Ltd. has raised questions around Telenor's corporate governance principles and mechanisms for minority stakes.

On 5 November 2015, the Board engaged Deloitte Advokatfirma AS (Deloitte) to perform a review of Telenor's handling and oversight of the minority ownership in VimpelCom. The review will focus on Telenor's handling of its ownership in VimpelCom which covers the Telenor nominees on the VimpelCom Supervisory Board and Telenor's follow-up as a shareholder. In addition the review will cover actions and decisions by Telenor nominees and Telenor employees in relation to VimpelCom's investment in Uzbekistan. The review will assess facts and identify learning points for future governance and organization of Telenor's ownerships. This would cover both the formal governance structure and the practical handling of the ownerships. The review will cover the period from 2005. The key findings of the review will be made public. Telenor temporarily relieved two executives and two former Telenor nominees to the VimpelCom Supervisory Board of their responsibilities while the review is ongoing.

Telenor provides information relating to the VimpelCom investigations on the website www.telenor.com/media/in-focus/vimpelcom-ltd/vimpelcom-investigation. Further information on the formation of VimpelCom together with historical background is publicly available on the website www.telenor.com/media/in-focus/vimpelcom-ltd.

Transparency & Stakeholder Engagement

Policy & Actions

The principles of transparency at Telenor are part of the corporate governance framework and implemented within company operations. We believe good corporate governance involves openness, trustful disclosure and engagement between all internal and external stakeholders. At Telenor, transparency on sustainability issues is a proactive rather than reactive strategy. We strive to communicate the sustainability risks and opportunities we embrace in our diverse geographical operations, and more importantly, how we manage them. We also recognize the intrinsic value of engaging with the full range of our stakeholders. Such interactions help us improve our performance and deliver value in line with stakeholder expectations.

> In 2015, Telenor published reports on authority requests and how we handle these requests

Status & Ambition

Disclosure through Reporting: In order to ensure structured, transparent and relevant reporting of sustainability performance, Telenor Group reports to various external organizations including UNGC, GRI and CDP. Many of our business units also report locally on their sustainability performance, which can be found on www.telenor.com/sustainability/reporting.

In 2015, Telenor published reports on authority requests and how we handle these requests. We published the 'Authority Requests for Access to Electronic Communication - Legal Overview' and the 'Authority Requests for Access to Electronic Communication - Country Data'. These reports aim to give our stakeholders an overview of the laws which compel us to give government authorities access to customer communications, and where possible to disclose, the role we play in managing these requests.

Our annual reporting of progress against the ID Guiding Principles additionally assimilates examples and case studies relating to our work in human rights. Telenor also collaborated with the Institute for Business & Human Rights to publish a case study on mobile network shutdowns. The study examines the impact of shutdowns on human rights in Pakistan, focuses on the efforts of Telenor Pakistan to use dialogue as a tool for reducing shutdown frequency and scope, and presents recommendations for both operators and governments. For details see www.ihrb.org/publications/reports/digital-dangers-case-study-pakistan.html.

Telenor's practices in the dimensions of anti-corruption programmes, organisational transparency and country-by-country reporting were recognized by Transparency International's report on 'Transparency in Corporate Reporting: Assessing the world's largest telecommunications companies 2015'. Telenor scored over 50 per cent in all three dimensions, and ranked second on the overall index amongst 35 companies.

Dialogue & Engagement Initiatives: Telenor uses the GRI G4 based materiality assessment process to involve a range of external and internal stakeholders help identify social, economic and environmental topics that matter most both to them and our business. The scope of this year's assessment and engagement process can be found here: www.telenor.com/sustainability/reporting/scope-and-principles.

In 2015, periodic disclosure went hand in hand with stakeholder engagement initiatives. On 12 May, an Investor Relations Sustainability Seminar was organized in London where Telenor Group updated the audience on how sustainability guides its business practices across all markets. Investors and analysts as well as representatives from various organizations, such as NGOs, media, industry organizations and governmental bodies, attended the seminar. An interactive Q&A session followed presentations on Telenor's operations in Myanmar and Bulgaria, new transparency reporting, and a special session on human rights, privacy and freedom of expression. The session webinar has been viewed many times since May.

In July, Telenor co-hosted the Oslo Education Summit along with a group of eight NGOs. The ability of technology and internet access to reach a wider audience and provide information as well as education, was highlighted during the Summit. The event was well attended by both Norwegian and international subject stakeholders, including the Secretary-General of the United Nations and the Prime Minister of Pakistan.

Looking Forward: Telenor is exploring other effective mediums and tools of stakeholder engagement and transparent reporting, which could place us in an even better position to inform stakeholders on environmental, social and governance impacts, risks and opportunities. Telenor will also focus on communicating quantifiable indicators that capture its role in creating local impact and help empower societies.

Labour Rights & Standards

Policy & Actions

Telenor is committed to respecting labour rights principles as laid down in UN Global Compact and ILO's fundamental conventions. These principles relate to respecting the rights to freedom of association and collective bargaining, the elimination of forced labour, child labour and discrimination in the work place, and are reflected in Telenor's Code of Conduct, Group People Policy and Supplier Conduct Principles.

Telenor believes in empowering employees through management dialogue with employees or their recognized employee representatives. By utilizing the employees' experience and insight to influence working conditions and contribute to sustainable business growth, we also aim to empower the societies in which we operate. Throughout Telenor Group we are promoting partnerships based on good and trusting dialogue, e.g. in relation to acknowledged unions or through local cooperation bodies such as People Council.

Maintaining a positive working environment and a culture that nurtures occupational health, safety and personnel security (OHS&S) is important at Telenor. The OHS&S approach covers employees as well as contractors, vendors and suppliers. We believe that the OHS&S of employees is vital to our business and makes a difference in employee engagement, thereby increasing productivity, e.g. by reducing absenteeism and thus reducing costs. The company works across all of its business units to maintain and improve the identification of and readiness to respond to safety and personnel security risks.

At Telenor, attracting and retaining the best talent through training and development opportunities as well as career prospects is fundamental to continued competitiveness and growth. We also strive for diversity, inclusion and equal employment opportunities in accordance with the People Policy.

Status and Ambition

Empowering Employees through Trustful Dialogue Initiatives: Telenor has in 2015 renegotiated its global agreement with UNI Global Union. The agreement underlines both parties' commitment to addressing employee issues across Telenor's operations in a spirit of cooperation and dialogue, and during 2015 we have continued our dialogue and information exchange on fundamental labour rights.

> Approximately 36% of Telenor's total workforce comprises of women

In 2015 Telenor Works Council – Europe (TWC-E) has held two meetings, where European employee representatives met with the Telenor Group Management. The objective is to enhance information exchange and discussions in relation to transnational issues. Telenor has aimed at nurturing a good dialogue with the TWC-E representatives.

Additionally, Telenor has reinforced its commitment to further develop employee involvement in operations throughout the Group. Many of Telenor's operations in Europe and Asia are providing for employee involvement through dialogue between management and recognized employee representatives, e.g. in relation to acknowledged unions or through People Council as a local cooperation body. In July 2015 Telenor Pakistan established a People Council with meetings on a monthly basis. Telenor Hungary has also established a similar local cooperation body, 'My Voice'.

DiGi in Malaysia had its first year of operation of the collective agreement with DiGi union, as a sustainable platform for dialogue and negotiations. In Bangladesh, Grameenphone is awaiting a decision by the Labour Appellate Tribunal, in a case filed by employees of Grameenphone related to union registration. Further, new labour rules were launched in Bangladesh towards the end of 2015, and their application to private mobile companies needs to be clarified.

Occupational Health, Safety and Personnel Security Performance: In 2015, the Sickness Absence Rate (SAR) for the entire Telenor Group was 1.44 per cent. This number is reported with the acknowledgement of variations in reported data based on different local national procedures and regulations related to sickness reporting. In 2015, more than 21,000 employees and in-house contractors attended Health Safety Security & Environment (HSSE) related awareness training sessions. There were no work-related employee or in-house contractor fatalities reported in Telenor Group for 2015, however efforts continue to mitigate the risk of any future fatalities. Telenor will continue to work with its partners and vendors to monitor and implement health and safety measures and provide them with proactive support in OHS&S matters.

People with disabilities provided on-job training opportunities in

5 markets

Creating a Diverse Talent Pool: Telenor aims to foster a diverse and dynamic workforce at all levels of the organization, be it nationality, gender or competencies. Gender diversity initiatives in 2015 ranged from the introduction of a six-month paid maternity leave policy for women employees as a minimum standard globally, to trainee programmes and women leadership programme in selected business units. Disability inclusion remained on the agenda with 5 business units running the Open Mind Programme, which provides training opportunities to persons with disabilities at the workplace. Integration of skilled personnel with migrant backgrounds also continued in Norway. At year-end, Telenor Group employed around 38,000 people across its 13 markets (the number of employees is the total number of full-time and part-time employees). About 30 per cent of the employees in Telenor ASA have an international background. In Telenor Group, about 36 per cent of our employees are women (based on 35,000 employees). The percentage of women in top managerial positions in Telenor Group is 22 per cent. For details refer to BOD report page 25.

Future Ambitions: Going forward, we will aim to further develop employee involvement throughout Telenor Group, utilizing the employees' experiences and insight, as part of ensuring decent work conditions. Striving for greater gender diversity on all levels, we have set targets to reach 25 per cent female representation in top management positions in 2016, and 30 per cent by 2020. In addition, the company's top leaders are measured on strengthening the women leadership pipeline. Telenor has also reinforced its requirements to ensure balanced representation among candidates for top leader positions. Moreover, there is also a global ambition to launch Open Mind Programme for people with disabilities in all Telenor markets by the end of 2019. Telenor will continue to invest in programmes and initiatives to promote gender balance and diversity in the workplace and in the societies where we operate.

Supply Chain Sustainability

Policy & Actions

Telenor strives for high standards on sustainability and continuous improvement in its operations throughout the supply chain. Telenor's Supplier Conduct Principles (SCP) are based on internationally recognized standards, including requirements on human rights, health and safety, labour rights, environment and anti-corruption, and it is mandatory for all Telenor contracting parties to agree to these principles.

Telenor's approach to supply chain sustainability is to legally oblige the supplier to uphold responsible business practice, monitor compliance to Telenor's requirements and build capacity among suppliers. Partnership and cooperation with suppliers is vital to achieving the responsible supply chain agenda. We are an active member of the Joint Audit Cooperation (JAC), Child Labour Platform and the Supply Chain

61 global

supplier sustain-ability audits accessed through participation in Joint Audit Cooperation

Advisory Group of the UN Global Compact, as well as the Global e-Sustainability Initiative (GeSI).

Status and Ambition

The supply chain responsibility focus in 2015 remained on mitigation of supply chain risk, capacity building and monitoring compliance to Telenor's requirements on responsible business conduct.

Mitigating Supply Chain Risk: All suppliers and parties having a direct contractual relationship with Telenor must comply with Telenor's Supplier Conduct Principles (SCP). An Agreement on Responsible Business Conduct (ABC) legally obliges the supplier to comply with the SCP and certain requirements set out in the ABC Agreement. By year end 2015, a total number of 20,636 Agreements on Responsible Business Conduct were signed.

Monitoring Compliance: Telenor carries out inspections in order to monitor compliance to the requirements on responsible business conduct. In 2015, Telenor carried out more than 7,900 supplier inspections (ranging from simple site visits to more comprehensive inspections or audits) across the Group. 80 per cent of the inspections were carried out unannounced. Approximately 630 major non-conformities were identified during the inspections. All major non-conformities are followed up with mitigation plans and processes on closing of the non-conformities.

Through participation in the Joint Audit Cooperation (JAC) together with other telecommunications operators (10 members in 2015), Telenor gained access to the results of 61 sustainability audits of global suppliers in 2015. Telenor executed eight of these audits of global suppliers on behalf of JAC in 2015. After carrying out an audit, a Corrective Action Plan (CAP) listing all findings is agreed upon between the auditee and the auditor.

Telenor has experienced findings of underage labour (15-18 years) and child labour (12-14 years) in the network rollout in Myanmar, where the minimum age is 18 years for potentially hazardous work. In 2015, 13 cases of child labour and 33 cases of underage labour were found and mitigated in Myanmar.

Prioritizing transparency, our reporting on fatalities this year goes beyond tier 1 of the supply chain. In 2015 unfortunately, 4 people in tier 1 and another 14 in tier 2 and tier 3 lost their lives. 72 per cent of these fatalities were caused by road accidents while the rest relate to working on site. These numbers are based on what has been reported by suppliers to Telenor. Regular reporting procedures were followed and all incidents were handled immediately and individually with mitigating actions. Risk

Approx 32,000 hours of supply chain capacity building

re-assessment and plans for preventing similar incidents are already underway.

Building Capacity: The business units arranged various capacity building initiatives in 2015. Telenor India and Grameenphone arranged sustainability conferences where public officials, industry leaders and sustainability professionals gathered to discuss topics such as: health & safety, anti-corruption, sustainability requirements as well as green telecom, women empowerment and diversity. Some business units have also worked in industry and cross industry collaborations to synergize efforts in capacity building.

Looking Ahead: Inspections, audits, capacity building and long term risk reduction will continue to fare high on Telenor's responsible supply chain agenda. In 2016, inspection and audit activities will continue at least at the same level compared to 2015. Further, we will in 2016 secure a thorough risk assessment of the supply chain in all business units and also improve efforts in capacity building, which we see as the most effective means to long term risk reduction.

Human Rights

Policy & Actions

Telenor Group is committed to respect international human rights. This is reflected in our Code of Conduct, Supplier Conduct Principles, and policies and manuals which are applicable Group-wide. The requirements that apply to our operations draw on international frameworks like the UN Global Compact's ten principles and the UN Guiding Principles on Business and Human Rights.

Making respect for human rights come alive across our operations in thirteen markets is both rewarding and challenging. We see how access to mobile and internet can help support the fulfilment of many rights. For example, we work to support the right to health by providing important information to expecting mothers in Thailand, and through mobile birth registration in Pakistan. At the same time we are concerned that human rights challenges remain many in the markets we operate, and unfortunately we experience some challenges more frequently. We recognize that our services can be misused and negatively impact human rights, be it through digital bullying or network shutdowns.

Against this backdrop our work focuses on conducting human rights due diligence activities across our markets, continuously improve our employee involvement efforts (see section Labour Rights & Standards), seek ways to respect privacy and freedom of expression (see section Privacy & Data Security), be vigilant and mitigate human rights risks in our supply chain (see section Supply Chain Sustainability), and work to implement rights respecting operations when entering new markets.

Status & Ambition

Throughout 2015 we have continued on the journey to better understand actual and potential human rights risks we face in our markets. Although there is extensive international guidance available, and we have clear requirements and tools in place, handling human rights challenges in practice requires more than that. We have learned this year that collaboration, discussion of dilemmas, and seeking solutions together with others is critical – be it with our colleagues, industry peers or other stakeholders.

Implementing companywide Human Rights Due Diligence: As communicated in last year's report, we have worked with all our business units to implement human rights due diligence. During 2015 the final business units completed their first round and we worked with them to discuss findings and lessons learnt. One of the key outcomes across markets was that the due diligence process was an important but challenging first step and that cross-functional collaboration was key. We need to continue working on training and awareness across areas of expertise, and therefore in 2015, human rights discussions were part of several workshops at both management and expert level.

Addressing Key Risks through Collaboration: Within privacy & freedom of expression, we stepped up our efforts to strengthen not only our routines, but also their implementation (see section Privacy & Data Security). When it comes to handling requests from authorities for access to data and networks, we encountered several challenging incidents. We experienced the importance and value of discussing such issues with peers, and continued to engage in the Telecommunications Industry Dialogue on Freedom of Expression and Privacy (ID), and found our collaboration with the Global Network Initiative (GNI) valuable.

> Throughout 2015 Telenor continued on the journey to better understand actual and potential human rights risks we face in our markets

Sharing and being Transparent on Respecting Human Rights: Transparency and reporting was in focus throughout the year. We recognize the importance of communicating around some of the key challenges we face, and in May 2015 published a new website on privacy; www.telenor.com/privacy and our first transparency reporting www.telenor.com/sustainability/responsible-business/privacy-and-data-protection/handling-access-requests-from-authorities. This complements our annual reporting on progress against the ID Guiding Principles www.telenor.com/sustainability/

responsible-business/human-rights/mitigate/telenors-status-on-industry-dialogue-guiding-principles.

We also sought to continue transparency relating to our sustainable business efforts in Myanmar, and in the IR seminar in London gave an update on our activities, including information on findings of child labour and approach to land rights when rolling out the network. We also gave an update on sustainable business activities in Bulgaria and our approach to privacy & freedom of expression. Refer to section 'Transparency & Stakeholder Engagement' for details.

Looking Ahead: Our priorities going forward include revisiting the overall Group human rights due diligence, taking into account the input from business unit level activities in 2015. We will also continue to work with business units to take their due diligence further. We see that challenges to privacy & freedom of expression continue and in some markets are becoming more complex. The need to continue our work both internally and together with stakeholders will therefore remain on the agenda.

Privacy & Data Security

Policy & Actions

Respect for the rights to privacy and freedom of expression is important for how we run our business. While telecommunications generally contributes to freedom of expression, on some occasions, authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication. Strict policies govern Telenor's approach in responding to such requests, whereby we seek to limit the risk of illegitimate restrictions on privacy or freedom of expression imposed by way of our networks. Telenor believes in increasing transparency and introducing safeguards against potential abuse and will continue to take an active part in the industry dialogue with the authorities on surveillance and access to our customers' data.

While customers across the globe expect real-time, relevant and individualised services, they are also looking at how their privacy is safeguarded, irrespective of technologies, business models and data flows. Telenor's position on privacy is clear. We are open about how we collect and use personal data, committed to using personal data to provide better and more relevant services, and thorough in keeping personal data safe and secure.

> Strict policies govern Telenor's approach in responding to challenging authority requests for data or networks, which could run the risk of illegitimate restrictions on privacy or freedom of expression

Telenor established a new security strategy in 2015 which supports the privacy-related objective to protect both Telenor employee and customer data. We want to ensure that we can follow the rapid development in technology and services by early involvement of security in business processes and strategic activities. We aim to ensure a strong level of protection in terms of confidentiality, integrity and availability of services and data.

Even though national requirements vary throughout our operations, Telenor strives to be transparent about how personal information is handled. This we feel is the best approach to ensure the trust of our customers and employees.

Status and Ambition

In 2015, Telenor gave its commitment to the GSMA Mobile Connect Privacy Principles. The principles establish a privacy baseline that applies to all parties that provide Mobile Connect-branded identity services.

A Value-driven approach to Privacy: An internal project to strengthen Telenor's position on privacy was concluded in 2015, which addressed both how we handle existing customer data and how we design our products going forward. Telenor has decided to take a customer value driven approach to privacy. We strongly believe that our customers should get as much value as possible when they share their data with us. Therefore, whenever we process data on our customers' behalf, we strive to add value to the current experience and deliver more personalized and relevant services.

Building Internal Capacity: In 2015, Telenor conducted extensive training and reviews of the privacy practices throughout Telenor Group. Training has focused on implementing the new and stronger processes for handling of requests from authorities, which includes clear escalation criteria. The reviews of our business units have covered routines and processes for privacy, authority requests and information management. In addition, Telenor also produced a collection of new internal guidelines and tools to assist privacy and commercial professionals in their daily work relating to privacy matters.

Ensuring Data Security in all Business Units: The Telenor Group Security Policy and manuals were updated in 2015 with the objective of strengthening Group involvement in strategic operational decisions at the business unit level. Incident management and reporting, updating local and global risk picture, and sharing best practices have been the document's focus areas.

The business security organization in Telenor has been strengthened over the last year with several experts anchored at a strategic level. The expertise covers areas of security in telecom networks, IT, fraud management and physical security.

We have seen a significant increase in the reporting of security challenges and incidents from business units during 2015, which has been enabled through the introduction of a global security incident and risk management function. Furthermore, a security risk profile for Telenor has been established during 2015, through an expert assessment of key security risks across Telenor business units and from external sources. The main finding in Telenor's security risks picture is that we have an increasing risk level, in particular within cyber security, and this is addressed in the Telenor Security Strategy.

Looking Ahead: Across our markets we are seeing governments and regulators taking new steps to strengthen privacy regulation and to introduce new measures that directly or indirectly affect our ability to manage our customers' data. This trend is expected to continue and Telenor will also step up its focused work on privacy, freedom of expression and security to meet both regulatory requirements and the expectations of customers.

As Internet of Things (IoT) is now starting to mature, security challenges are expected in future. Connected units are no longer isolated from public access, and it needs to be easy for end-users to safely connect further sensors or units to their current solutions. Telenor will continue to adapt to these challenges and provide secure solutions related to IoT.

Climate Change & Environment

Policy & Actions

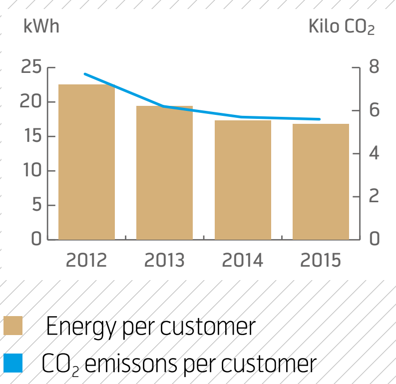
Telenor is committed to minimize its environmental impact. Our business units operate with the policy of making all reasonable efforts to minimize use of natural resources including energy, water and raw materials.

Climate change is one of the most complex challenges facing people, businesses and governments. Climate related risks include potential damages to vital infrastructure and utilities through the impact of more extreme weather events. At the same time our technology and smart services have the potential to cut global carbon emissions, reduce resource intensity, stimulate economic growth and deliver substantial social benefits. Telenor engages with the industry and partners to embrace these opportunities.

The mobile industry will risk continued growth in its total energy consumption and carbon footprint as mobile operators continue to increase their coverage, acquire more customers and develop more mobile broadband services due to market needs. Telenor's key focus is therefore to stabilise energy consumption by improving the energy efficiency of its networks, as these represent around 80 per cent of the total energy consumption.

Our Asian markets are very different from our European markets – both in our carbon footprint and the type of energy that we use for our network operations. In Asia, the business case for the use of solar panels instead of diesel generators has improved as costs have fallen. All business units are mandated to choose cost-efficient energy-efficiency initiatives: network swaps, the sourcing of energy-efficient technologies,

ENERGY AND CO_2 REDUCTION



> Our CO_2 emissions per end customer have over the last four years dropped by approx. 27%

infrastructure-sharing and more energy-efficient data centres and buildings. Moving towards 'Ultra-efficient site infrastructure solutions' is one of the most important focus areas in our Network 2020 strategy, and we are working on business unit specific execution plans in this domain.

We also focus on other environmental aspects such as waste management and hazardous substances in equipment purchased. The growing demand for ICT products and devices, and their increasingly short lifespans, has resulted in e-waste becoming one of the fastest growing waste streams globally. In this regard, all business units are mandated to secure sustainable waste management. All electronic waste is to be reused, recycled or safely disposed and all business units are to ensure that these processes are conducted according to internationally recognised standards and regulations.

Status and Ambition

For the second year in a row, CDP ranked Telenor Group on their global top ranking climate list for 2015. Telenor was the only Norwegian company and the only Nordic telco on CDP's so called A List – out of a global total of 113 companies in all industry sectors.

An Eye on Energy Consumption: In 2015, total energy consumption in Telenor Group was approximately 3,400 GWh. Our energy consumption per end customer has over the last four years dropped by approximately 25 per cent. The associated emission of greenhouse gases in Telenor Group is estimated to a total of 1.1 million tonnes of CO_2 when using location based electricity emission factors for the indirect scope 2 emission, and 1.3 million tonnes of CO_2 when using market based electricity emission factor for indirect scope 2 emissions. Our CO_2 emissions per end customer have over the last four years dropped by approximately 27 per cent.

Sustainable Environment Practices: Close to 31 per cent of our procurement processes with a contract value greater than USD 250,000 used a specified set of sustainability criteria in 2015. In addition, more than 190,000 meetings were carried out in Telenor's global organisation using video conferencing and virtual meeting solutions instead of actual travel. In 2015, Environmental Management Systems (EMS) in line with ISO 14001 were followed up in all business units with the exception of Telenor Myanmar, where EMS implementation will commence in 2016. Five Telenor business units – Telenor Bulgaria, Telenor Serbia, Telenor Hungary, Digi and Telenor India – are certified according to ISO 14001. The revised ISO 14001:2015 standard will be implemented in the coming years.

Encouraging Alternate Energy Solutions: In 2015, Telenor Pakistan partnered up its mobile banking solution Easypaisa with the Pakistani energy service company Roshan Energy, to launch a first of its kind solar home solution for marginalized poor communities living in off grid areas. On the other hand, Grameenphone installed more than 400 solar power solutions at their off-grid base stations – adding to a total of more than 1,000 solar powered base stations in Bangladesh. Digi is currently testing hybrid hydrogen fuel cell technology to provide clean energy for their base stations.

Responsible E-waste Initiatives: Mobile handset recycling initiatives have been ongoing for several years in nine business units: Telenor Hungary, Telenor Serbia, Telenor Montenegro, Digi in Malaysia, dtac in Thailand, Telenor Sweden, Telenor Denmark, Telenor Norway and Telenor Bulgaria. In Thailand, dtac collected 980,000 pieces of customer owned mobile phones and batteries for reuse or recycling. Across Telenor, a total of more than 1.1 million mobile handsets and mobile batteries were collected and recycled in an appropriate way.

Looking Forward: Telenor's key climate measure will be to stabilize energy consumption in its networks while increasing market footprint, since network operations represent around 90 per cent of our total CO_2 emissions.

Child Online Safety

Policy & Actions

At Telenor we continue to see robust data growth in all our markets. A significant part of this growth is generated by young people who are the keenest explorers of the online world. Whereas there is much to admire in the boldness with which young people take up new technologies and social networking services – it is equally clear that the risk of children becoming victims of exploitation, bullying, abuse, fraud or exposure to unsuitable content, remains high. Children benefit from access to connectivity in so many ways and they deserve to have stimulating content developed specifically for them. However they should also receive meaningful education in how to avoid the dangers. And if they have had an untoward experience, they should have somewhere to turn to other than their parents.

Status and Ambition

During 2015, all Telenor Group business units worked to improve online safety for children within five defined areas: Educational outreach to schools, access to toll-free helplines, access to parental controls and good reporting mechanisms, and firm measures to prevent child sexual abuse from being distributed through Telenor's networks. Progress was made in all areas.

Supporting Child Helplines: Building on our contacts with Child Helpline International (CHI), Telenor provided support to the CHI Asian Regional Consultation in an effort to educate helpline staff to be better able to assist children who have had a negative online experience. We also supported the expansion of the child helpline in Dhaka, Bangladesh, offering the service to children in many other areas beyond that sprawling city.

The Norwegian helpline Kors på halsen (Cross your Heart), which has partnered with Telenor Norway over many years, has seen an increase in traffic to their channels following the move to include younger children, particularly from 11 and 12 year olds. Many came forward with regrets they harboured with respect to their own online behaviour.

Localizing Safe Internet Awareness Content: Two Telenor Group operations in Asia issued local versions of a Telenor Guidebook on how to talk to kids about the internet. The guidebook is intended as a starting point for newly digital families to discuss how to include internet into their children's lives in a safe and enriching way. UNICEF has been the local publishing partner in both Malaysia and Bangladesh.

Both Grameenphone and UNICEF in Bangladesh undertook nationwide distribution efforts and quickly extended the book's outreach to more than 450 schools and thousands of teachers and families. Similar efforts – through outreach to communities and Safe Internet workshops are underway across Malaysia in partnership with CyberSAFE Malaysia and UNICEF Malaysia. At year-end 2015, the book was available in four languages, English, Bengali, Bahasa Malaysia and Mandarin and it is now online for all to download. It will be published in more Telenor countries during 2016.

Building Capacity for Cyber Safety: Telenor India continued the WebWise campaign in 2015 and significantly expanded efforts to reach 22,000 children. Central to the WebWise programme are ambassadors at Telenor India, who meet with the young, encourage teachers and parents to better understand the behaviour and needs of young internet users, and help them address the topic of child online safety together with the children.

During 2015, Norway's biggest school tour against cyberbullying – Use Your Head – reached an important milestone. 200,000 Norwegian pupils have now received training in how to stop bullying. A survey of Norwegian teachers present at the trainings reveals that 100 per cent believed Use Your Head was useful for pupils, while 96 per cent believed that Use Your Head presentations can prevent instances of online bullying. In 2015, Use Your Head was relaunched with updated modules for secondary school pupils and a separate, brand new talk directed at 6th and 7th graders.

Understanding Cyber Space Experiences of Children & the Young: Digi, together with CyberSecurity Malaysia and the Malaysian Ministry of Education, released the results of the second nationwide CyberSAFE in Schools 2015 Survey. The National Survey Report 2015 gathered feedback from more than 18,000 schoolchildren from 216 secondary schools in all 14 states of Malaysia over a period of seven months. The purpose of this year's survey was to identify school children's experience with existing and new categories of online risk as well as their capacity to protect and recover from these negative experiences. The comprehensive report was able to document encouraging developments in cyber-safety awareness and growing digital resiliency among Malaysian schoolchildren.

> Together with partners, Telenor continues to contribute and grow digital life-skills and resilience of children and young people in our markets.

In Norway, a survey carried out by Opinion on behalf of Telenor showed that 11 and 12 year olds are very active on social media, and one in three children had received hurtful messages online or via their mobile.

Looking Forward: At Telenor, we will continue to strengthen our efforts with child online safety in 2016. We remain particularly concerned that the younger generations of Asia, who are going online ever more frequently, are not receiving the attention and support they deserve. Institutional capacity and parental awareness are still lacking in many geographies. By engaging with our national and global partners, UNICEF prominent among them, we will continue to put child online safety on the agenda and contribute to grow the digital life-skills and resilience of children and young people.

Mobile Phones & Health

Policy & Actions

Scientists and researchers continue to investigate the possibility that electromagnetic fields (EMFs) generated by mobile technology could have detrimental health effects. Numerous independent scientific and public health authority reviews have been issued and the consensus position, according to the World Health Organization, is that current international recommendations incorporate large safety factors and are protective of the health of people everywhere.

As mobile phones and connectivity become ever more ubiquitous there are voices that continue to argue that too little is known about the possible health effects of mobile use and about living within close proximity to mobile infrastructure. Others again are convinced that EMFs are the source to a number of health complaints.

At Telenor we are respectful of anyone coming forward with concerns for their health or that of their families. We have confidence in, and refer to, the World Health Organisation, which has stated that: 'To date, no adverse health effects have been established as being caused by mobile phone use'.

At Telenor we are supportive of serious research efforts to establish whether there may be health effects of exposure to EMF from mobile phones and infrastructure.

Status and Ambition

All business units work in accordance with the guidelines provided by national regulations and the International Commission on Non-Ionizing Radiation Protection (ICNIRP). These guidelines represent the basis for all our planning, installation work and safety measures at antenna sites.

Further, all business units recognise and respect the public interest in acquiring environmental and health-related information about electromagnetic fields and strive to provide stakeholders with accurate and relevant information relating to installations, services and products.

Vital for Society

Telenor strives to be a reliable company, providing critical communication infrastructure and investing for the long-term in the markets it operates in. Relevant material topics reported this year include Telenor's economic contribution to society, digital access & outreach and service reliability.

Economic Contribution to Society

Policy & Actions

Mobile communication and digital services are vital engines of economic development and growth, and facilitate the modernization of both private and public services. Telenor's economic contribution to the societies we operate in includes both the vital services that empower customers and businesses, and the more indirect, "multiplier effect" that our business has on the activities of construction, vendors, franchises, and retailers. Mobile communication creates a vibrant ecosystem of large and small businesses that employs millions in our markets. In a more restricted sense, our direct economic contribution consists of paying taxes, investing long-term in digital infrastructure, and recruiting skilled and dedicated employees. Such direct, economic contributions play a vital part in empowering society as a whole.

Status & Ambition

A long-term Investor, Tax payer and Employer: Telenor is committed to turn investment into optimal value for owners and customers. We believe that investment helps national economies sustain an acceptable current account balance, and sustain a modern infrastructure for tomorrow's economic growth. The rollout of mobile networks will be one of the main catalysts for further digitalization and modernization in many years to come. Telenor invests long-term in physical infrastructure that enables new markets to leap into the digital age. In 2015, our investment ratio (capital expenditure to revenue) of 20 per cent compared well with the global industry average of 19 per cent.

Telenor is committed to operate in accordance with laws and regulations by reporting and paying taxes at the legally obliged level (see notes 13 and 33 in the Financial Report for details). We believe that a good tax system with universal tax collection is vital to support services such as public education and healthcare.

Telenor continued to advise governments to meet deficits with predictable and balanced measures, and to share the burden evenly across a broad tax base. In 2015, some Asian governments took efforts to reduce specific tax burdens on mobile operators, most notably in Thailand. However, several governments sustained excessive taxation of mobile and other selected industries, in a targeted and non-predictable way. Hungary, Pakistan and Bangladesh particularly levied high sector taxes, over those taxes paid by other industries in these countries – thereby curbing investments and growth opportunities in those industries that witness extra tax burden. In accordance with our tax position, Telenor joined the industry association GSMA in vocal, international calls for more predictable and universal taxation in Pakistan and Bangladesh.

Telenor is committed to attract local employees that are highly skilled, and remunerates them considerably above the wage average in our markets in Asia and Central-Eastern Europe. Many of our markets struggle with a general trend of 'brain-drain', where Telenor and the digital industry serve as an important pathway of employment after higher education. Our close to 38,000 employees are key in developing national resources of knowledge and skills.

Direct Economic Contribution: Put together, our direct economic contribution in terms of taxes and fees, investments, wages and social benefits amount to a high proportion of revenue. In 2015 Telenor can look back at approximately NOK 23 billion paid in total taxes, fees and fiscal levies for the preceding tax year (2014), and we contributed NOK 25.7 billion in capital expenditure, and paid NOK 12.4 billion in wages and social benefits for employees, adding up to an annual direct contribution of approximately NOK 61 billion. Adding NOK 35 billion in purchases of goods and services, Telenor left a direct and indirect contribution of approximately NOK 96 billion to the national economies in our 13 markets,

Telenor's economic contribution includes both the vital services that empower customers and businesses, and the more indirect, "multiplier effect" on the activities of construction, vendors, franchises and retailers.

Benefits of connectivity are only realized when people are able to use services. At Telenor, improving digital awareness and skills go hand in hand with access provision.

i.e. a contribution more than twice as high as the EBITDA of the Group.

The following table specifies the most important elements of Telenor's economic contribution country-by-country. It includes our revenues, EBITDA, capital expenditure, the corporate income taxes for 2015 and number of employees. Please note that the table does not specify all taxes, and fiscal levies – only the Corporate Income Tax (CIT) is included. The table also excludes employee wages, social contributions and other personnel costs.

Digital Access & Outreach

Telenor Group aims to enable the digital transformation of societies we serve by extending internet connectivity to as many people as possible. Today, many of the unconnected are in emerging Asia, but there are also unconnected pockets of people in Europe and the Nordic region. The mobile phone has become a catalyst for change and growth – for individuals and for society at large. Bringing the benefits of digital access and outreach to all is therefore one of Telenor's key objectives.

Status & Ambition

As of 2015, Telenor has rolled out the 4G mobile technology standard in 7 countries and 3G in 12 countries, with more countries on the roadmap. By 2016, nearly all of our markets will have 3G or 4G. All of our operations have also rolled out or are evaluating Wi-Fi offerings. In our mature markets we are adding network capacity to sustain and improve the mobile data user experience as networks become congested.

While coverage and superior networks are critical to ensuring access in under or unserved areas, the benefits of connectivity are only realized when people are able to use the services. Improving digital awareness and skills therefore go hand in hand with access provision.

Reaching out for Digital Literacy: Telenor India is reaching out to rural and semi urban areas to educate youth, women and children about the usage and benefits of internet in their daily lives. In 2015, Telenor India opened more than 270 Grahak Shiksha Kendras (Customer Education Centres) in its Retail Stores that aim at educating the masses on internet.

Telenor Myanmar also established more than 40 digital literacy centres, named TML lighthouses, with the objective to provide smart phone and computer-based literacy training and online education to communities in rural areas. The establishment includes training entrepreneurs to become sustainable social enterprises in rural areas. TML has an ambition to have 100 lighthouses by end of 2016.

Including Senior Citizens in the Digital Age: Telenor Norway in collaboration with Red Cross has reached out to senior citizens to provide education in mobile and internet technology. More than 500 courses have been conducted with more than 8,000 elderly participants.

Addressing the Gender Gap in Access: The gender gap in access to mobile and ICTs can

COUNTRY-BY-COUNTRY DATA

2015 All figures in NOK millions	Revenues	EBITDA	Capex	Profit before taxes	Corporate income tax (CIT)	Employees total per 31.12
Norway	32 514	10 104	7 384	4 842	1 569	6 047
Sweden	14 538	4 973	1 320	3 434	555	2 050
Denmark	5 738	518	831	(2 463)	(92)	2 213
Hungary	4 456	1 421	316	799	91	1 316
Bulgaria	2 926	1 234	525	699	54	2 100
Serbia	3 199	1 089	707	709	160	1 415
Montenegro	469	172	71	119	22	310
Thailand	20 578	6 626	4 774	1 979	375	4 841
Malaysia	14 302	6 418	1 888	4 957	1 209	2 095
Bangladesh	10 881	5 888	1 996	3 700	1 576	5 544
Pakistan	7 637	3 142	1 443	1 993	443	5 405
India	5 589	(132)	1 046	(1 424)	0	3 825
Myanmar	4 689	1 904	3 382	819	7	500

place women at a disadvantage to enjoy digital benefits. Telenor India has been running Project Sampark since August 2014 with a pilot in Uttar Pradesh. The project works on a twin SIM concept in which the owner of the first SIM must be a woman in order for the second SIM owner to reap certain benefits. So far the pilot has shown good results with 40,000 customers, 50 per cent being women. The project will be expanded in 2016.

Providing Access to Content: Telenor and the Wikimedia Foundation continued their partnership in 2015, building on the commitment to bring Wikipedia to Telenor customers free of data charges. The partnership also encourages creation of articles on Wikipedia in local language for our markets. Telenor has made the internet encyclopedia Wikipedia free in many markets, namely Serbia, Montenegro, Myanmar, Thailand and Bangladesh.

In Pakistan, Free Basics was launched in partnership with Facebook to offer free basic internet services to the masses, which was well received.

Service Reliability

At Telenor, reliability of service in all operating areas is key to delivering on our promise to the customer. We believe in strengthening the relationship with our current customers, and turning them into promoters of our services. And to be loved by customers, we need to have a strong customer understanding, be a truly caring organization, deliver valued services and products, and offer a superior touch point experience. We also believe that the infrastructure we provide is vital for helping customers' connect and keep safe especially during times of disaster. Service reliability is therefore an important area of consideration.

Network Availability during Natural Disasters: In March 2015 heavy snow caused hazardous challenges in Bulgaria, whereby a record number of towns and villages lost power, and some people were also left stranded. Unlike other operators, Telenor Bulgaria's service during these testing times remained active, helping people stay in touch with the outside world. This was possible in part due to planned network resilience and reliability initiatives in place.

In 2015 there were five extreme weather events in Norway and Telenor demonstrated that preparedness functioned significantly better during these events than during the violent extreme weather Dagmar in 2011. Telenor Norway has since Dagmar increased reserve power capacity at its installations, enhanced battery backup on several base stations and acquired high-tech mobile trailers ready to cater for communication in crisis areas. Telenor Norway also has mobile generators which can supply electricity to communication equipment in serious power failures. In addition, the company runs emergency drills and maintains a dialogue with relevant authorities about robustness and emergency response.

Flooding in Asia during July-August affected millions in Bangladesh, India, Pakistan and Myanmar. Our operations in Myanmar were directly impacted on a network level, and Telenor Myanmar worked closely with tower companies and local relief authorities to ensure cellular network coverage and site recovery in the face of worsening flood conditions.

In a separate incident of intense flash flooding in Upper Chitral area of Pakistan, Telenor Pakistan's network helped connect stranded locals in a time when damaged bridges and road infrastructure rendered the area inaccessible for days.

Many of Telenor's business units, especially the ones operating in disaster prone areas have sound backup plans and redundancy options to ensure service reliability under challenging circumstances.

Innovating for Shared Value

At Telenor, we strive to introduce innovative uses of digital communication to improve people's lives. Relevant material topics reported this year include innovative services & programmes, low carbon solutions and researching for shared value.

Innovative Services & Programmes

Telenor supports world leaders in their commitment to reach the new UN Sustainable Development Goals. We are confident that communication and mobile technologies can be successfully applied to secure better health, quality education, reduced inequalities and better protection of our shared environment. As part of the 'tell everyone' campaign, Telenor has spread the news of the UN Sustainable Development Goals to nearly 87 million customers via SMS, reached minimum 14 million via Social Media, and spread knowledge to about 38,000 employees. During the kick-off event labelled '2015 GLOBAL CITIZEN FESTIVAL' in Central Park N.Y.C. Telenor Group took the stage with additional leading advocates in the private sector, over a dozen world leaders, prominent activists and other special guests – to create awareness of the Global Goals.

Harnessing the power of mobile for sustainable development, there are different ways through which innovation at Telenor helps improve lives.

> Telenor supports world leaders in their commitment to reach the new UN Sustainable Development Goals.

Status & Ambition

Leveraging Mobiles & Partnerships to benefit the Underserved: In 2015 Telenor and UNICEF continued building on their partnership to leverage the reach and capability of connectivity for children's survival and development. During 2015 Telenor and UNICEF collaborated on promoting child rights and Safe Internet in Bangladesh, Thailand, Malaysia, Hungary and Serbia.

With good results so far, Telenor Pakistan, UNICEF and local authorities continued a pilot project in the provinces of Sindh and Punjab to augment birth registration rates using cellular technology. A baseline comparison of the pilot areas has shown an increase in registration rates from under 30 per cent via conventional registration during the same period in 2014, to above 90 per cent during the pilot phase.

In Thailand, dtac, UNICEF and the Ministry of Health kept pace with their efforts to provide users with free mobile information services to promote healthy mothers and children. The mobile phone is used as a tool to convey life-saving information to expecting and new mothers. The service had more than 112,000 subscribers till November 2015.

Work also continued on enabling the social inclusion of Roma population in Serbia through health outreach services in collaboration with UNICEF and local authorities.

Online Schools for Remote Communities: In 2015 Grameenphone expanded the online school project where teachers conduct class from a distant location using video conferencing technology. Five additional online schools were established in different remote locations of the country. With this expansion, a total of ten online schools now provide quality education to close to 700 financially disadvantaged students.

Empowering farmers through Agri-based services: In 2015, dtac continued the Rak Ban Kerd project *1677 Farmer Information Superhighway in Thailand focusing on providing agricultural data to farmers. The project also offers advice on agricultural techniques, capacity-building and support in obtaining standards and certifications.

Mobile Financial Solution to promote Girls' Education: Telenor Easypaisa in Pakistan is providing educational stipend disbursement services for the Sindh Education Reform Programme (SERP). The stipend is offered to more than 400,000 girls studying in classes 6 through 10, and is designed to address gender disparity in education attainment. Easypaisa provides a convenient and efficient solution in the form of Over The Counter (OTC) and ATM Cards to stipend beneficiaries, as well as a cost saving solution to SERP.

Extending Life and Health Insurance Services: Telenor Group is offering life and health insurance to customers in many of its markets. In 2015, Telenor India launched Telenor Suraksha with the aim to provide life insurance to low and middle-income customers. The initiative has been a success with more than 6 million customers insured as of December 2015. Grameenphone's Nirvoy Life Insurance has more than 5

At Telenor, we strive to introduce innovative uses of digital communication to improve people's lives.

million customers of which more than 1.5m new customers were added in 2015. The objective of the service is to serve as a mass loyalty product in addition to offering Grameenphone customers a social safety-net. And Easypaisa's first mass market health insurance Sehat Sahara reached 100,000 subscriptions in 2015.

Low Carbon Solutions

Policy & Actions

Technology and smart services have the potential to impact global carbon emissions. Our industry is well positioned to make the world more sustainable by connecting sensor-based data with analytical capacity to improve people's lives and increase resource efficiency in diverse areas such as smart homes, smart cities, smart energy or smart mobility. Telenor is therefore searching for new innovative ideas using the Internet of Things (IoT) to help businesses become more efficient and people's lives smarter.

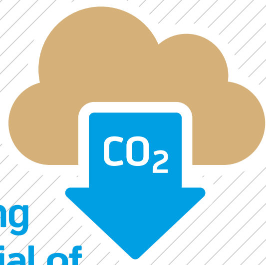
Telenor welcomes the historic climate agreement reached in December 2015 in Paris, where 195 countries pledged to join forces on climate action and undertake efforts in cutting their emissions, with the common goal of keeping the global temperature rise below 2 degrees Celsius in this century.

Status & Ambition

ICT carbon emissions' reduction & the SMARTer 2030 report: The SMARTer 2030 report identifies a number of sectors where the enabling potential of ICT can deliver significant carbon emissions reduction - up to 20 per cent by 2030 and close to ten times the industry's own direct emissions. This places ICT as one of the key instruments for the achievement of the commitments undertaken in Paris and the implementation of related national action plans.

Raising Awareness Amongst Communities: Telenor Norway in 2015 partnered up with ZERO, the Norway-based independent not-for-profit foundation, to raise awareness about business opportunities related to use of our climate friendly technology. The company also visited 200 municipalities with the message of Smart Kommune (Smart Municipality) with the main focus areas being education, health as well as buildings, roads etc.

Positioning the Internet of Things: Telenor Connexion the dedicated Internet of Things



Enabling potential of ICT can deliver significant carbon emissions reduction - nearly 10 times the industry's own direct emissions

GESI SMARTER 2030 report

company within Telenor, designs and operates connected business (IoT) solutions for the global market. The company has a strong position internationally within IoT (Telenor is number 8 in the world) and a unique position in Sweden with eight out of ten subscriptions in the market. In 2015, Telenor Group passed 6.5 million connected devices globally on its IoT platforms.

Looking forward, Telenor will continue to engage with the industry and partners to embrace opportunities related to ICT sector's role in a low-carbon transition. Further, Telenor will seek new business opportunities using IoT to help businesses become more efficient and people's lives smarter.

Researching for Shared Value

In Telenor, research is key in helping the company gain insights and competencies to become a data driven software organization. This ambition also has a sustainability dimension. Research in using big data – the information flow from digital communications analysis – has the potential of providing important insights that can help tackle socio-economic challenges, such as the early identification and prevention of diseases.

Telenor partnered to undertake a first-of-its-kind study using Big Data to map and predict dengue virus spread in Pakistan.

Deploying Big Data to fight Dengue Virus Spread: In 2015, collaborative research was undertaken by Telenor and the Harvard TH Chan School of Public Health, Oxford University, U.S. Center for Disease Control, and University of Peshawar, to study the 'Impact of human mobility on the emergence of dengue epidemics in Pakistan'. The breakthrough study looks at the use of big data in the prediction of epidemic spreading of dengue fever and offers more accurate models for prediction. Such models could provide a tool to health professionals and authorities in many countries, preparing them for a better response to address and prevent the spread of dengue - the fastest-growing tropical disease and now a leading cause of death among children in some Asian countries.

The project clearly demonstrates the power of mobile phones to help predict disease spread. Telenor will continue to bring valuable tools and insights in its markets to address pressing sustainability issues in future.

Fornebu, 15 March 2016

Gunn Wærsted
Chair

Frank Dangeard
Deputy Chair

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Regi Aalstad
Board member

Per Gunnar Salomonsen
Board member

Åse Selfjord
Board member

Harald Stavn
Board member

Sigve Brekke
President & CEO

Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share	Note	2015	2014 Re-presented[1)]
Revenues	6	**128 175**	**111 443**
Operating expenses			
Cost of materials and traffic charges	7	(35 147)	(30 830)
Salaries and personnel costs	8	(12 406)	(11 375)
Other operating expenses	9	(36 425)	(30 742)
Other income	10	113	3 092
Other expenses	10	(985)	(1 098)
Depreciation and amortisation	17,18	(18 384)	(15 529)
Impairment losses	15,17,18	(2 181)	(34)
Operating profit		**22 761**	**24 927**
Share of net income (loss) from associated companies and joint ventures	19	(7 070)	(3 798)
Gains (losses) on disposal of associated companies	19	251	(61)
Financial income and expenses			
Financial income	12	491	501
Financial expenses	12	(2 727)	(2 232)
Net currency gains (losses)	12	(961)	(149)
Net change in fair value of financial instruments	12	277	128
Net gains (losses and impairment) of financial assets and liabilities	12	-	40
Net financial income (expenses)		**(2 921)**	**(1 711)**
Profit before taxes		**13 020**	**19 356**
Income taxes	13	(6 317)	(6 598)
Net income		**6 704**	**12 759**
Net income attributable to:			
Non-controlling interests		3 289	3 682
Equity holders of Telenor ASA		3 414	9 077
Earnings per share in NOK:			
Basic from net income	14	2.27	6.03
Diluted from net income	14	2.27	6.03

1) 2014 has been re-presented as Telenor Denmark has ceased to be classified as discontinued operations, see note 4.

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	**2015**	2014
Net income		**6 704**	**12 759**
Other comprehensive income (loss)			
Translation differences on net investments in foreign operations	23	7 774	10 867
Income taxes		(3)	(86)
Amount reclassified from other comprehensive income to income statement on disposal	23	(15)	(83)
Net gain (loss) on hedge of net investments	23, 28	(5 491)	(5 271)
Income taxes		1 232	1 423
Net gain (loss) on available-for-sale investments	23	(17)	45
Amount reclassified from other comprehensive income to income statement on disposal	23	-	(17)
Share of other comprehensive income (loss) from associated companies and joint ventures	23	(3 357)	(11 103)
Amount reclassified from other comprehensive income to income statement on disposal	23	(23)	24
Items that may be reclassified subsequently to income statement		**99**	**(4 200)**
Remeasurement of defined benefit pension plans	23, 25	1 111	(931)
Income taxes		(249)	234
Items that will not be reclassified to income statement		**862**	**(697)**
Other comprehensive income (loss), net of taxes		**961**	**(4 897)**
Total comprehensive income (loss)		**7 665**	**7 862**
Total comprehensive income (loss) attributable to:			
Non-controlling interests		3 762	4 441
Equity holders of Telenor ASA		3 903	3 421

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	**2015**	2014 Re-presented[1]
ASSETS			
Deferred tax assets	13	**3 366**	3 432
Goodwill	15,16	**23 968**	22 493
Intangible assets	17	**40 495**	39 982
Property, plant and equipment	18	**69 211**	59 562
Associated companies and joint ventures	19	**19 400**	24 157
Other non-current assets	21	**6 155**	6 093
Total non-current assets		**162 596**	**155 720**
Prepaid taxes		**770**	224
Inventories		**2 271**	2 052
Trade and other receivables	20	**23 877**	21 226
Other current financial assets	21	**1 436**	1 089
Assets classified as held for sale	4	**3**	1 095
Cash and cash equivalents	22	**13 956**	12 350
Total current assets		**42 313**	**38 035**
Total assets		**204 909**	**193 755**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	23	**58 467**	63 755
Non-controlling interests	23	**4 660**	4 750
Total equity		**63 126**	**68 505**
Liabilities			
Non-current interest-bearing liabilities	27	**63 802**	61 113
Non-current non-interest-bearing liabilities	26	**4 010**	1 988
Deferred tax liabilities	13	**3 023**	2 569
Pension obligations	25	**2 424**	3 568
Provisions and obligations	24	**3 545**	3 408
Total non-current liabilities		**76 805**	**72 646**
Current interest-bearing liabilities	27	**12 626**	7 474
Trade and other payables	26	**44 030**	38 315
Current tax payables		**3 392**	2 684
Current non-interest-bearing liabilities	26	**3 339**	2 420
Provisions and obligations	24	**1 591**	1 711
Total current liabilities		**64 978**	**52 605**
Total equity and liabilities		**204 909**	**193 755**

[1] 2014 has been re-presented as Telenor Denmark has ceased to be classified as discontinued operations, see note 4.

Fornebu, 15 March 2016

Gunn Wærsted
Chair

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Åse Selfjord
Board member

Harald Stavn
Board member

Sigve Brekke
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January – 31 December

NOK in millions	Note	2015	2014 Re-presented[1)]
Profit before taxes		**13 020**	**19 356**
Income taxes paid		(5 141)	(4 509)
Net (gain) loss from disposals, impairments and change in fair value of financial assets and liabilities		81	(2 996)
Depreciation, amortisation and impairment losses		20 565	15 564
Share of net (income) loss and (gains) losses on disposal of associated companies and joint ventures		6 819	3 859
Dividends received from associated companies		189	219
Net interest expense		2 071	1 622
Changes in net operating working capital		2 774	2 312
Net currency (gains) losses not relating to operating activities		667	229
Interest received		418	444
Interest paid		(1 841)	(1 528)
Other adjustments	22	(2 517)	(719)
Net cash flow from operating activities		**37 107**	**33 851**
Proceeds from sale of property, plant and equipment and intangible assets		108	117
Purchases of property, plant and equipment and intangible assets	22	(21 168)	(20 693)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	22	1 354	1 083
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	22	(497)	(1 443)
Proceeds from sale of other investments		174	1 971
Purchases of other investments		(252)	(2 032)
Net cash flow from investing activities		**(20 281)**	**(20 997)**
Proceeds from borrowings		14 650	16 969
Repayments of borrowings		(15 190)	(15 834)
Purchase of treasury shares	23	-	(1 048)
Dividends paid to non-controlling interests in subsidiaries	22, 23	(3 777)	(3 386)
Dividends paid to equity holders of Telenor ASA	23	(10 724)	(10 567)
Net cash flow from financing activities		**(15 041)**	**(13 866)**
Effects of exchange rate changes on cash and cash equivalents		81	927
Net change in cash and cash equivalents		**1 866**	**(85)**
Cash and cash equivalents as of 1 January		11 893	11 978
Cash and cash equivalents as of 31 December	22	**13 760**	**11 893**

1) 2014 has been re-presented as Telenor Denmark has ceased to be classified as discontinued operations, see note 4.

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2014 and 2015

	Attributable to equity holders of Telenor ASA						
NOK in millions	Paid-in capital[1]	Other reserves[1]	Retained earnings	Cumulative translation differences[1]	Total	Non-controlling interests[1]	Total equity
Equity as of 1 January 2014	**9 127**	**(6 217)**	**75 464**	**(5 009)**	**73 366**	**3 672**	**77 037**
Net income for the period	-	-	9 077	-	9 077	3 682	12 759
Other comprehensive income (loss) for the period	-	(11 744)	-	6 088	(5 656)	758	(4 897)
Total comprehensive income (loss) for the period	**-**	**(11 744)**	**9 077**	**6 088**	**3 421**	**4 441**	**7 862**
Transactions with non-controlling interests	-	(2)	-	-	(2)	22	20
Equity adjustments in associated companies and joint ventures	-	(1 304)	-	-	(1 304)	-	(1 304)
Dividends	-	-	(10 567)	-	(10 567)	(3 385)	(13 951)
Share buyback	(49)	(999)	-	-	(1 048)	-	(1 048)
Share-based payment, exercise of share options and distribution of shares	-	(112)	-	-	(112)	-	(112)
Equity as of 31 December 2014	**9 078**	**(20 377)**	**73 974**	**1 080**	**63 755**	**4 750**	**68 505**
Net income for the period	-	-	3 414	-	3 414	3 289	6 704
Other comprehensive income (loss) for the period	-	(2 534)	-	3 022	488	473	961
Total comprehensive income (loss) for the period	**-**	**(2 534)**	**3 414**	**3 022**	**3 903**	**3 762**	**7 665**
Transactions with non-controlling interests	-	(2)	-	-	(2)	24	22
Equity adjustments in associated companies and joint ventures	-	1 732	-	-	1 732	-	1 732
Dividends	-	-	(10 959)	-	(10 959)	(3 876)	(14 835)
Share-based payment, exercise of share options and distribution of shares	-	37	-	-	37	-	37
Equity as of 31 December 2015	**9 078**	**(21 143)**	**66 429**	**4 102**	**58 467**	**4 660**	**63 126**

[1] See note 23.

Notes to the Financial Statements

Telenor Group

Contents notes

NOTE 1 General information, compliance and changes in International Financial Reporting Standards

General information

Telenor ASA (the Company) is a limited liability company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1360 Fornebu, Norway. Telephone number: +47 678 90 000. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described in note 5 Segments.

These consolidated financial statements have been approved for issuance by the Board of Directors on 15 March 2016 and is subject to approval by the Annual General Meeting on 11 May 2016.

Statement of compliance

As required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). References to "IFRS" hereafter should be construed as references to IFRS as adopted by the EU.

Adoption of new and revised standards and interpretations

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of new accounting standards as described below.

The following standards and interpretations adopted with effect from 1 January 2015 had no implementation impact on the Group's consolidated financial statements:

- *Improvements to IFRSs - 2010-2012 cycle (effective from 1 July 2014)*
  The changes are primarily in order to remove inconsistencies and to clarify the wording of standards and interpretations. There are separate transition provisions for each standard. These amendments did not have any effect on the Group's consolidated financial statements.

- *Improvements to IFRSs - 2011-2013 cycle (effective from 1 July 2014)*
  The changes are primarily in order to remove inconsistencies and to clarify the wording of standards and interpretations. There are separate transition provisions for each standard. These amendments did not have any effect on the Group's consolidated financial statements.

- *IFRIC 21 Levies (effective from 1 January 2015)*
  IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation did not have any effect on the Group's consolidated financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations that could affect the Group's consolidated financial statements were issued but not effective:

- *IFRS 9 Financial Instruments* (effective from 1 January 2018, but not approved by the EU). The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 might have a minor impact on the classification and measurement of the Group's financial assets and hedge accounting. The implications of IFRS 9 on the Group's consolidated financial statements are still under evaluation and will be further analysed.

- *IFRS 15 Revenue from Contracts with Customers* (effective from 1 January 2018, but not approved by the EU). IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. The main implications of IFRS 15 for the Group will be the following:
  - *Allocation based on stand-alone selling prices:* IFRS 15 requires allocation of the total consideration in a contract between elements in multiple elements arrangements based on the stand-alone selling prices for the goods and services included. The Group's current accounting policy is to cap the revenue of delivered items to the amount that is not contingent on delivery of additional items or other specified performance criteria. This change will have material impact on the revenue recognition where a significant discount is provided to the customer on day one. In such circumstances the new revenue recognition standard will impact the average revenue per subscription per month (ARPU) negatively and increase handset revenues. As a consequence and in isolation, recognised gross margins on handset sales will improve.
  - *Multiple element arrangements sold through external channels:* In some markets where handsets and subscriptions are sold through external channels, the Group is the principal in the subscription sale only, while the handset is regarded as sold by the dealer on instalment plans collected by the Group. For arrangements where the dealer is compensated through commission, and where there are no clear links between the payment to the dealer and the collection of consideration from the customer, the current accounting policy of the Group is to recognise a commission expense and increased subscription revenue. Under IFRS 15 the commission will be offset against revenue to the extent it is possible to establish a link between the commission to the dealer, which is passed on to the customer, and the consideration from the customer subsequently collected by the Group. Consequently, the ARPU will be negatively impacted in these arrangements.
  - *Incremental cost for obtaining a contract:* Incremental costs for obtaining a contract, such as sales commissions, are under current accounting policy expensed as incurred. IFRS 15 requires capitalisation of such cost if the amortisation period is more than 12 months. The amortisation period shall be the expected contract period, including renewals. Amortisation of the capitalised cost of obtaining a customer will be recognised as part of EBITDA.
  - *Contract modification:* IFRS 15 requires, in certain circumstances, to change the allocation of the consideration received when contracts are modified. For current services provided by the Group this change in accounting policy will have limited effect on the pattern of revenue recognition in the Group.
  - *Disclosures:* IFRS 15 adds a number of disclosure requirements to the annual and interim reports, e.g. to disaggregate revenues into categories that depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.
  - *Transition methods:* IFRS 15 allows for either a full retrospective approach where all periods presented are adjusted or a modified approach where only the current period is adjusted. The latter method requires disclosures that reconcile all financial line items in the year of adoption to the current standards. In the opening balance, an allocation of total consideration between devices delivered and future services to be provided must be performed for contracts not yet completed, either in the period of transition or in the comparative period, depending on method of transition. As generally more revenue will be recognised from the handset component, a contract asset with a corresponding increase in equity is expected.

- IFRS 16 *Leases* (effective from 1 January 2019, but not approved by the EU). IFRS 16 establishes significant new accounting policies for lessees. IFRS 16 eliminates the current distinction between operating and finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying the new model, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and recognise depreciation of lease assets separately from interest on lease liabilities in the income statement. For the Group this implies that current operating leases satisfying the criteria will be recognised with assets and liabilities. The change will have a significant positive impact on EBITDA in the Group's consolidated income statement.

- IAS 19 *Amendment: Employee Contribution* (effective date in EU from 1 February 2015). The amendment clarifies the accounting for contributions from employees or third parties when the requirements for such contributions are set out in the formal terms of a defined benefit plan. The objective of the amendments is to provide a more straight-forward alternative for accounting when the employee contributions payable in a particular period are linked solely to the employee's service rendered in that period. The potential impact of the amendment on the Group's consolidated financial statements is limited.

- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests* (effective from 1 January 2016). The amendments to IFRS 11 require that when accounting for an acquisition of an interest in a joint operation, in which the activity constitutes a business, the relevant accounting principles for business combinations must be applied. The amendments are applicable for both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. These amendments are not expected to have any impact on the Group's consolidated financial statements.

- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective from 1 January 2016). The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact on the Group's consolidated financial statements.

- Amendments to IAS 27: *Equity Method in Separate Financial Statements* (effective from 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments will neither impact the Group's consolidated financial statements, nor the separate financial statements of Telenor ASA.

- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* (effective from 1 January 2017, but not approved by the EU). The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The Group does not recognise debt instruments at fair value, hence the amendments are not relevant for the recognition of deferred tax assets in the Group's consolidated financial statements.

- Amendments to IAS 7: *Disclosure Initiative* (effective from 1 January 2017, but not approved by the EU). The amendments introduce additional disclosure requirements to enable evaluation of (cash and non-cash) changes in liabilities arising from financing activities. The amendments are to be applied prospectively and no comparative information is required at the effective date. These amendments will not have any impact on the Group's consolidated financial statements, but may require minor additional note disclosures.

- Improvements to IFRSs - 2012-2014 cycle (effective from 1 July 2016). These amendments consist of minor changes to 4 IFRS', and will not have any significant effect on the Group's consolidated financial statements.

Management anticipates that these standards and interpretations will be adopted at the dates stated above provided that the standards and interpretations are approved by the EU.

NOTE 2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets available for sale (primarily shareholdings of less than 20%) and derivative financial instruments, which are carried at fair value. Loans, receivables and other financial liabilities are carried at amortised cost.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest million, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

Basis of consolidation and non-controlling interests

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA (the Group). Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling interests are such that a non-controlling shareholder is able to prevent the Group from exercising control.

In addition, control may exist without having 50% voting power through ownership or agreements as a consequence of de facto control. De facto control is the ability to exercise control through the majority of the votes at the General Meeting and at the Board of Directors meeting, without the legal right to exercise unilateral control. Control may also exist through potential voting rights, such as options. Such potential voting rights are only considered if they are substantive.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company. Consistent accounting policies are applied. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until control ceases, respectively. Intercompany transactions, balances, revenues, expenses and unrealised Group internal profit or losses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent. Non-controlling interests consist either of the proportionate fair value of net identifiable assets or of fair value of those interests at the date of the business combination, and the non-controlling interests' share of changes in equity since the date of the business combination. The principle for measuring non-controlling interests is determined separately for each business combination.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Consideration in excess of, or lower than, the carrying amount of non-controlling interests is recognised against the equity attributable to the owners of the parent. If the Group loses control over a subsidiary it derecognises the assets, liabilities and non-controlling interest, and reclassifies to profit or loss, or transfers directly to retained earnings as appropriate, the amounts recognised in other comprehensive income in relation to the subsidiary. Any investment retained at the date when control is lost is measured at fair value and a gain/loss is recognised.

Foreign currency translation
The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification
An asset is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Financial instruments, other than those held for trading, are classified based on maturity, and hedging instruments are classified consistent with the underlying hedged item. Deferred revenues and costs related to connection are classified as current as they relate to the Group's normal operating cycle.

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. This also applies for situations where the Group still continues its operations, but loses control over the operation. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, management must be committed to the plan, and it is expected that the sale will be completed within a year.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. The equity method is discontinued for associated companies classified as held for sale.

A disposal group qualifies as discontinued operation if it is a cash-generating unit that has either been disposed of, or is classified as held for sale, and represent a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. All consolidation procedures as presented above are still applicable, and only external revenues and expenses are shown as discontinued operations.

Operations previously classified as discontinued operations which cease to be held for sale are reclassified and included in continuing operations with retrospective effect. All comparative information in statements and disclosures are re-presented.

Business combinations
The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognised at fair value less cost to sell, and deferred tax assets and liabilities which are recognised at nominal value.

Goodwill arising on acquisition is recognised as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the aquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognised in the income statement immediately.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration which is not classified as equity will be recognised in the income statement as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured and subsequent settlement will be accounted for within equity.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through the income statement.

Investments in associated companies
An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements. Investments in associated companies are accounted for using the equity method.

Interests in joint arrangements
A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures, depending on the rights to the assets and obligations for the liabilities of the parties to the arrangements. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is a joint venture. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation.

In relation to its interest in a joint operation, the Group recognises its assets, including its share of assets held jointly, its liabilities, including its share of liabilities incurred jointly, its revenues and its expenses, including its share of expenses incurred jointly. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. The accounting for joint operations structured through separate vehicles reflects the Group's involvement in the assets and liabilities and not the joint operations involvement with other joint operators.

Any goodwill arising on the acquisition of the Group's interest in a joint operation is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above). Where the Group transacts with its joint operation, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

Interests in joint ventures are accounted for using the equity method.

Equity method

The results and assets and liabilities of associated companies and joint ventures are accounted for using the equity method. Under the equity method, investments are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the investees (i.e. total comprehensive income and equity adjustments), less any impairment in the value of the investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses in excess of the Group's interest in such companies, including any long-term loans and receivables that, in substance, form part of the Group's net investment, are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of these associated companies or joint ventures.

Any goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. At each reporting date the Group evaluates if there are indications that the investment may be impaired. If there are such indications, the recoverable amount of the investment is estimated in order to determine the extent of the impairment (if any).

Where a Group entity transacts with an associate or joint venture of the Group, unrealised profits or losses are eliminated or deferred to the extent of the Group's interest in the relevant associated company or joint venture.

The share of net result, including amortisation of excess values, impairments and reversals of impairments, is presented as a separate line item in the income statement between operating profit (loss) and financial items. Gains and losses on disposals are presented separately. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in the investees are recognised in the statement of changes in equity.

Financial statements as of the reporting date are for some investments not available before the Group issues its quarterly financial information. In such instances, the share of net income of the investment is recognised in the consolidated financial statements with a one quarter lag. Adjustments are made for the effects of publicly available information on significant transactions or events that occur between the latest interim financial reporting of the investee and the date of the consolidated financial statements of the Group. To ensure consistency in reporting in quarterly and annual reports, the figures in the annual report are not updated in situations where the financial statements for the investee are made available between the issuance of the quarterly report for the fourth quarter and the issuance of the annual report, unless the financial statements of the investee contains information about significant transactions or events.

Goodwill

Goodwill arising in a business combination is not amortised. Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units (defined below) expected to benefit from the synergies of the combination that gave rise to the goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. An impairment is recognised if the recoverable amount (the higher of fair value less cost to sell and value in use) of the cash-generating unit is less than the carrying amount of the cash-generating unit. The impairment first reduces the carrying amount of any goodwill and then reduces the carrying amount of the other assets of the unit pro-rata. The carrying amount of any individual asset is not reduced below its individual recoverable amount or zero. An impairment recognised for goodwill is not reversed if the recoverable amount of the cash-generating unit exceeds the carrying amount in a subsequent period. Any impairment is presented as impairment in the income statement.

On disposal of businesses, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments.*

Revenue recognition and measurement

Revenues are recognised when goods are delivered or services rendered, to the extent that it is probable that the economic benefits from the transactions will flow to the Group and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. The consideration is discounted with a discount rate reflecting the credit risk when appropriate, normally when credit terms exceed 12 months. Sales related taxes are regarded as collected on behalf on the authorities.

Revenues primarily comprise sale of

- Services: subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for leased lines and leased networks, fees for data network services and fees for TV distribution and satellite services.
- Customer equipment: primarily mobile devices/phones.

Subscription and traffic fees

Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards are expired or forfeited.

Connection fees

Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which the fees are expected to be earned. The earning period is the expected period of the customer relationship and is based on past history of churn and expected development in the individual Group companies.

Customer equipment

Revenues from sales of customer equipment are normally recognised when the equipment, including the related significant risks and rewards of ownership, is transferred to the buyer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. When customer equipments are sold on instalment plans, the receivable is discounted if material, normally when the instalment period is more than 12 months.

Multiple element arrangements

When the Group delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable components if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered items. The consideration is allocated between the elements based on their relative fair values, and recognition of the revenue allocated to the delivered item is limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria.

Discounts

Discounts are often provided in the form of cash discounts or free products and services delivered by the Group or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts are recognised as a reduction of revenue. Free products and services given as part of sales transactions are recognised as multiple element arrangements as described above.

Presentation
The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services and setting prices and the underlying financial risks and rewards. Where the Group acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Revenues from roaming are, based on the above, recognised gross in line with generally accepted accounting principles within the telecommunications industry.

Revenues from transit traffic are assessed according to the above criteria and are recognised gross or net depending on whether the Group acts as a principal or agent in the transactions.

Licence fees payable to telecommunications authorities that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as licence costs because the Group is considered to be the primary obligor.

Interest and dividend income
Interest income is accrued on a time proportionate basis that reflects an effective yield on the asset. Interest income related to the Group's banking operations are included within revenue, other interest income is included in financial income in the income statement. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Meeting or otherwise).

Government Grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in the income statement over the useful life of a depreciable asset as a reduced depreciation expense.

Pensions
The Group operates various post-employment plans, including both defined benefit and defined contribution plans. The Group's liability recognised in the statement of financial position related to defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group recognise service cost, comprising of current service cost, past service cost and non-routine settlements, as salaries and personnel costs in the income statement. Gains and losses on curtailments, which also form part of service cost, are presented as part of "other income and expenses' in the income statement. Net interest expense is recognised as financial expense in the income statement.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest) are recognised in the statement of comprehensive income. Remeasurements are not subsequently reclassified to the income statement.

Past service cost is recognised in the income statement on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring related costs. A curtailment occurs when the Group either is demonstrably committed to make a material reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Payments to defined contribution plans are expensed as incurred. When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, the plan is accounted for as if it was a defined contribution plan.

Leasing
The Group may enter into arrangements that do not take the legal form of a lease but convey a right to use assets in return for payments. Determining whether the arrangements are, or contain, leases is based on the substance of the arrangements and requires an assessment of whether: (a) fulfilment of the arrangements is dependent on the use of a specific asset or assets; and (b) the arrangements convey a right to use the assets.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. The assessment of the classification of leases is based on the substance of the transactions.

The Group as lessor
Receivables on assets leased to others under finance leases are presented at an amount equal to the net investment in the leases. The finance income is allocated using a constant periodic rate of return on the net investment over the lease term. Direct costs incurred that are directly attributable to negotiating and arranging the leases, are included in the receivables.

Lease income from operating leases is recognised on a straight-line basis over the lease terms. Incentives provided to the lessees are aggregated and recognised as a reduction of income on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased assets and recognised as an expense over the lease term on the same basis as the lease. Contingent rents are recognised as revenue in the period in which they are earned.

The Group as lessee
Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the leases or, if lower, at the present value of the minimum lease payments. The liabilities to the lessor are recognised as finance lease obligations in the statement of financial position. Lease payments are apportioned between finance expenses and reduction of the lease liability to achieve a constant periodic rate of interest on the remaining balance of the liability.

Lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease terms. Incentives received on negotiating or renewing the operating leases are also amortised on a straight-line basis over the lease terms. Prepaid lease payments made on entering into operating leases or acquiring leaseholds are recognised in the statement of financial position and amortised on a straight line basis over the lease term.

Financial instruments
A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has classified financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, available for sale investments (equity securities), cash and cash equivalents, trade payables and other non-interest-bearing liabilities, interest-bearing liabilities and derivatives.

The categorisation of the financial instrument for measurement purposes is done based on the nature and purpose of the financial instrument and is determined at the initial recognition. The Group does not apply the fair value option.

The Group has financial assets classified in the following categories: fair value through profit or loss, loans and receivables and available-for-sale. In addition derivatives are used for hedging purposes. Financial assets at fair value through profit or loss consist of assets held for trading and include derivatives not designated for hedging purposes. Loans and receivables consist of unquoted non-derivative assets with fixed or determinable payments. Financial assets classified as available-for-sale consist of non-derivative assets designated as available-for-sale or assets that are not classified in one of the other categories.

The Group has financial liabilities classified in the following categories: financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. In addition derivatives are used for hedging purposes. Financial liabilities at fair value through profit or loss consist of liabilities held for trading and include derivatives not designated for hedging purposes. Financial liabilities measured at amortised cost consist of liabilities that are not a part of the category at fair value through profit or loss.

The financial instruments are recognised in the Group's statement of financial position as soon as the Group becomes a party to the contractual provisions of the instrument, using trade date accounting. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has the intention and legally enforceable right to settle the contracts net, otherwise the financial assets and liabilities are presented gross.

Trade receivables and other current and non-current financial assets

Trade receivables and other current and non-current financial assets include trade receivables, other financial non-current interest-bearing and non-interest-bearing assets (including bonds and commercial papers with original maturity beyond three months and excluding capital contribution to the Telenor Pension Fund, which is a part of the class equity securities). These assets are part of the category loans and receivables and are measured on initial recognition at fair value including directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method adjusted for provision for any impairment. Impairment for estimated irrecoverable amounts is recognised in the income statement when a loss event and objective evidence that the asset is impaired, exist. The impairment is calculated by taking into account the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance. Individual trade receivables are impaired when management assess them not to be wholly or partially collectible.

Equity securities

Equity securities include available for sale investments and capital contribution to Telenor Pension Fund that are a part of the category financial assets available-for-sale investments, and assets held for trading that are a part of the category financial assets at fair value through profit or loss.

Equity securities in the category financial assets available-for-sale are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement for the period. Equity securities available for sale are considered impaired and an impairment is recognised in the income statement if the reduction in value is significant or prolonged. Impairments recognised for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

Equity securities in the category financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in the income statement on the line "net change in fair value of financial instruments at fair value through profit or loss".

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, fixed rate bonds and commercial papers with original maturity of three months or less.

Trade payables and other non-interest-bearing financial liabilities

Trade payables and other non-interest-bearing financial liabilities include trade payables, liabilities to associated companies and other current and non-current non-interest-bearing financial liabilities. These liabilities are a part of the category financial liabilities at amortised cost and are initially recognised in the statement of financial position at fair value, and subsequently measured at amortised cost using the effective interest rate method.

The Group has introduced supply chain financing for some of the vendors to the Group. In circumstances where the supply chain financing arrangements are linked to the payment terms of the contract with the vendor, the payable for the services or goods delivered are reclassified from trade payables to current non-interest-bearing liabilities. The cash outflow for such arrangements that are reclassified is presented as financing activities in the statement of cash flows. Supply chain financing arrangements that do not have any link to payment terms or any other parts of the contract with the vendor are classified as trade payables. Cash outflow from such arrangements are presented as operating activities in the statement of cash flows.

Interest-bearing liabilities

Interest-bearing liabilities include bonds and commercial papers, bank loans and overdrafts, and are classified in the category financial liabilities at amortised cost. These liabilities are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost using the effective interest-rate method. In addition, where fair value hedge accounting is applied the hedged liabilities are adjusted for gains and losses attributable to the risk being hedged. On extinguishment of debt, in whole or in part, the difference between the carrying amount of the liability and the consideration paid is recognised in the income statement.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency interest rate swaps and, to a small extent, interest rate options to hedge its risks associated with interest rate and foreign currency fluctuations. The Group does not use derivative financial instruments for trading purposes.

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense. The accounting for fair value hedges and hedges of net investments are described below.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the income statement. Currency derivatives embedded in committed purchase or sales contracts are not bifurcated and recognised at fair value if the contract requires payments denominated in either the functional currency of one of the parties to the contract or in a commonly used currency for purchase or sales in the relevant economic environment.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, unless the Group has the intention or legally enforceable right to settle the contracts net.

Hedging

The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has fair value hedges and hedges of net investments in foreign operations.

At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge relationships that meet the requirements for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such, that is attributable to a particular risk and could affect the income statement. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also measured at fair value, and gains and losses from both the hedging instrument and the hedged item are recognised in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. If the hedged item still exists and is not sold, the fair value adjustment to the hedged item attributable to the risk being hedged at de-designation will be amortised in the income statement over the remaining time to maturity.

Hedges of a net investment

A hedge of a net investment in a foreign operation is accounted for in a similar way to a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign entity, the cumulative foreign exchange gains or losses recognised in other comprehensive income is reclassified to the income statement.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, including tax losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

For undistributed earnings in subsidiaries, deferred tax is provided for to the extent it is expected that retained earnings will be distributed in the foreseeable future. For undistributed earnings in associated companies, deferred tax is provided for because the Group cannot control the timing of the reversal of the temporary differences. Deferred taxes are calculated on undistributed earnings in foreign subsidiaries and associated companies based on the estimated taxation on transfer of funds to the parent company, based on the substantially enacted tax rates and regulation as of the end of the reporting period.

The Group treats expenses as tax deductible and income as not taxable based on interpretation of relevant laws and regulations and when it is assessed as probable that such treatment will be sustained in a tax review. The Group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favour of the Group and can no longer be appealed.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and the Group is able to and intends to settle its current tax assets and liabilities on a net basis.

A change in deferred tax assets and liabilities as a result of change in tax rates is recognised in profit or loss, except to the extent that it relates to items previously recognised in other comprehensive income or directly in equity.

Inventories

Inventories are valued at the lower of cost or net realisable value for products that will be sold as a separate item. Inventories that will be sold as part of a transaction with several items, which is expected to earn net income, are not considered as an indicator of write down, even though the allocated sales price in the transaction is lower than the cost. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories.

Costs related to connection fees

Initial direct costs incurred in earning connection fees are deferred over the same period as the revenue, limited to the amount of the deferred revenue. Costs incurred consist primarily of the first payment of distributor commission, costs for credit check, cost of the SIM card, the cost of the printed new customer information package, costs of installation work and expenses for order handling. In most instances, the costs associated with connection fees exceed the revenues and are expensed as incurred.

Advertising costs, marketing and sales commissions

Advertising costs, marketing and sales commissions are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to reduce the cost of assets, other than land which is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost to be capitalised as part of the asset, includes direct and incremental costs, borrowing costs for qualifying assets and the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. If payment is deferred beyond normal credit term, its cost is the cash price equivalent. Depreciation commences when the assets are ready for their intended use.

Assets held under finance leases and leasehold improvements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as "other income (expense)" in the income statement as part of operating profit or loss.

Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for commercial buildings and vehicles which the Group does not expect to use for the assets' whole economic lives.

Repair and maintenance is expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An exchange of assets is recognised at fair value if the transaction has commercial substance and the value of the assets can be measured reliably. If these criteria are not met, the carrying amount of the replaced assets is carried forward for the new assets.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost to be capitalised as part of the asset includes direct and incremental costs and, for qualifying assets, borrowing costs. If payment of an intangible asset is deferred beyond normal credit term, its cost is the cash price equivalent. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful lives. Useful lives and amortisation method for intangible assets with finite useful life are reviewed at least annually. The straight-line amortisation method is used for most intangible assets as this best reflects the consumption of the assets. The amortisation period for customer base is the expected customer relationship and the amortisation method is based on historical experience of churn for the individual businesses.

Gains and losses arising from derecognition of intangible assets are measured at the difference between the net sales proceeds and the carrying amount of the assets, and are reported as "other income (expense)" in the income statement as part of operating profit.

Research and development costs

Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, the management has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated and the cost can be measured reliably. The assets are amortised over their expected useful life once the assets are available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs, are expensed as incurred.

Development costs that do not meet the criteria for capitalisation are expensed as incurred.

Impairment of property, plant and equipment and intangible assets other than goodwill

At each reporting date the Group evaluates if there are indicators that property, plant and equipment or intangible assets may be impaired. If there are indicators, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). Intangible assets with indefinite useful life and intangible assets not yet brought into use are assessed for impairment annually. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment is recognised in the income statement. If the impairment is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the updated estimate of its recoverable amount to the extent the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. Reversals of impairments are recognised in the income statement.

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value.

Asset retirement obligations

An asset retirement obligation exists where the Group has a legal or constructive obligation to remove an asset and restore the site. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset. The cash flows are discounted at a pre-tax risk-free rate as risks are reflected in the cash flows. Subsequent to the initial recognition, an accretion expense is recognised as finance cost relating to the asset retirement obligation, and the capitalised cost is expensed as ordinary depreciation with the related asset. The effects on the net present value of any subsequent changes to the gross removal costs or discount rates adjust the carrying value of assets and liabilities, and are expensed over the remaining estimated useful life of the related assets.

Share-based payments

The Group has share-based payments programmes to management and employees. Bonus shares in these programmes are awarded net after tax and considered to be both equity-settled and cash-settled share-based payments, due to the included tax effect and the provision for social security tax.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid, and dividends received, are reported as a part of operating activities. Dividends distributed (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities, and are reported net.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTE 3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected within the next financial year.

The following represents a summary of the critical accounting judgements the management has made in the process of applying the Group's accounting policies:

Consolidation of Digi

The Group's ownership interest in Digi is 49.0%. The Group consolidates Digi.

Digi is listed on Bursa Malaysia Securities Berhad and the shares in Digi are widely dispersed. As the Group owns 49% of the shares, 98% of the shares have to be present at the General Meeting for the Group not to have the majority of the votes at the General Meeting. As a consequence of this and based on experience from past general meetings, the Group has the power to direct Digi's activities. The Group's assessment is that the ability to exercise control is upheld through a majority of the votes at the General Meeting and at Board of Directors meetings. Consolidation based on de facto control is assessed on an ongoing basis.

Key sources of estimation uncertainty – critical accounting estimates

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Revenue recognition

The Group's revenues primarily comprise sale of services, such as subscription and traffic fees, and customer equipment, such as mobile devices. The Group offers multiple element arrangements where the customer can pay the devices by instalments over a given period. The Group estimates the credit risk related to such instalment plans based on historical losses and a change in customer payment behaviour would affect the credit risk and, hence, the recognised income and receivable in the future. In some arrangements the customers are offered multiple element arrangements with the option to buy a new handset before the original instalment period is over, without paying the remaining instalments on the old phone. In such circumstances, the revenue allocated to the handset is based on an estimate of the period until the customer changes its handset with a new one. A change in the estimated period until the customer changes the handset could potentially have a significant effect on the financial statements.

Furthermore, management has to estimate the average customer relationship for revenue that is initially recognised as deferred revenue in the statement of financial position and recognised in the income statement over a future period, e.g. connection fee.

Pension obligations and pension plan assets, see note 25

Calculation of net pension obligations (the difference between pension obligations and pension plan assets) are made based on certain key estimates and assumptions. The discount rate is one of the most significant assumptions. Telenor regards Norwegian Covered Bonds (OMF) as being high quality corporate bonds with sufficient depth in the OMF market. Based on this assessment, Telenor has used OMF as basis for setting the discount rate for the Norwegian defined benefit plans with effect from 1 January 2013. In 2015, the market for OMF has expanded further, both in relation to outstanding volume and turn over. For OMF with maturity over 5 years there are still few transactions in the second hand market, however there are no indications that the OMF market is not sufficiently liquid and deep enough to satisfy the criteria in IAS 19 *Employee Benefits*.

The macroeconomic development in Norway at the end of 2015, with the depreciation of the Norwegian Krone and the significant drop in the oil price as the main factors, has made it difficult to estimate the future inflation and the future real wage development. In the short term it is expected that the inflation will be held at a normal level, due to the weakened Norwegian Krone, but long term estimates on inflation is more uncertain. Based on an expected lower activity in the Norwegian economy it is also expected that the real wage development will drop significantly in the short term. The assumptions of future salary increase and future increase in the social security base amount used in calculating the net pension liability are based on the underlying assumptions inflation and real wage growth. As a consequence of the uncertainty of these underlying parameters we have made our best effort in estimating the future salary increase and the future increase in the social security base amount. Our best estimates for both of these two assumptions are 2.25 %.

A sensitivity analysis for changes in certain actuarial assumptions and how they influence the pension obligations is included in note 25. The bases for the other assumptions are also described in this note.

Depreciation and amortisation, see note 17 and 18

Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for tangible and intangible assets include, but are not limited to, remaining licence or concession period and expected developments in technology and markets. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Impairment, see note 15, 16, 17, 18 and 19

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associates and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

In accordance with IAS 36 *Impairment of assets* the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimates of future performance, revenue generating capacity of the assets, margins, license and spectrum prices on future renewals, required maintenance capex and assumptions of the future market conditions. Recessionary effects and increased macroeconomic risks may impact the estimates of future performance and discount rates used in estimating recoverable amounts of assets.

The use of fair value less cost of disposal requires estimating the fair value of assets and liabilities using the assumptions that market participants would use. This entails considering market participants' views on the particular cash-generating unit, technological and industry trends, spectrum and licenses prices, and the regulatory and macroeconomic environment in which the cash-generating unit is operating, as well as the actual performance of the cash-generating unit. For the impairment assessment of Telenor India, recent transactions on spectrum have been used as basis for determining the recoverable amount, see note 16.

Changes in circumstances and in management's and market participants' evaluations and assumptions may give rise to impairment losses in the relevant periods. A significant part of the Group's operations are in countries with emerging markets. The political, regulatory and economic situation in these countries may change rapidly and global financial turmoil and recession may have a significant impact on these countries.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share and similar parameters, resulting in differences in EBITDA margins. The future developments of EBITDA margins are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins are highly uncertain. In particular, this is the case for emerging markets that are still not in a mature phase.

Deferred tax assets, see note 13

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the amount that can be recognised and depends foremost on the expected timing, level of taxable profits as well as tax planning strategies and the existence of taxable temporary differences. The judgements relate primarily to tax losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered as convincing evidence unless the entity has demonstrated the ability of generating significant taxable profit for the current year or there are certain other events providing sufficient evidence of future taxable profit. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Associated companies, see note 19

As of 31 December 2015, the Group has an ownership interest of 33.05% in VimpelCom Ltd. (VimpelCom) and accounts for the investment in VimpelCom in accordance with the equity method. VimpelCom is listed (New York Stock Exchange) and the company is not able to provide financial information to one investor without providing equivalent information to all other investors at the same time. The most recent financial information for VimpelCom available at the time of issuance of Telenor's quarterly interim financial statements are the financial information for the previous quarter. As a consequence, the share of net income from VimpelCom has been recognised in the quarterly interim financial statements of the Group with a one quarter lag. At the time of approval of the Group's annual report for 2015 on 15 March 2016, VimpelCom had released their fourth quarter 2015 interim financial information. To be consistent between interim and annual financial reporting the share of net income from VimpelCom has been recognised in the annual financial statements of the Group with a one quarter lag and only significant transactions or events reported by VimpelCom in their fourth quarter 2015 interim financial information are reflected. Thus, share of net income from VimpelCom for the year includes share of net income for the period 1 October 2014 to 30 September 2015.

VimpelCom does not provide information on a quarterly basis related to other comprehensive income. However, Telenor recognise its share of the estimated translation differences based on VimpelComs reported figures with one quarter lag for 2015.

Adjustments are made for the effects of publicly available information on any significant transactions and events that occur between the latest interim financial reporting from VimpelCom and the date of the Group's consolidated financial statements. Such adjustments require significant judgement. For 2015, the Russian Ruble and the Ukrainian Hryvnia depreciated significantly and an estimate of the translation differences has been made based on currency rates as of 31 December 2015 and the reported figures for VimpelCom as of 30 September 2015.

On 5 October 2015, Telenor announced its intention to divest all its shares in VimpelCom Ltd. Accordingly, the impairment assessment of VimpelCom Ltd. is based on quoted prices as of the balance sheet date and an impairment of NOK 5.5 billion has been charged to the income statement during 2015. After the impairment, the carrying amount of the investment in VimpelCom Ltd. is NOK 16.7 billion as of 31 December 2015, equivalent to USD 3.28 per share.

Uncertain tax positions, legal proceedings, claim and regulatory discussions, see also note 13 and 33

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences, tax positions, investments etc., the outcomes of which are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount to be accrued for any matter or accrue for a matter that has not been previously accrued for because it was not considered probable or a reasonable estimate could not be made.

Through the operations in many emerging markets, the Group is involved in legal proceedings, including regulatory discussions. The legal systems in these countries are, to varying degrees, less predictable than the Norwegian legal system. Accordingly, management's estimates relating to legal proceedings and regulatory issues in these countries involve a relatively higher level of uncertainty.

NOTE 4 Business combinations and discontinued operations

Business combinations after reporting period

On 18 February 2016, the Group acquired approximately 95% of the interests in Tapad Inc., a leading marketing technology firm based in New York, for a cash consideration of NOK 2.7 billion. For the remaining 5% of the interests, Telenor has entered into a put and call arrangement with the non-controlling shareholders. Effectively, the acquisition is recognised as the Group has acquired 100% of the interests in Tapad Inc. A liability of NOK 133 million is recognised, reflecting the put option's redemption amount. The Group currently holds approximately 95% of the voting rights in Tapad Inc. The acquisition related transaction cost was approximately NOK 60 million, recognised as other operating expenses.

Tapad Inc. delivers unified cross-device marketing technology solutions that give publishers, marketers and technology providers a holistic view of consumers across devices and screens, including smartphones, tablets, home computers and smart TVs. Tapad Inc. currently has more than 160 of the top U.S. brands among its customers and benefits from over 50 data technology licensing partnerships. The acquisition enables Telenor to take a position within the rapidly growing market for advertising technology and secures important competence within digital marketing and analytics. Tapad Inc. has approximately 160 employees, with offices in 13 key cities in the U.S. and Europe.

The purchase price allocation, which was performed with assistance from third-party valuation experts, has been determined to be preliminary pending upon the final assessment of identifiable assets. The preliminary fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

NOK in millions	Preliminary fair values as of acquisition date
Technology	720
Other intangible assets	98
Property, plant & equipment	65
Other assets	179
Total assets	**1 062**
Deferred tax liability	272
Non-current liabilities	82
Current liabilities	310
Total liabilities	**663**
Net identifiable assets	**399**
Goodwill	2 492
Total consideration for the shares	**2 890**
Of which cash	2 740
Of which liability	151

The goodwill of NOK 2.5 billion comprises of the value of expected synergies arising from the acquisition, database of search-based and customer related information, assembled workforce and deferred tax on excess values. None of the goodwill is expected to be deductible for income tax purposes.

Acquisitions in 2014

Acquisition of Tele2's cable and fibre business

On 2 January 2014, Telenor acquired 100% of Tele2's Swedish residential fibre and cable TV business for NOK 747 million. The business included 370,000 connected households, with 125,000 fixed broadband subscribers, 75,000 digital TV subscribers and 220,000 analogue TV households. The acquisition strengthened Telenor's position as one of the leading providers of broadband and digital TV services in Sweden.

The purchase price allocation was performed with assistance from third party valuation experts. The fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

NOK in millions	Fair values as of acquisition date
Customer base	279
Property, plant & equipment	493
Other assets	9
Total assets	**781**
Deferred tax liability	97
Current liabilities	37
Total liabilities	**134**
Net identifiable assets	648
Goodwill	99
Total consideration for the shares, satisfied by cash	**747**

The goodwill of NOK 99 million comprises the value of expected synergies arising from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

In 2014, the acquired cable and fibre business contributed NOK 553 million to Revenues and NOK -172 million to Profit before taxes of the Group.

Other business combinations
During 2014, Telenor completed other minor business combinations in Norway and Montenegro. The total consideration, paid in cash, was NOK 25 million.

Discontinued operations

Telenor Denmark ceases to be accounted for as discontinued operations
On 3 December 2014, Telenor and TeliaSonera entered into an agreement to merge their 100% owned Danish operations into a new joint venture in which the parties would own 50 per cent each. In the 2014 Annual report, Telenor Denmark was presented as discontinued operation in the income statement and comparative periods were restated. In the statement of financial position as of 31 December 2014, Telenor Denmark was classified as held for sale.

On 11 September 2015, Telenor and TeliaSonera announced the withdrawal of the proposed merger of their business operations in Denmark. Consequently, Telenor Denmark ceased to be classified as discontinued operation. Telenor Denmark is consolidated as continuing business with retrospective effect and financial statements for the previous periods have been re-presented.

Assets held for sale

Evry ASA
Pursuant to the pre-acceptance of offer from Lyngen Bidco AS, on 16 March 2015 Telenor sold its 30.24% ownership for a consideration of NOK 1.3 billion received in cash. The carrying amount of Evry ASA was NOK 1.1 billion classified as asset held for sale as of 31 December 2014. The Group recognised a gain on disposal of NOK 0.2 billion in the income statement during the first quarter of 2015.

NOTE 5 Segments

The segment information for the period 2014 to 2015 is reported in accordance with the reporting to Group Executive Management (chief operating decision-makers) and is consistent with financial information used for assessing performance and allocating resources. Segment result is defined as EBITDA before other income and other expenses.

The Group's primary reportable segments are based on the business activities and geographical location. The main products and services are mobile communication, fixed line communication and broadcasting activities. In addition, the Group reports Other units as a separate segment.

Telenor Denmark is no longer classified as discontinued operations (see note 4), hence Telenor Denmark is included in the segment reporting and 2014 figures are re-presented.

International voice traffic previously reported as part of Telenor Pakistan is now reported under Global Wholesale, which is part of Other units. The financial information for previous periods is restated accordingly.

The Group's mobile communication business mainly includes voice, data, internet, content services, customer equipment and messaging. In Norway and Sweden, the fixed line businesses are reported together with mobile operations. Fixed services comprise telephony, Internet and TV, leased lines as well as data services and managed services.

Broadcast comprises Canal Digital DTH in the Nordics, satellite broadcasting and terrestrial radio and TV transmission in Norway and Belgium.

Other units consist of International wholesale, Telenor Digital, Corporate Functions and Other. Telenor Digital includes companies operating within international communication services, machine to machine communication as well as internet based services, and financial services, none of which are material enough to be reported as separate segments. Corporate Functions comprise activities such as real estate, global shared services, research and development, strategic Group projects, Group Treasury, the internal insurance company and support functions. Other includes mainly mobile communication business at sea conducted by Maritime Communication Partner.

Deliveries of network-based regulated services within the Group are based on cost oriented prices based on negotiations between the units. All other transactions between the segments are based on market conditions.

Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments.

Segment Information 2015

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses[1]	EBITDA[1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments[2]
Norway	26 542	26 239	11 088	10 796	(3 579)	7 218	4 844
Sweden	12 576	12 513	3 667	3 617	(1 522)	2 094	1 305
Denmark	5 201	5 126	591	370	(2 886)	(2 516)	497
Hungary	4 490	4 455	1 382	1 356	(596)	760	314
Bulgaria	2 940	2 926	1 134	1 133	(518)	615	525
Montenegro & Serbia	3 815	3 667	1 329	1 332	(430)	902	776
dtac – Thailand	20 687	20 579	6 580	6 526	(4 193)	2 333	4 766
Digi – Malaysia	14 306	14 302	6 224	6 225	(1 302)	4 923	1 870
Grameenphone - Bangladesh	10 881	10 881	5 806	5 799	(1 969)	3 829	1 996
Pakistan	7 766	7 653	3 152	3 154	(1 084)	2 069	1 442
India	5 592	5 589	(47)	(181)	(810)	(990)	1 046
Myanmar	4 835	4 689	1 921	1 884	(542)	1 342	3 382
Broadcast	6 236	6 076	2 032	2 018	(596)	1 422	1 785
Other units	6 666	3 480	(661)	(703)	(541)	(1 244)	1 148
Eliminations	(4 359)	-	-	-	5	5	-
Group	**128 175**	**128 175**	**44 197**	**43 325**	**(20 565)**	**22 761**	**25 697**

Segment Information 2014 re-presented

NOK in millions	Revenues	External revenues	EBITDA before other income and other expenses[1]	EBITDA[1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments[2]
Norway	26 186	25 846	11 255	10 862	(3 432)	7 430	4 218
Sweden	11 728	11 621	3 489	3 434	(1 533)	1 900	2 261
Denmark	4 976	4 904	726	578	(775)	(197)	501
Hungary	4 239	4 203	1 375	1 327	(475)	851	1 227
Bulgaria	2 723	2 716	1 041	1 039	(1 444)	(406)	681
Montenegro & Serbia	3 450	3 330	1 293	1 288	(374)	913	339
dtac – Thailand	17 562	17 521	5 993	6 021	(2 896)	3 124	2 721
Digi – Malaysia	13 513	13 509	6 086	6 099	(974)	5 125	1 741
Grameenphone – Bangladesh	8 367	8 365	4 434	4 435	(1 435)	3 000	1 232
Pakistan	5 798	5 718	2 112	2 098	(801)	1 297	2 301
India	4 200	4 197	(422)	1 161	(279)	882	1 374
Myanmar	290	285	(508)	(508)	(98)	(605)	4 281
Broadcast	6 309	6 155	1 951	3 095	(539)	2 556	407
Other units	5 854	3 075	(297)	(437)	(511)	(948)	1 255
Eliminations	(3 750)	-	(31)	(1)	4	4	-
Group	**111 443**	**111 443**	**38 496**	**40 490**	**(15 563)**	**24 927**	**24 540**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and other expenses is the segment result.

[2] Investments consist of capex and investments in businesses, licences and spectrum.

Reconciliation of EBITDA before other income and other expenses

NOK in millions	2015	2014 Re-presented
Net income	**6 704**	12 759
Income taxes	**(6 317)**	(6 598)
Profit before taxes	**13 020**	19 356
Net financial income (expenses)	**(2 921)**	(1 711)
Share of net income (loss) from associated companies and joint ventures	**(7 070)**	(3 798)
Gains (losses) on disposal of associated companies	**251**	(61)
Operating profit	**22 761**	24 927
Depreciation and amortisation	**(18 384)**	(15 529)
Impairment losses	**(2 181)**	(34)
EBITDA	**43 325**	40 490
Other income	**113**	3 092
Other expenses	**(985)**	(1 098)
EBITDA before other income and other expenses	**44 197**	38 496

Geographic distribution of external revenues based on customer location

NOK in millions	2015	2014 Re-presented
Norway	**28 900**	28 956
Sweden	**14 750**	13 539
Other Nordic	**6 035**	5 940
Central Europe	**11 209**	10 403
Thailand	**20 168**	17 368
Malaysia	**14 244**	13 399
Other Asia[1]	**30 281**	19 458
Other countries	**2 586**	2 380
Total revenues	**128 175**	111 443

[1] Other Asia includes Bangladesh, Pakistan, India and Myanmar.

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK in millions	2015	2014 Re-presented	2015	2014 Re-presented
Norway	**32 331**	29 703	**48 161**	48 512
Sweden	**14 720**	13 684	**22 286**	20 056
Other Nordic	**2 350**	4 429	**5 553**	7 121
Central Europe	**21 813**	20 450	**27 033**	24 178
Eastern Europe[1]	**16 775**	21 935	**16 775**	21 935
Thailand	**22 263**	20 055	**29 600**	26 222
Other Asia[2]	**42 488**	35 543	**54 941**	45 086
Other countries	**335**	396	**560**	645
Total assets	**153 075**	146 195	**204 909**	193 755

[1] The associated company VimpelCom Ltd is included in Eastern Europe.
[2] Other Asia includes Malaysia, Bangladesh, Pakistan, India and Myanmar.

NOTE 6 Revenues

NOK in millions	2015	2014 Re-presented
Mobile communication	90 401	76 542
Fixed telephony, Internet and TV	14 069	14 065
Satellite and TV-distribution	6 076	6 155
Other	6 055	5 192
Total services	**116 601**	**101 954**
Customer equipment	11 574	9 489
Total products	**11 574**	**9 489**
Revenues	**128 175**	**111 443**

Mobile communication: Includes revenues from voice and non-voice traffic, subscription and connection for mobile devices and incoming traffic from other mobile operators.

Fixed telephony, Internet and TV: Fixed telephony includes revenues from traffic, subscription and connection for PSTN/ISDN and Voice over Internet Protocol (VoIP). Internet and TV includes revenues from subscription fees for xDSL and fibre, subscription fees and traffic charges for Internet traffic as well as revenues from TV services.

Satellite and TV distribution: Includes revenues from Nordic DTH subscribers and households in SMATV networks, revenues from satellite services, revenues from terrestrial radio and TV transmission and sale of encryption and conditional access services for TV distribution.

Customer equipment: Includes mainly sale of mobile devices.

Other: Includes revenues mainly from leased lines, leased network, data services, managed services, lease of properties etc.

The Group has only limited operating lease revenues. These are primarily lease of base station sites, lease of equipment, primarily in the satellite business and lease of properties. Lease revenues are included in Other revenue category in the table above and not shown separately due to their immateriality. Most agreements have a short minimum lease term, and future minimum lease revenues are immaterial.

NOTE 7 Costs of materials and traffic charges

NOK in millions	2015	2014 Re-presented
Traffic charges	(14 905)	(13 132)
Costs of materials etc	(20 242)	(17 699)
Total costs of materials and traffic charges	**(35 147)**	**(30 830)**

Traffic charges include operating lease expenses relating to the lease of dedicated network and satellite capacity. See note 31 for information about operating lease commitments.

NOTE 8 Salaries and personnel costs

NOK in millions	2015	2014 Re-presented
Salaries and holiday pay	(10 561)	(9 747)
Social security tax	(1 212)	(1 176)
Pension costs including social security tax (note 25)	(940)	(827)
Share-based payments, excluding social security tax[1)]	(92)	(58)
Other personnel costs	(721)	(617)
Own work capitalised	1 121	1 050
Total salaries and personnel costs	**(12 406)**	**(11 375)**

1) Include expenses related to the Group's employee share programme for employees, and the Group's long term incentive programme for managers and key personnel.

The average number of man-years employed was approximately 35,000 in 2015 and 33,000 in 2014.

NOTE 9 Other operating expenses

NOK in millions	2015	2014 Re-presented
Operating leases of buildings, land and equipment	**(4 808)**	(3 653)
Other cost of premises, vehicles, office equipment etc.	**(2 467)**	(2 144)
Operation and maintenance	**(7 046)**	(6 120)
Concession fees	**(5 643)**	(5 229)
Marketing and sales commission	**(8 183)**	(6 756)
Advertising	**(2 949)**	(2 523)
Consultancy fees and external personnel	**(2 814)**	(2 064)
Other	**(2 513)**	(2 254)
Total other operating expenses	**(36 425)**	**(30 742)**

NOTE 10 Other income and other expenses

NOK in millions	2015	2014 Re-presented
Gains on disposals of fixed assets and operations	**113**	3 092
Losses on disposals of fixed assets and operations	**(525)**	(323)
Expenses for workforce reduction and onerous contracts	**(460)**	(774)
Total other income and other expenses	**(872)**	**1 995**

During 2015, losses on disposals of fixed assets and operations mainly relate to disposals in Denmark and India. Expenses for workforce reductions and onerous contracts in 2015 mainly relate to workforce reduction in Telenor Norway and Corporate functions.

During 2014, gains on disposals of fixed assets and operations mainly related to licence refund in India of NOK 1.7 billion and divestment of Conax of NOK 1.2 billion. Expenses for workforce reductions and onerous contracts in 2014 mainly related to workforce reductions in Telenor Norway and Corporate functions, legal disputes in India and onerous contracts in Canal Digital. See also note 24.

NOTE 11 Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 511 million in 2015 (NOK 530 million in 2014). Expensed research and development activities relate to new technologies, new services and products, security in the network and new usages of the existing network.

NOTE 12 Financial income and expenses

NOK in millions	2015	2014 Re-presented
Interest income on cash and cash equivalents	**258**	275
Other financial income	**233**	226
Total financial income	**491**	**501**
Interest expenses on financial liabilities	**(2 309)**	(1 803)
Other financial expenses	**(418)**	(429)
Total financial expenses	**(2 727)**	**(2 232)**
Foreign currency gains	**6 529**	6 629
Foreign currency losses	**(7 489)**	(6 777)
Net foreign currency gains (losses)	**(961)**	**(149)**
Net change in fair value of financial instruments at fair value through profit or loss	**226**	(391)
Net change in fair value of hedging instruments and hedge items	**50**	519
Net change in fair value of financial instruments	**277**	**128**
Net gains (losses and impairment) of financial assets and liabilities	**-**	**40**
Net financial income (expenses)	**(2 921)**	**(1 711)**

The increase in financial expenses in 2015 compared with 2014 is mainly due to a higher level of interest-bearing debt.

Net foreign currency losses in 2015 are mainly caused by revaluation of USD liabilities in Myanmar and other Asian operations.

Gross currency movements are high compared to the net amount. The main reason is that currency effects on external funding in Telenor ASA are offset by currency effects of intercompany receivables in the internal bank.

NOTE 13 Income taxes

NOK in millions	2015	2014 Re-presented
Profit before taxes	**13 020**	19 356
Current taxes	**(4 890)**	(4 578)
Deferred taxes	**(1 427)**	(2 020)
Income tax expense	**(6 317)**	**(6 598)**

In 2015 deferred tax is lower mainly due to reversal of impairment of deferred tax asset in Pakistan.

Effective tax rate

The effective tax rate increased from 34.1% in 2014 to 48.5% in 2015 mainly due to losses from associated companies (particularly VimpelCom) recognised on an after tax basis, no recognition of tax asset after impairment of Denmark and losses in India currently not being in a tax paying position, partly offset by recognition of previously impaired tax asset in Pakistan.

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 27%. It also discloses the main elements of the tax expense. Selected line items are commented below the table.

NOK in millions	2015	2014 Re-presented
Income tax expense at corporate income tax rate in Norway (27%)	**(3 516)**	(5 226)
Effect of tax rates outside Norway different from 27%	**(25)**	(31)
Effect of changes in tax rates	**48**	(42)
Share of net income from associated companies and joint ventures	**(1 892)**	(1 039)
Non-taxable and non-deductible items	**(179)**	137
Current and deferred taxes on retained earnings in subsidiaries and associated companies	**(570)**	(406)
Deferred tax assets not recognised current year	**(992)**	(508)
Change in previously not recognised deferred tax assets	**747**	131
Tax effect of license refund	**-**	525
Other	**62**	(139)
Income tax expense	**(6 317)**	(6 598)
Effective tax rate in %	**48.5**	34.1

Tax rates outside Norway different from 27%
Effects are related to the fact that dtac (Thailand: 20%), Telenor Sweden (22%), Digi (Malaysia: 25%), Telenor Bulgaria (10%), Telenor Serbia (15%) and Telenor Denmark (23.5%) have nominal tax rates lower than the nominal tax rate for Norway of 27%, while Grameenphone Ltd. (Bangladesh: 40%), Telenor Pakistan (32%) and Telenor India (30.9%) have higher nominal tax rates.

Effect of changes in tax rates
Norway will reduce nominal tax rate from 27 % to 25 %, Denmark from 23.5% to 22% and Malaysia from 25 % to 24% with effect from 1 January 2016. Pakistan decreased their nominal tax rate from 33% to 32% with effect from 1 January 2015. From 1 January 2016, the nominal tax rate in Pakistan will be 31%. In 2014, Pakistan decreased nominal tax rate from 34 % to 33 %.

Share of net income from associated companies and joint ventures
Share of net income from associated companies and joint ventures is recognised on an after tax basis and is therefore excluded from the Group's tax expense.

Non-taxable and non-deductible items
The impact on the effective tax rate due to the non-taxable gain on sale of the shares in Evry in the first quarter of 2015 is included with NOK 60 million (Conax with NOK 327 million in 2014).

Current and deferred taxes on retained earnings in subsidiaries and associated companies
Includes current taxes on dividends received, as well as change in deferred tax liability (primarily withholding tax) recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. Undistributed retained earnings in foreign subsidiaries for which deferred taxes have not been provided amount to NOK 2.4 billion as of 31 December 2015 (NOK 2.1 billion as of 31 December 2014).

Deferred tax assets not recognised current year
Primarily related to India and Denmark in 2015 (India and Myanmar in 2014).

Change in previously not recognised deferred tax assets
For 2015 mainly related to recognition of tax asset on carry forward losses in Pakistan and full reversal of impairment of previously not recognised tax asset in Myanmar. For 2014 mainly related to recognition of deferred tax asset on temporary differences in dtac.

Tax effect of license refund
In 2014, license refund in India of NOK 1.7 billion was recognised as other income in the income statement, representing a reduction in the tax base of spectrum. No deferred tax asset is recognised in India on temporary differences.

Tax losses carried forward
Tax losses carried forward in selected countries expire as follows as of 31 December 2015:

NOK in millions	Norway	Serbia	India	Pakistan	Other	Total
2016	-	-	-	-	292	292
2017	-	63	-	1	52	116
2018	-	547	-	1	198	746
2019	-	99	-	1	43	143
2020	-	80	-	1	27	108
2021 and later	-	-	2 175	-	22	2 197
Not time-limited	6 495	-	3 005	1 942	1 083	12 524
Total tax losses carried forward	6 495	788	5 180	1 947	1 717	16 126
Of which deferred tax assets have not been recognised	1 352	788	5 180	5	880	8 205
Of which deferred tax assets have been recognised	5 142	-	-	1 942	836	7 921

In 2015 tax loss carried forward increased by NOK 1.2 billion mainly due to taxable losses in India of NOK 2.5 billion (including translation effects of NOK 0.5 billion), partly offset by utilisation of tax losses carry forward in Pakistan and Myanmar of NOK 1.4 billion and 0.8 billion respectively. Recognised tax assets increased by NOK 0.8 billion mainly due to reversal of previous impairment of tax asset on remaining tax losses carried forward in Pakistan.

Tax losses carried forward in selected countries expire as follows as of 31 December 2014 (re-presented figures):

NOK in millions	Norway	Serbia	India	Pakistan	Other	Total
2015	–	2	–	–	74	76
2016	–	–	–	–	80	80
2017	–	58	–	–	1	59
2018	–	515	–	–	1	516
2019	–	103	–	–	3	106
2020 and later	–	–	1 180		840	2 020
Not time-limited	6 697	–	1 455	3 397	518	12 066
Total tax losses carried forward	**6 697**	**679**	**2 636**	**3 397**	**1 516**	**14 925**
Of which deferred tax assets have not been recognised	1 766	679	2 636	1 246	1 487	7 814
Of which deferred tax assets have been recognised	**4 931**	**–**	**–**	**2 151**	**29**	**7 111**

In 2014, tax loss carried forward increased by NOK 1.0 billion due to operating losses in India of NOK 2.3 billion and Myanmar of NOK 0.8 billion, partly offset by utilisation of tax losses carried forward in Norway of NOK 2.0 billion. Recognised tax assets after valuation allowance decreased by NOK 3.1 billion mainly due to utilisation of tax losses in Norway and Pakistan.

Tax asset recognised on tax losses carried forward

Norway has recognised a tax asset on unused tax losses due to tax deductible losses on internal receivables against Unitech Wireless, and accumulated exchange rate losses on foreign currency loans due to consecutive weakening of the Norwegian Krone against most relevant currencies. In 2012, Telenor ASA repaid, as guarantor, all of Unitech Wireless' interest-bearing borrowings, amounting to NOK 10.6 billion. Deferred tax asset amounting to NOK 2.5 billion was recognised in 2012 based on provision for loss on internal receivables against Unitech Wireless as it was clear that the business in Unitech Wireless would be wound up subsequent to the completion of the expected business transfer from Unitech Wireless to the new Indian entity Telewings. In 2013, the business transfer from Unitech Wireless to Telewings was completed, and hence the accumulated loss was finally determined and treated as tax deductible in 2013.

Telenor Pakistan has accumulated significant unused tax losses since it started operations in Pakistan in 2004. As Telenor Pakistan had established a history of recent taxable profits by 2012, the Group determined that sufficient future taxable profits would be available to utilise the unused tax losses in Telenor Pakistan, and hence a deferred tax asset was recognised in relation to the unused tax losses. In 2015, remaining valuation allowance on tax losses carried forward in Pakistan was reversed. Telenor Pakistan has received reassessment from Tax Authorities in Pakistan concerning the deductibility of material expenses in tax returns from previous years. Telenor Pakistan disagrees with the reassessment and has appealed it.

Tax effect of temporary differences and tax losses carried forward as of 31 December

	2015			2014 Re-presented		
NOK in millions	Deferred tax assets	Deferred tax Liabilities	Of which deferred assets not recognised	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised
Tangible and intangible assets	2 260	(6 624)	(249)	1 471	(5 656)	(87)
Undistributed earnings in foreign						
subsidiaries and associated companies	–	(250)	–	–	(232)	-
Other non-current items	3 456	(1 298)	(253)	3 100	(1 050)	(151)
Total non-current assets and liabilities	**5 716**	**(8 172)**	**(503)**	4 571	(6 939)	(238)
Total current assets and liabilities	**1 546**	**(123)**	**(167)**	1 672	(171)	(79)
Tax losses carried forward	**4 304**	**–**	**(2 258)**	4 205	–	(2 159)
Total deferred tax assets/liabilities	**11 566**	**(8 295)**	**(2 928)**	10 448	(7 110)	(2 475)
Net deferred tax assets/liabilities	**343**			863		
Of which deferred tax assets	3 366			3 432		
Of which deferred tax liabilities	(3 023)			(2 569)		

Recognised deferred tax assets mainly relate to Norway, Pakistan and Thailand.

Changes in net deferred tax assets/liabilities

NOK in millions	2015	2014 Re-presented
As of 1 January	**863**	1 458
Recognised in the income statement	**(1 427)**	(2 020)
Recognised in other comprehensive income	**980**	1 571
Recorded directly to equity	**–**	(19)
Acquisitions and disposals of subsidiaries	**–**	(90)
Translation differences on deferred taxes	**(75)**	(36)
As of 31 December	**343**	**863**

NOTE 14 Earnings per share

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of Telenor ASA are based on the following income and share data:

Earnings

NOK in millions, except earnings per share	2015	2014 Re-presented
Net income attributable to the equity holders of Telenor ASA	3 414	9 077
Net income for the purpose of diluted earnings per share	**3 414**	**9 077**
Basic earnings per share	2.27	6.03
Diluted earnings per share	2.27	6.03

Number of shares

In thousands	2015	2014
Weighted average number of shares for the purpose of basic earnings per share	**1 501 458**	1 504 440
Effect of potential dilutive shares:		
Share options and bonus shares	-	949
Weighted average number of shares for the purpose of diluted earnings per share	**1 501 458**	1 505 389

The denominators for the purpose of calculating both basic and diluted earnings per share have been adjusted for the effects of acquisition of treasury shares.

NOTE 15 Goodwill

NOK in millions	Telenor Sweden	Telenor Hungary	Telenor Serbia	dtac Thailand	Telenor Bulgaria	Broadcast	Other[1]	Sum
Accumulated cost								
As of 1 January 2014	5 955	4 417	5 497	2 327	2 182	1 755	1 330	23 461
Translation differences	80	62	68	503	170	1	93	977
Arising on acquisition of subsidiaries	99	-	-	-	-	-	3	102
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	(11)	(11)
As of 31 December 2014	6 134	4 479	5 565	2 830	2 352	1 756	1 415	24 530
Translation differences	561	312	345	233	152	5	(7)	1 601
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	(8)	(8)
As of 31 December 2015	6 695	4 791	5 910	3 063	2 504	1 761	1 400	26 123
Accumulated impairment losses								
As of 1 January 2014	(252)	-	(1 522)	-	-	(123)	(120)	(2 018)
Translation differences	(3)	-	(19)	-	-	(3)	(1)	(26)
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	11	11
Impairment losses	-	-	-	-	-	-	(6)	(6)
As of 31 December 2014	(255)	-	(1 541)	-	-	(126)	(116)	(2 039)
Translation differences	(23)	-	(96)	-	-	(3)	(2)	(124)
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	8	8
As of 31 December 2015	(278)	-	(1 637)	-	-	(129)	(110)	(2 155)
Carrying amount								
As of 31 December 2015	6 417	4 791	4 273	3 063	2 504	1 632	1 290	23 968
As of 31 December 2014	5 880	4 479	4 024	2 830	2 352	1 629	1 299	22 493

[1] Other includes primarily Digi (Malaysia), Telenor Montenegro and Telenor Norway (Datametrix and Canal Digital Cable TV).

See note 16 for impairment testing.

NOTE 16 Impairment testing

Goodwill acquired through business combinations has been allocated to individual cash-generating units as presented in note 15.

The recoverable amount of assets and companies is the higher of value in use and fair value less cost of disposal. Fair value less cost of disposal has been applied to determine the recoverable amount of cash-generating units with goodwill that are listed companies, derived from quoted market prices as of 31 December 2015 and 2014. Digi is listed on the Stock Exchange in Malaysia, and dtac is listed on the Stock Exchanges in Thailand and Singapore.

The recoverable amount of assets and companies is the higher of value in use and fair value less cost of disposal. Fair value less cost of disposal has been applied to determine the recoverable amount of cash-generating units with goodwill that are listed companies, derived from quoted market prices as of 31 December 2015 and 2014. Digi is listed on the Stock Exchange in Malaysia, and dtac is listed on the Stock Exchanges in Thailand and Singapore.

In addition, the Group has applied fair value less cost of disposal when determining recoverable amount of Telenor India, where no goodwill is recognised.

Discounted cash flow models have been applied to determine the value in use for the remaining cash-generating units with goodwill, based on the most recent financial forecasts approved by management. The explicit forecast period covers 2016 with 2017 as terminal value year for all entities, except for Telenor Denmark and Telenor Hungary where the explicit forecast period covers 2016-2017 with 2018 as terminal year. The cash flows beyond this period have been extrapolated into perpetuity using a constant nominal growth rate to arrive at the terminal value. We have compared the estimates of value in use to market valuation and multiples for peers in the telecommunication business for reasonableness.

Key assumptions in the discounted cash flow models

Key assumptions used in the calculation of value in use are growth rates, EBITDA margins, capital expenditure and discount rates.

Growth rates – The expected growth rate for a cash-generating unit converges from its current level experienced over the last few years to the long-term growth level in the market where the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on past experience, assumptions in terms of market share and expectations for the market development in which the entity operates. The growth rates used to extrapolate cash flows in the terminal year are not higher than the expected long-term growth in the markets in which the entities operates.

EBITDA margin – The EBITDA margin represents the operating margin before depreciation and amortisation and is estimated based on the current margin level and expected future market development, which also takes into consideration committed operational efficiency programmes. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Capital expenditure (Capex) – A normalised Capex to sales ratio (Capex as a percentage of revenue) is assumed in the long run. Changes in traffic volumes and number of subscriptions during a growth phase will affect the future Capex to sales ratio. Estimated Capex does not include Capex that enhances current performance of assets, or new licenses. Hence, such effects are not included in the cash flow projections. However, renewals of existing licenses are included, either as separately calculated cash flows or as part of normalised capex.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 70:30 respectively, derive its weighted average cost of capital. In economies where risk-free yields do not exist, the WACC rates used in discounting the future cash flows are based on a US 10-year risk-free interest rate, adjusted for the inflation differential between the US and the relevant country. A country risk premium is also added. The discount rates also take into account the debt premium, market risk premium, gearing, corporate tax rate, and asset beta. For cash-generating units within economies that currently experience high inflation rates and expect lower future inflation, rolling discount rates are applied.

The recoverable amounts for the cash-generating units with significant goodwill have been determined based on the following discount rates and terminal value nominal growth rates for the years 2015 and 2014:

	Discount rate after tax (%)		Discount rate pre-tax (%)		Nominal growth in cash flow in terminal value (%)	
	2015	2014	2015	2014	2015	2014
Telenor Hungary	**9.7-9.6**	11.5-11.2	**11.7-11.6**	14.1-13.9	**0.5**	0.0
Telenor Sweden	**5.9**	6.5	**7.4**	8.3	**0.0**	0.0
Broadcast	**5.3**	5.6	**7.7**	8.3	**(1.5)**	(1.5)
Telenor Serbia	**12.6-11.0**	13.9 -11.8	**14.2-12.6**	15.5-13.4	**2.0**	2.0
Telenor Bulgaria	**10.5-9.9**	11.6-10.2	**11.6-11.0**	12.5-11.1	**1.0**	1.0

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and corresponding discount rates after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rates had been applied instead. The pre-tax discount rates are estimated using an iterative method.

Impairment

The outlook for the Danish telecom market remains challenging. As a consequence, the Group has reassessed the value in use of Telenor Denmark with updated earnings projections. Based on estimated value in use amounting to NOK 2.2 billion, an impairment of NOK 2.1 billion was recognised in the fourth quarter of 2015 relating to tangible and intangible assets in Telenor Denmark. For specification of impairment per class of assets, see note 17 and note 18. Key assumptions applied in the calculation of value in use for Telenor Denmark as of 31 December 2015 are stated in the table below. The growth rate used to extrapolate cash flows only takes into consideration committed operational efficiency programmes.

	Per cent
Discount rate after tax[1)]	5.9
Discount rate before tax	7.2
Revenue growth[2)]	(2.8)
EBITDA margin growth[2)]	19.5
Nominal growth rate in terminal value	0.0

1) The discount rate applied in previous estimates of value in use was 6.1% (after tax).

2) Represents the compound annual growth rate during the explicit forecast period 2016-2018 (terminal value year).

On 5 October 2015, Telenor Group announced its intention to divest all its shares in VimpelCom Ltd (associated company) listed on NASDAQ. Accordingly, the impairment assessment of VimpelCom Ltd. is based on the market value of the shares, and an impairment of NOK 5.5 billion has been charged to the income statement as share of net income (loss) from associated companies and joint ventures during 2015. After impairment, the carrying amount of the investment in VimpelCom Ltd. is NOK 16.7 billion as of 31 December 2015, equivalent to USD 3.28 per share.

Indicators of impairment are present for Telenor India due to negative EBITDA and continuing uncertainty related to the underlying cash flows. Estimated value in use based on discounted cash flows does not support the carrying amount of the underlying assets of Telenor India. However, the recoverable amount of Telenor India is supported by estimated fair value less cost of disposal, and no impairment has been recognized in 2015. Key assumptions in determining the fair value less cost of disposal have been observed spectrum prices and Telenor's contractual obligations in India.

The Group did not recognise any significant impairment during 2014.

Sensitivity analyses of the cash-generating units with significant goodwill

With the exception of Telenor Hungary and Telenor Serbia, the Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amounts of the cash-generating units with significant goodwill to exceed recoverable amounts.

The estimated recoverable amount exceeds the carrying amount of the cash-generating unit by approximately NOK 600 million for Telenor Hungary and NOK 1,100 million for Telenor Serbia. The following key assumptions have been applied in determining the recoverable amounts, in addition to the discount rates and the nominal growth rates in the terminal value provided above:

Key assumptions in 2015

In per cent	Telenor Hungary	Telenor Serbia[2)]
Revenue growth[1)]	1.1	(2.0)
EBITDA margin growth[1)]	0.5	4.3

1) Represents the compound annual growth rate during the explicit forecast period

2) Excluding Telenor Banka

The following changes in key assumptions, in isolation, would result in the recoverable amount being approximately equal to the carrying amount, and any changes beyond those described below may lead to an impairment:

Telenor Hungary	Telenor Serbia
Decrease in revenue by 5.6 percentage points during the forecast period.	Decrease in revenue by 12.3 percentage points during the forecast period.
Decrease in EBITDA margin by 1.7 percentage points during the forecast period, with effect for the terminal value.	Decrease in EBITDA margin by 3.1 percentage points during the forecast period, with effect for the terminal value.
Increase in discount rate before tax by 0.7 percentage points for the whole period including terminal value.	Increase in discount rate before tax by 1.4 percentage points for the whole period including terminal value.
Decrease in nominal growth rate in terminal value by 1.1 percentage points.	Decrease in nominal growth rate in terminal value by 2.0 percentage points.
Increase in capex/sales (excluding licenses) by 1.7 percentage points in terminal value.	Increase in capex/sales by 3.9 percentage points in terminal value.

NOTE 17 Intangible assets

NOK in millions	Customer base	Licences	Trade-marks[1)]	Software acquired	Internally generated software	Roaming agreements and other[2)]	Work in progress[3)]	Total
Accumulated cost								
As of 1 January 2014	**2 134**	**35 695**	**2 664**	**16 060**	**3 213**	**4 599**	**1 690**	**66 055**
Reclassifications[4)]	-	472	-	677	12	(213)	(1 076)	(128)
Additions	2	5 854	-	1 191	-	178	1 117	8 342
Additions internally developed	-	-	-	-	166	4	-	170
Additions through acquisition of subsidiaries	278	-	-	-	16	-	-	294
Translation differences	159	7 121	351	1 076	55	229	122	9 113
Derecognition	(18)	181	-	(777)	(212)	(41)	(135)	(1 002)
As of 31 December 2014 (re-presented)	**2 555**	**49 323**	**3 015**	**18 227**	**3 250**	**4 755**	**1 718**	**82 843**
Reclassifications[4)]	15	1 093	-	676	48	56	(1 739)	149
Additions	-	2 393	-	1 265	-	204	1 302	5 164
Additions internally developed	-	-	-	-	167	12	-	179
Additions through acquisition of subsidiaries	-	-	-	8	-	-	-	8
Translation differences	164	4 127	196	809	73	342	36	5 747
Derecognition	(4)	(67)	(23)	(1 165)	(40)	(40)	9	(1 331)
As of 31 December 2015	**2 730**	**56 869**	**3 188**	**19 821**	**3 497**	**5 329**	**1 326**	**92 760**
Accumulated amortisation and impairment losses								
As of 1 January 2014	**(303)**	**(12 264)**	**(1 659)**	**(13 608)**	**(2 782)**	**(3 159)**	**(9)**	**(33 784)**
Reclassifications[4)]	-	(29)	-	(145)	(6)	195	-	15
Amortisation	(427)	(3 239)	(61)	(1 432)	(220)	(321)	-	(5 702)
Impairment losses	-	-	-	(5)	(15)	(3)	-	(24)
Translation differences	(45)	(2 783)	(200)	(874)	(48)	(162)	-	(4 112)
Derecognition	18	(183)	-	762	119	28	-	744
As of 31 December 2014 (re-presented)	**(757)**	**(18 498)**	**(1 920)**	**(15 303)**	**(2 954)**	**(3 423)**	**(9)**	**(42 864)**
Reclassifications[4)]	-	9	-	8	-	-	-	17
Amortisation	(381)	(4 404)	(269)	(1 598)	(225)	(379)	-	(7 256)
Impairment losses	-	(426)	(31)	(39)	(55)	(16)	-	(566)
Translation differences	(76)	(1 653)	(126)	(695)	(63)	(268)	-	(2 881)
Derecognition	3	67	22	1 126	34	33	-	1 285
As of 31 December 2015	**(1 212)**	**(24 904)**	**(2 323)**	**(16 501)**	**(3 263)**	**(4 053)**	**(8)**	**(52 265)**
Carrying amount								
As of 31 December 2015	1 518	31 965	865	3 320	234	1 276	1 317	40 495
As of 31 December 2014 (re-presented)	1 799	30 825	1 095	2 924	297	1 332	1 709	39 982
Amortisation periods in years	3-20	5-27	2-10	3-7	3-7	8-20	-	-

1) The carrying amount of trademarks with indefinite useful lives is NOK 122 million as of 31 December 2015 (NOK 224 million as of 31 December 2014). The trademarks with finite useful lives are mainly represented by the trademark of dtac with the carrying amount NOK 643 million as of 31 December 2015 (NOK 810 million as of 31 December 2014).

2) The carrying amount of the roaming agreements is NOK 818 million as of 31 December 2015 (NOK 979 million as of 31 December 2014).

3) Net additions.

4) Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

Impairment recognised in 2015 mainly relates to Telenor Denmark, see note 16 for further information.

The additions of licences in 2015 were primarily related to acquisition of additional spectrum under the 1800 MHz band in Norway, acquisition of spectrum under the 800 MHz band and additional spectrum under the 1800 MHz band in Serbia, acquisition of additional spectrum under the 1800 and 2100 MHz bands in Bulgaria and acquisition of additional spectrum under the 2100 MHz band in Myanmar. The additions of licences in 2014 were primarily related to acquisition of spectrum under the 900 and 2100 MHz bands in Myanmar, acquisition of additional spectrum in India under the 1800 MHz band in four existing circles and one new circle, acquisition of spectrum under the 800, 900 and 2600 MHz bands in Hungary and the 2100 MHz in Pakistan.

The additions in software acquired in 2015 were mainly in Telenor Norway and the development of new business support systems for Telenor Denmark and Telenor Hungary.

Dtac operates under a concession right to operate and deliver mobile services in Thailand granted by CAT Telecom Public Company Limited (CAT). CAT allows dtac to arrange, expand, operate and provide the cellular telephone services in various areas in Thailand. The concession originally covered a 15-year period but the agreement was amended on 23 July 1993 and 22 November 1996 with the concession period being extended to 22 and 27 years, respectively. Accordingly, the concession period under the amended agreement expires in 2018. In February 2011, the Cabinet in Thailand appointed a committee to negotiate with the operators, reviewing compensation relevance to the Concession amendments. In June 2011, the Cabinet acknowledged that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to The National Broadcasting and Telecommunications Commission (NBTC) for consideration in order to issue relevant criteria and measures. At present, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Group. However, the Group believes the amendments were entered into in good faith, that the amendments are legitimate and that the state was not harmed by them.

The service concession of dtac is accounted for under the Intangible Asset Model according to IFRIC 12 *Service Concession Arrangements*. The carrying amount of the concession right is NOK 7.7 billion as of 31 December 2015 (NOK 7.6 billion as of 31 December 2014) and is amortised on a straight-line basis over the remaining concession period. Replacements and extensions are capitalised as intangible assets and amortised over the remaining useful life of the concession. Repair and maintenance are expensed as incurred.

The carrying amounts of licences as of 31 December 2015 in India, Grameenphone and Myanmar are NOK 5.8 billion, NOK 4.5 billion and NOK 3.4 billion (NOK 5.4 billion, NOK 4.2 billion and NOK 3.4 billion as of 31 December 2014) respectively. The carrying amount of licence in dtac (other than concession right) as of 31 December 2015 is NOK 2.6 billion (NOK 2.6 billion as of 31 December 2014). The following table sets forth the mobile spectrum licences that the Group holds as of 31 December 2015:

Spectrum (MHz)	Bandwidth (MHz)	Type/technology	Spectrum expiration
Telenor Norway			
800	2x10	Technology neutral	2033
900	2x10.1 + 2x5	Technology neutral	2017/2033
1800	2x10 + 2x10 + 2x10	Technology neutral	2028/2033
2100	2x19.8	Technology neutral	2032
2600	2x40	Technology neutral	2022
Telenor Sweden			
800	2x10[a)]	Technology neutral	2035
900	2x6[b)] + 2x5	Technology neutral	2025
1800	2x5 + 2x20 + 2x10[c)]	Technology neutral	2017/2027/2037
2100	2x19.8 + 1x5	Technology neutral	2025
2600	2x40[d)]	Technology neutral	2023
Telenor Denmark			
800	2x10[e)]	Technology Neutral	2034
900	2x9	Technology Neutral	2019
1800	2x19.4	Technology Neutral	2017
2100	2x15 + 1x5	3G	2021
2600	2x20 + 1x10	Technology Neutral	2030
Telenor Hungary			
800	2x10[f)]	4G	2029
900	2x8 + 2x1.8	2G/3G/4G	2022
900	2x2[f)]	2G/3G/4G	2029
1800	2x30	2G/3G/4G	2022
2100	2x15 + 1x5	3G	2019
2600	2x20[f)]	4G	2029
Telenor Serbia			
800	2x10	Technology Neutral	2030
900	2x9.6[g)]	2G	2026
1800	2x10 + 2x10[g)]	2G/ Technology Neutral	2026
2100	2x15 + 1x5[g)]	3G	2026
Telenor Montenegro			
900	2x9.6 + 2x3.6	2G	2016/2017
1800	2x20 + 2x9.6	2G/4G	2016/2017
2100	2x15 + 1x5 + 2x10	3G	2022/2017
Telenor Bulgaria			
900	2x9.4 + 2x1.8	Technology Neutral	2021
1800	2x10 + 2x5	Technology Neutral	2021
2100	2x10 + 2x5	Technology Neutral	2025
dtac, Thailand			
850	2x10[h)]	3G	2018
1800	2x49.8[h)]	2G	2018
2100	2x15	3G/4G	2027
Digi, Malaysia			
900	2x2	2G	2017[i)]
1800	2x25	2G	2017[i)]
2100	2x15	3G	2018
2600	2x10	4G	2017

Grameenphone, Bangladesh			
900	2x7.4	2G	2026
1800	2x7.2 + 2x7.4	2G	2026
2100	2x10	3G/4G	2028
Telenor Pakistan			
900	2x4.8	2G	2019
1800	2x8.8	2G	2019
2100	2x5	3G/4G	2029
Uninor, India			
1800	2x5[j]	2G	2032
1800	2x1.4-2.2[k]	2G	2034
1800	2x6[l]	2G	2034
Telenor Myanmar			
900	2x5	Technology Neutral	2029
2100	2x10 + 2x5	Technology Neutral	2029

a) The licence is awarded to Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
b) The licence is held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
c) The licence is held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
d) Tele 2 and the Group transferred their respective licences (2x20 MHz) in the 2600 MHz band to Net4Mobility on 2 July 2012.
e) Jointly owned 50% with Telia.
f) The license is renewable for a successive 5 years subject to meeting certain license obligation but without additional fee.
g) The licence is renewable for a successive 10 year period until 2026 on application in 2016.
h) In accordance with the concession agreement with CAT.
i) Valid until the expected re-farming of the 900 MHz and 1800 MHz frequency bands have been completed in 2017.
j) In the following circles: Andhra Pradesh, Bihar and Jharkhand, Maharashtra, Gujarat, Uttar Pradesh East and Uttar Pradesh West.
k) In 2014, 1.4 – 2.2 MHz additional spectrum was acquired in 4 existing circles (Andhra Pradesh, Bihar and Jharkhand, Uttar Pradesh East and Uttar Pradesh West).
l) In 2014, 6 MHz acquired in one new circle (Assam).

NOTE 18 Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equipment	Radio installations	Cable-TV equipment	Buildings	Land	Corporate admin-istrative assets	Satellites	Work in progress[1]	Total
Accumulated cost												
As of 1 January 2014	**44 636**	**20 285**	**1 183**	**17 776**	**14 189**	**3 610**	**14 580**	**954**	**9 716**	**3 804**	**5 495**	**136 228**
Reclassifications[2]	716	(1 752)	19	921	3 102	19	(186)	(1)	736	-	(3 429)	145
Additions	1 760	2 690	491	835	2 530	325	428	-	973	-	4 991	15 023
Additions through acquisition of subsidiaries	386	-	64	-	-	59	-	-	3	-	-	512
Translation differences	1 087	1 765	19	1 407	2 210	5	700	104	1 130	-	658	9 085
Derecognition	(376)	(295)	(203)	(1 077)	(486)	(42)	(247)	(3)	(1 120)	-	(88)	(3 937)
As of 31 December 2014 (re-presented)	**48 209**	**22 693**	**1 574**	**19 863**	**21 545**	**3 976**	**15 275**	**1 054**	**11 438**	**3 804**	**7 626**	**157 055**
Reclassifications[2]	1 176	2 223	50	539	1 812	245	233	(9)	986	-	(7 396)	(141)
Additions	1 251	1 683	500	951	3 366	792	330	2	994	1 514	8 425	19 809
Additions through acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	896	1 844	63	1 197	1 653	56	512	55	752	-	474	7 503
Derecognition	(1 015)	(330)	(355)	(728)	(797)	(3)	(925)	(7)	(1 001)	-	(125)	(5 286)
As of 31 December 2015	**50 517**	**28 113**	**1 832**	**21 822**	**27 579**	**5 066**	**15 425**	**1 095**	**13 169**	**5 318**	**9 004**	**178 940**
Accumulated depreciation and impairment losses												
As of 1 January 2014	**(33 477)**	**(10 790)**	**(621)**	**(15 261)**	**(7 851)**	**(2 111)**	**(7 173)**	**(26)**	**(7 147)**	**(1 986)**	**(238)**	**(86 681)**
Reclassifications[2]	(252)	388	(4)	88	(161)	-	(37)	-	(56)	-	-	(34)
Depreciation	(1 976)	(1 627)	(433)	(1 143)	(2 290)	(338)	(597)	-	(1 153)	(179)	-	(9 736)
Impairment loss	-	-	1	-	(1)	-	-	-	(4)	-	-	(4)
Translation differences	(591)	(891)	(12)	(988)	(1 094)	(4)	(271)	(4)	(839)	-	(46)	(4 740)
Derecognition	375	263	209	1 076	478	42	187	2	1 070	-	-	3 702
As of 31 December 2014 (re-presented)	**(35 921)**	**(12 657)**	**(861)**	**(16 228)**	**(10 920)**	**(2 411)**	**(7 891)**	**(28)**	**(8 129)**	**(2 165)**	**(284)**	**(97 493)**
Reclassifications[2]	(6)	14	(1)	(1)	(2)	-	2	-	(29)	-	-	(23)
Depreciation	(1 965)	(2 029)	(464)	(1 214)	(2 732)	(336)	(654)	(1)	(1 430)	(224)	-	(11 049)
Impairment loss	(218)	(726)	(29)	(54)	(322)	-	(100)	(15)	(101)	-	(50)	(1 615)
Translation differences	(595)	(1 145)	(39)	(885)	(880)	(27)	(190)	(2)	(535)	-	(40)	(4 338)
Derecognition	1 010	328	347	718	756	-	703	-	926	-	-	4 788
As of 31 December 2015	**(37 695)**	**(16 215)**	**(1 047)**	**(17 664)**	**(14 100)**	**(2 774)**	**(8 130)**	**(46)**	**(9 297)**	**(2 389)**	**(373)**	**(109 729)**
Carrying amount												
As of 31 December 2015	12 822	11 897	785	4 158	13 477	2 292	7 296	1 050	3 874	2 929	8 631	69 211
As of 31 December 2014 (re-presented)	12 288	10 035	713	3 635	10 624	1 565	7 385	1 027	3 310	1 639	7 342	59 562
Depreciation periods in years[3]	3-30	5-20	3	3-10	5-15	3-15	5-90	-	2-10	17-18	-	-

[1] Net additions.

[2] Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

[3] Asset categories presented in this movement schedule is an aggregated total from different asset components belonging to a particular category, and the disclosed depreciation rates represent a range of useful lives allocated to components.

Impairment recognised in 2015 mainly relates to Telenor Denmark, see note 16 for further information.

The Group has finance leases with carrying amounts of NOK 1,059 million as of 31 December 2015 (NOK 972 million as of 31 December 2014). These assets are as of 31 December 2015 primarily fibre optic network (local, regional and trunk networks) of NOK 607 million in Grameenphone in Bangladesh and Digi in Malaysia (NOK 533 million in 2014), and properties (builidings & land) of NOK 354 million in Denmark and Sweden (NOK 342 million in 2014).

As of 31 December 2015, the present value of future minimum lease payments under finance leases (the Group as a lessee) is NOK 1,078 million (NOK 1,014 million as of 31 December 2014).

NOTE 19 Associated companies and joint arrangements

Associated companies and joint ventures

NOK in millions	2015	2014 Re-presented
Balance as of 1 January	**24 034**	34 439
Additions	508	741
Disposals	(50)	(22)
Share of net income (loss)[1]	(7 070)	(3 798)
Share of other comprehensive income	(3 357)	(11 103)
Equity transactions including dividends	1 542	(1 523)
Translation differences	3 732	6 393
Classified as asset held for sale	-	(1 092)
Balance as of 31 December	**19 340**	24 034
of which losses applied to other components of interests in associated companies[2]	60	123
Carrying amount of investments in associated companies and joint ventures	**19 400**	24 157
of which investment in VimpelCom Ltd.	16 775	21 935
of which investment in others	2 625	2 222

[1] Share of net income (loss) includes the Group's share of net income (loss) after taxes, amortisation of excess values, impairment losses and adjustment for differences in accounting policies.

[2] The Group's share of net losses in Riks TV AS (an associated company) exceeds the investment in shares, and the excess amount has been applied to the Group's other long-term interests in Riks TV AS classified as other financial interest-bearing non-current assets. See also note 21.

Additions in 2015 and 2014 primarily related to the Group's share of investments in Online Classifieds joint ventures. As of 31 December 2015, the Group's share of minimum committed funding for the future period of Online Classifieds joint ventures amounts to approximately NOK 251 million.

As of 31 December 2014, Evry ASA, an associated company, was classified as asset held for sale with a carrying amount of NOK 1,092 million based on the pre-acceptance of the offer by Lyngen Bidco AS. The transaction closed on 16 March 2015, and a gain of NOK 224 million has been recognised in the 2015 income statement .

Based on a strategic review, the Group announced in October 2015 its intention to divest all its shares in VimpelCom Ltd. Accordingly, the impairment assessment of VimpelCom Ltd. is based on the market value of the shares and an impairment loss of NOK 5.5 billion has been charged to the income statement during 2015.

VimpelCom Ltd.
VimpelCom Ltd. ("VimpelCom") is an associated company to the Group which is accounted for using the equity method. VimpelCom is incorporated in Bermuda, headquartered in the Netherlands, and is listed on the NASDAQ-100 Index. VimpelCom is a telecommunication company providing a range of wireless, fixed and broadband internet services in 14 markets across Europe, Africa and Asia.

VimpelCom will continue to be classified as an associated company until it is highly probable that sale within 12 months will occur. As a consequence of using market value as a basis for recoverable amount, the carrying amount of VimpelCom will fluctuate in accordance with the share price development if the market value remains below the carrying amount based on the equity method before impairment. As of 31 December 2015, the cumulative income and expenses recognised in other comprehensive income amounts to a net loss of NOK 10.4 billion. This will be proportionately recycled to the income statement upon disposal. Total equity for the Group will not be impacted by the recycling effects.

In March 2014, VimpelCom disclosed that it was subject to investigations by the United States Securities and Exchange Commission, the United States Department of Justice and Dutch public prosecutor's office under the US Foreign Corrupt Practices Act and relevant Dutch laws and that the investigations were related to its operations in Uzbekistan and prior dealings with Takilant Ltd. On 3 November 2015, VimpelCom announced a provision of USD 900 million for a resolution of the investigation. On 18 February 2016, VimpelCom announced that it has reached settlement agreements with the authorities. As part of the settlements, VimpelCom will pay USD 795 million in fines and disgorgements to US and Dutch authorities, and retain an independent corporate monitor for at least three years. According to VimpelCom, the fines are within the provision that VimpelCom has previously recognised.

As of 31 December 2015, the Group owns 33.05% of VimpelCom (economic ownership interest) with a voting share of 42.95%. The Group owns 305 million convertible preferred shares of VimpelCom, with voting rights but no entitlement to dividend. The Group has an option to convert these preferred shares into common shares at prevailing market price during the time period from 15 October 2013 until 15 April 2016. During 2015, dividend of NOK 0.2 billion was received from VimpelCom (NOK 0.1 billion during 2014).

The Group includes VimpelCom's published results with a one quarter lag, see note 3 for further details. Total share of net income related to VimpelCom recognised during 2015 amounts to a loss of NOK 7.2 billion including an impairment loss of NOK 5.5 billion. Share of net income related to VimpelCom in 2015 consists of share of net income for the fourth quarter of 2014 (excluding significant transactions and events recognised by the Group in 2014) and the first three quarters of 2015.

The Group recognised a loss of NOK 3.2 billion in other comprehensive income during 2015 related to its share of VimpelCom's translation differences arising from depreciation of local currencies against USD. This includes NOK 2.2 billion for the Group's share of loss up to third quarter of 2015, in accordance with Telenor's accounting policy of one quarter lag. In addition, due to significant depreciation of Russian Ruble and Ukrainian Hryvnia against USD during the fourth quarter of 2015, the Group recognised NOK 1.0 billion for the fourth quarter of 2015 based on an estimate.

The loss of NOK 3.2 billion recognised during 2015 in other comprehensive income is more than offset by NOK 3.7 billion due to depreciation of NOK against USD by 19%.

The following table sets forth summarised financial information of VimpelCom, and reconciliation with the carrying amount of the investment for the Group:

NOK in millions	2015	2014
Statement of comprehensive income information		
Revenues	83 355	131 008
Net income (loss) from continuing operations[1]	(4 279)	(2 902)
Net income (loss) from discontinued operations[1]	(646)	(5 574)
Other comprehensive income (loss)[1]	(9 830)	(33 459)
Total comprehensive income (loss)[1]	(14 755)	(41 936)
Group's share of net income (loss) from continuing operations[2]	**(6 967)**	**(1 068)**
Group's share of net income (loss) from discontinued operations	**(213)**	**(1 842)**
Group's share of other comprehensive income (loss)	(3 249)	(11 058)
Group's share of total comprehensive income (loss)[2]	**(10 249)**	**(13 968)**
Statement of financial position information		
Current assets	178 100	63 041
Non-current assets	129 497	238 056
Current liabilities	(187 875)	(74 198)
Non-current liabilities	(74 495)	(188 171)
Total equity	**45 226**	**38 728**
Equity excluding non-controlling interest	**43 843**	**45 900**
Group's ownership in %	33.05	33.05
Proportion of the Group's ownership	14 490	15 170
Goodwill related to the Group's investment	2 285	6 765
Carrying amount of the investment	**16 775**	**21 935**

[1] Excluding non-controlling interests.
[2] This includes impairment loss of NOK 5.5 billion based on the market value.

Other associated companies and joint ventures
The following table sets forth summarised financial information of the Group's share of net income and other comprehensive income of other associated companies and joint ventures.

NOK in millions	2015	2014 Re-presented
Net income (loss) from continuing operations	110	(888)
Other comprehensive income (loss)	(109)	(44)
Total comprehensive income (loss)	**2**	**(933)**

Joint operations
The Group is part of three joint arrangements for networks sharing in Sweden and Denmark. These joint arrangements are structured through separate vehicles. The activities are designed for the provision of output to the investors and hence these arrangements are classified as joint operations.

Joint Operation	Description	Ownership interest
3G Infrastructure Services AB	Joint operation with the mobile operator "3" in Sweden	50%
Net4Mobility HB	Joint operation established in 2009, under partnership agreement, with mobile operator Tele2 Sverige AB in Sweden[1]	50%
TT Netværket P/S	Joint operation established in 2012, under partnership agreement, with mobile operator TeliaSonera Mobile Holding AB in Denmark	50%

[1] Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership.

NOTE 20 Trade and other receivables

NOK in millions	Category	2015	2014 Re-presented
Trade receivables		12 177	11 647
Provision for bad debt		(1 621)	(1 599)
Total trade receivables as of 31 December	LAR[1]	**10 557**	10 048
Interest-bearing receivables		839	656
Accrued revenues		6 407	4 911
Other non-interest-bearing receivables		1 308	812
Provision for bad debt		(32)	(20)
Total other current receivables as of 31 December	LAR[1]	**8 522**	6 359
Governmental taxes and duties		1 493	1 543
Prepayments		3 305	3 275
Total other current non-financial assets as of 31 December	NF[2]	**4 798**	4 818
Total trade and other receivables as of 31 December		**23 877**	21 226

[1] LAR: Loans and receivables.
[2] NF: Non-financial assets and liabilities.

As of 31 December 2015 and 2014, respectively, NOK 1.3 billion and NOK 1.3 billion of trade and other receivables are not expected to be collected within one year.

Specification of provision for bad debt:

NOK in millions	2015	2014 Re-presented
Provision as of 1 January	**(1 619)**	(1 437)
Change during the year	(121)	(77)
(Acquisition) and disposal of subsidiaries	-	2
Currency and other effects	88	(107)
Provision as of 31 December	**(1 652)**	(1 619)
Realised losses for the year	(627)	(501)
Recovered amounts previously provided for	79	95

Specification of the age distribution of trade receivables:

			Past due on the reporting date in the following periods:					
NOK in millions	Carrying amount	Not past due on the reporting date	less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 365 days	more than 365 days
As of 31 December 2015								
Trade receivables	12 177	7 506	1 593	431	215	413	554	1 466
Provision for bad debt	(1 621)	(10)	(37)	(28)	(40)	(112)	(269)	(1 126)
Total trade receivables	10 557	7 496	1 556	403	174	302	285	340
As of 31 December 2014 (re-presented)								
Trade receivables	11 647	7 232	1 583	463	185	370	390	1 425
Provision for bad debt	(1 599)	(113)	(13)	(24)	(54)	(151)	(238)	(1 005)
Total trade receivables	10 048	7 118	1 569	439	130	219	152	420

For the trade and other current receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

NOTE 21 Other non-current assets and current financial assets

NOK in millions	Fair value level[6]	Category	2015	2014 Re-presented
Other non-current assets				
Available-for-sale investments[1]	3	AFS	389	399
Financial derivatives	2	FVTPL[3]	548	219
Financial derivatives designated for net investment hedge	2		480	403
Other financial non-interest-bearing non-current assets		LAR[4]	703	432
Fair value hedge instruments	2		2 519	2 788
Other financial interest-bearing non-current assets[2]		LAR[4]	359	83
Total non-current financial assets as of 31 December			**4 997**	**4 323**
Governmental taxes and duties			860	468
Prepayments			297	1 302
Total non-current non-financial assets		NF[5]	**1 157**	**1 770**
Total other non-current assets as of 31 December			**6 155**	**6 093**
Other current financial assets				
Assets held for trading	2	FVTPL[3]	76	70
Bonds and commercial papers > 3 months		LAR[4]	969	714
Financial derivatives	2	FVTPL[3]	159	206
Financial derivatives designated for hedging purposes	2		232	99
Total other current financial assets as of 31 December			**1 436**	**1 089**

1) Available-for-sale investments include capital contribution to Telenor Pension Fund of NOK 298 million and equity investments of NOK 92 million.

2) The Group's share of net losses in Riks TV AS (an associated company) in excess of the investment in shares, amounting to NOK 60 million (NOK 123 million in 2014), has decreased the long-term receivables from Riks TV AS. See also note 19.

3) FVTPL: Fair value through profit and loss.

4) LAR: Loans and receivables.

5) NF: Non-financial assets and liabilities.

6) For information about the fair value level of financial instruments, see note 29.

NOTE 22 Additional cash flow information

Acquisitions and disposals of subsidiaries, associated companies and joint ventures

The table below shows the effects on the consolidated statement of financial position from acquisitions and disposals of subsidiaries, acquisitions and disposals of associated companies and joint ventures, and capital injections in associated companies and joint ventures.

NOK in millions	2015	2014
Purchase of subsidiaries, associated companies and joint ventures		
Capital injections in associated companies and joint ventures	**508**	741
Other non-current assets	**9**	920
Current assets	**2**	101
Liabilities	**(2)**	(220)
Total purchase price and capital injections	**517**	**1 541**
- of which non-cash	**(20)**	(59)
Cash payments related to acquisitions	**(497)**	(1 482)
Cash in subsidiaries acquired	**-**	39
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	**(497)**	**(1 443)**

Disposals of subsidiaries and associated companies		
Associated companies including classified as held for sale[1]	1 142	22
Other non-current assets	9	159
Current assets	42	362
Liabilities	(39)	(336)
Gains (losses) and translation adjustments on disposals	231	1 063
Sales price	**1 385**	**1 270**
- of which non-cash	(20)	-
Proceeds received as sale consideration	1 365	1 270
Cash in subsidiaries disposed of	(11)	(187)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	**1 354**	**1 083**

[1] As of 31 December 2014, Evry ASA, an associated company, was classified as asset held for sale.

Capital injections in associated companies and joint ventures in 2015 and 2014 are mainly related to Group's share of investments in Online Classifieds joint ventures. Please refer to note 19 for further information.

Acquisition of subsidiaries in 2014 is mainly related to acquisition of Tele2's fibre and cable business for a consideration of NOK 0.7 billion. Please refer to note 4 for further information.

On 16 March 2015, Telenor sold its 30.24% ownership of Evry ASA for a consideration of NOK 1.3 billion received in cash resulting in the gain on disposal of NOK 0.2 billion.

On 25 March 2014, the Group disposed of the wholly owned subsidiary Conax AS for NOK 1.4 billion in cash, resulting in a gain of NOK 1.2 billion. The business of Conax AS was included in the Broadcast segment.

Cash and cash equivalents as of 31 December

NOK in millions	2015	2014 Re-presented
Cash and cash equivalents in the Group's cash pool systems	6 671	7 044
Cash and cash equivalents outside the Group's cash pool systems	7 285	5 306
Total cash and cash equivalents in statement of financial position	**13 956**	**12 350**
Bank overdraft (part of cash in cash flow statement)	(196)	(457)
Total cash and cash equivalents in statement of cash flows	**13 760**	**11 893**

The Group has established cash pool systems. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can offset balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder.

Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems, held by Telenor ASA. As of 31 December 2015 and 2014, the major part of the cash and cash equivalents outside the Group's cash pool systems relates to dtac, Digi, Grameenphone, India, Myanmar, Telenor Montenegro & Serbia, Telenor Bulgaria and Telenor Pakistan.

Included in cash and cash equivalents are restricted bank accounts amounting to NOK 491 million as of 31 December 2015 and NOK 481 million as of 31 December 2014.

Dividends paid to non-controlling interests in subsidiaries

During 2015, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.8 billion. This consists of dividends paid to non-controlling interests in Digi by NOK 2.0 billion, dtac by NOK 0.9 billion and Grameenphone by NOK 0.9 billion.

During 2014, dividends paid to non-controlling interests in subsidiaries amounted to NOK 3.4 billion. This consists of dividends paid to non-controlling interests in Digi by NOK 2.0 billion, dtac by NOK 0.7 billion and Grameenphone by NOK 0.7 billion.

Supply chain financing arrangements

Telenor introduced supply chain financing arrangements with some of the vendors in 2015. As a consequence, some of the accounts payables were reclassified from trade payables to current non-interest-bearing liabilities. Payments to financial institutions under supply chain financing programmes that are classified as current non-interest-bearing liabilities are financing activities in the statement of cash flows and amount to NOK 2.5 billion in 2015.

Significant non-cash transactions

The table below explains the difference between property, plant and equipment and intangible assets additions and purchases:

	2015	2014
Property, plant and equipment and intangible assets additions (see note 17 and 18)	**(25 152)**	(23 536)
Net payment deferral on licences	**642**	1 744
Asset retirement obligation additions	**35**	571
Capex payables, accruals and prepayments and other adjustments	**3 307**	529
Purchases of property, plant and equipment and intangible assets	**(21 168)**	**(20 693)**

Net payment deferral on licenses was in 2015 related to deferrals on licence payments in Serbia (NOK 0.4 billion) and Myanmar (NOK 0.3 billion), while in 2014 it included deferrals on licence payments in India (NOK 0.6 billion), Pakistan (NOK 0.5 billion), Myanmar (NOK 1.5 billion) and payments on licence in Grameenphone (NOK 0.7 billion). Capex accruals and prepayments in 2015 were mainly related to reversal of prepayment for the Thor 7 satellite (NOK 1.4 billion) and increased accruals due to introduction of supply chain financing programme in Norway (NOK 1.6 billion).

Other adjustments

The line Changes in other operating working capital has been renamed to Other adjustments. Net interest expense and changes in net operating working capital are moved from this line and are shown on separate lines in the consolidated statement of cash flows.

NOTE 23 Additional equity information

Paid-in capital

NOK in millions, except number of shares	Number of shares	Share capital	Other paid in capital	Treasury shares	Total paid-in capital
Equity as of 1 January 2014	**1 516 624 271**	**9 100**	**69**	**(42)**	**9 127**
Share buyback	-	-	-	(49)	(49)
Share options exercised and distributed shares to employees	-	-	-	-	-
Cancellation of shares	(15 166 241)	(91)	-	91	-
Equity as of 31 December 2014	**1 501 458 030**	**9 009**	**69**	**-**	**9 078**
Equity as of 31 December 2015	**1 501 458 030**	**9 009**	**69**	**-**	**9 078**

Nominal value per share is NOK 6.

Other reserves

NOK in millions	Net unrealised gains/ (losses) reserve	Employee equity benefits reserve	Pension re-measurement reserve	Transactions with non-controlling interests	Share of equity adjustments and other comprehensive income in associated companies	Other equity transactions	Total other reserves
Equity as of 1 January 2014	**3**	**434**	**393**	**633**	**(1 071)**	**(6 607)**	**(6 217)**
Other comprehensive income (loss), net of taxes	29	-	(694)	-	(11 079)	-	(11 744)
Share-based payment	-	44	-	-	-	-	44
Exercise of share options and distribution of shares to employees	-	(156)	-	-	-	-	(156)
Transactions with non-controlling interests	-	-	-	(2)	-	-	(2)
Share buyback	-	-	-	-	-	(999)	(999)
Other changes in other reserves during 2014	-	-	-	-	(1 304)	-	(1 304)
Equity as of 31 December 2014	**32**	**322**	**(301)**	**631**	**(13 454)**	**(7 606)**	**(20 377)**
Other comprehensive income (loss), net of taxes	(17)	-	863	-	(3 380)	-	(2 534)
Share-based payment	-	37	-	-	-	-	37
Transactions with non-controlling interests	-	-	-	(2)	-	-	(2)
Other changes in other reserves during 2015	-	-	-	-	1 732	-	1 732
Equity as of 31 December 2015	**15**	**359**	**562**	**629**	**(15 102)**	**(7 606)**	**(21 143)**

Net unrealised gains/losses reserve

This reserve includes fair value changes on available-for-sale financial assets resulting in a loss of NOK 17 million in 2015 (NOK 45 million gain and NOK 16 million reclassified from equity to income statement on disposal of shares available-for-sale in 2014).

Employee equity benefits reserve

Share-based payment represents cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Exercise of share options and distributions of shares to employees represents the vested equity-settled share-based payments upon satisfaction of vesting conditions.

Refer to note 34 for further details on these programmes.

Pension remeasurement

This reserve includes the effects of remeasurement of pension obligations arising due to changes in assumptions, such as discount rate and long term demographic trends.

NOK in millions	Pension remeasurement	Income tax	Net pension remeasurement
Equity as of 1 January 2014	**559**	**(167)**	**392**
Other comprehensive income (loss)	(927)	234	(694)
Equity as of 31 December 2014	**(368)**	**67**	**(301)**
Other comprehensive income (loss)	1 111	(249)	863
Equity as of 31 December 2015	**744**	**(182)**	**563**

Refer to note 25 for further details relating to pension obligations.

Transactions with non-controlling interests

This reserve includes effects from transactions with non-controlling interests.

Share of equity adjustments and other comprehensive income in associated companies

This reserve includes underlying adjustment on equity in associated companies, such as other comprehensive income, share buyback and transactions with non-controlling interests.

NOK in millions	Share of equity adjustments and other comprehensive income in associated companies
Equity as of 1 January 2014	**(1 071)**
Other comprehensive income, excluding effects of disposal	(11 103)
Amount reclassified from other comprehensive income to income statement on disposal	24
Other comprehensive income, net of taxes	**(11 079)**
Other changes in other reserves	(1 304)
Equity as of 31 December 2014	**(13 454)**
Other comprehensive income (loss), excluding effects of disposal	(3 357)
Amount reclassified from other comprehensive income to income statement on disposal	(23)
Other comprehensive income, net of taxes	**(3 380)**
Other changes in other reserves	1 732
Equity as of 31 December 2015	**(15 102)**

Share of other comprehensive income and other changes in equity during 2015 and 2014 primarily relates to VimpelCom, see note 19.

Other equity transactions

This reserve includes the decrease in other reserves as a result of acquisition and sale/cancellation of treasury shares and the increase as a result of transfers from other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Cumulative translation differences

NOK in millions	Foreign currency translation	Net investment hedge	Taxes	Net translation differences
Equity as of 1 January 2014	**(3 983)**	**(1 052)**	**26**	**(5 009)**
Changes during 2014, excluding effects of disposal	10 105	(5 271)	1 337	6 171
Amount reclassified from other comprehensive income to income statement on disposal	(83)	-	-	(83)
Net changes during 2014	10 022	(5 271)	1 337	6 088
Equity as of 31 December 2014	**6 039**	**(6 324)**	**1 363**	**1 080**
Changes during 2015, excluding effects of disposal	7 300	(5 491)	1 229	3 038
Amount reclassified from other comprehensive income to income statement on disposal	(15)	-	-	(15)
Net changes during 2015	7 284	(5 491)	1 229	3 022
Equity as of 31 December 2015	**13 323**	**(11 815)**	**2 593**	**4 102**

The amount reclassified from other comprehensive income to income statement in 2015 was related to disposal of MicroEnsure Holdings Limited (an associated company).

The amount reclassified from other comprehensive income to income statement in 2014 was related to the disposal of C More AB (an associated company).

In 2015, the translation difference gain on net investment in foreign operations was caused by depreciation of the Norwegian Krone against all the functional currencies of the Group's investments except Malaysian Ringgit and Myanmar Kyat. The appreciation of the US Dollar by 19%, the Thai Baht by 8%, the Swedish Krone by 9% and the Danish Krone by 6% against Norwegian Krone had the most significant impact.

In 2014, the translation difference on net investment in foreign operations was affected by depreciation of the Norwegian Krone against all the functional currencies of the Group's investments. The appreciation of the US Dollar by 22%, the Thai Baht by 22% and the Pakistani Rupee by 28% against Norwegian Krone had the most significant impact.

Dividends paid and proposed

	2015	2014
Dividends		
Dividend per share in NOK - paid	**7.30**	7.00
Dividend per share in NOK - proposed by the Board of Directors	**7.50**	7.30

Dividend of NOK 11.0 billion has been charged to equity in 2015 (NOK 10.6 billion in 2014), of which NOK 10.7 billion has been paid (NOK 10.6 billion in 2014) and NOK 0.3 billion is recorded as withholding tax liability as of 31 December 2015 (no withholding tax liability recognised as of 31 December 2014).

In respect of 2015, the Board of Directors will propose a dividend of NOK 4.00 per share (NOK 6.0 billion) to be resolved by the Annual General Meeting on 11 May 2016, and paid out in May 2016. In addition, the Board will ask the Annual General Meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2016. In total, this will bring the ordinary dividend for the fiscal year 2015 to NOK 7.50 per share (NOK 11.3 billion).

Non-controlling interests

NOK in millions	Country of incorporation and operation	Non-controlling interests share of net income (loss) 2015	Non-controlling interests share of net income (loss) 2014	Non-controlling interests in the statement of financial position 31.12.15	Non-controlling interests in the statement of financial position 31.12.14	Non-controlling interests share of dividend in 2015	Non-controlling interests share of dividend in 2014
DiGi.Com Bhd	Malaysia	1 817	1 983	548	750	2 038	1 958
Grameenphone Ltd	Bangladesh	899	714	1 563	1 325	893	688
Total Access Communications Plc (dtac)	Thailand	538	865	2 303	2 500	937	730
Others		35	120	245	175	8	9
Total		**3 289**	**3 682**	**4 660**	**4 750**	**3 876**	**3 385**

Summarised financial information for subsidiaries with significant non-controlling interests

Summarised statement of financial position as of 31 December:

	2015			2014		
NOK in millions	DiGi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	DiGi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Current assets	2 924	1 339	6 552	2 989	1 183	5 583
Non-current assets	7 247	13 535	22 923	6 751	11 058	20 478
Current liabilities	(7 713)	(7 647)	(11 986)	(6 521)	(5 665)	(10 038)
Non-current liabilities	(796)	(3 847)	(8 427)	(1 141)	(3 624)	(6 663)
Total equity	**1 662**	**3 380**	**9 061**	**2 078**	**2 952**	**9 360**
Attributable to:						
Equity holders of the Group	1 114	1 817	6 758	1 328	1 626	6 860
Non-controlling interests	548	1 563	2 303	750	1 325	2 500

Summarised comprehensive income information 1 January – 31 December:

	2015			2014		
NOK in millions	DiGi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	DiGi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Revenues	14 306	10 881	20 687	13 513	8 367	17 562
Net income	3 562	2 035	1 623	3 891	1 614	2 376
Total comprehensive income	**3 580**	**2 453**	**2 382**	**4 131**	**2 106**	**4 026**
Attributable to non-controlling interests	1 837	1 131	740	2 066	935	1 300

Summarised cash flow information 1 January – 31 December:

	2015			2014		
NOK in millions	DiGi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)	DiGi.Com Bhd	Grameenphone Ltd	Total Access Communications Plc (dtac)
Operating activities	4 677	3 913	5 699	5 238	2 649	5 310
Investing activities	(1 867)	(2 102)	(4 916)	(1 735)	(1 808)	(2 914)
Financing activities	(3 402)	(1 874)	110	(3 294)	(1 132)	(2 176)
Effect of exchange rate changes on cash and cash equivalents	(34)	75	149	132	92	243
Net increase/(decrease) in cash and cash equivalents	**(625)**	**12**	**1 043**	**341**	**(199)**	**463**

NOTE 24 Provisions and obligations

Non-current

NOK in millions	2015	2014 Re-presented
Provisions for workforce reductions, onerous (loss) contracts and legal disputes	**163**	124
Asset retirement obligations	**3 234**	3 150
Other provisions	**148**	134
Total non-current provisions and obligations as of 31 December	**3 545**	**3 408**

Current

NOK in millions	2015	2014 Re-presented
Provisions for workforce reductions, onerous (loss) contracts and legal disputes	**894**	909
Asset retirement obligations	**30**	32
Other provisions	**667**	770
Total current provisions and obligations as of 31 December	**1 591**	**1 711**

Development

	2015		2014 Re-presented	
NOK in millions	Workforce reductions, onerous (loss) contracts and legal disputes	Asset retirement obligations	Workforce reductions, onerous (loss) contracts and legal disputes	Asset retirement obligations
As of 1 January	**1 033**	**3 183**	773	2 495
Obligations arising during the year and effects of changes in estimates[1)]	**546**	**43**	962	580
Accretion expense	**27**	**68**	19	86
Amounts utilised	**(620)**	**(63)**	(750)	(38)
Other changes and translation difference	**72**	**33**	30	60
As of 31 December	**1 057**	**3 264**	1 033	3 183

[1)] Changes in asset retirement obligations are mainly related to changes in estimated long-term interest rates.

Asset retirement obligations
The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Those leases generally contain provisions that require the Group to remove the asset and restore the sites to their original condition at the end of the lease term. The table above presents all changes in the Group's asset retirement obligations.

In most situations, the timing of the asset removals will be well into the future and there is significant uncertainty as to whether and when the obligation will be paid. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing.

Workforce reductions
Provisions for workforce reductions included approximately 590 employees as of 31 December 2015 and approximately 1,090 employees as of 31 December 2014.

NOTE 25 Pension obligations

The Norwegian companies in the Group are obligated to follow the Act on Mandatory company pensions and these companies pension schemes follow the requirement as set in the Act.

The Group provides pension plans for employees in Norway. In addition, the Norwegian government provides social security payments to all retired Norwegian citizens. Such payments are calculated by reference to a base amount annually approved by the Norwegian parliament (G-regulation). Benefits are determined based on the employee's length of service and compensation. The cost of pension benefit plans is expensed over the period that the employee renders services and becomes eligible to receive benefits.

Telenor Pension Fund in Norway, a defined benefit plan offered to all employees in Norway, was closed for new members during 2006 and defined contribution plans with insurance companies were established as a replacement.

3,915 of the Group's employees were members of the contribution plan in Norway as of 31 December 2015 (3,808 as of 31 December 2014). In 2015, 2,180 of the Group's employees were covered by the defined benefit plans funded through Telenor Pension Fund (2,426 in 2014). In addition the Telenor Pension Fund paid out pensions to 2,239 persons in 2015 (1,965 in 2014). Telenor Sweden has a defined benefit plan with 840 active members in 2015 (886 in 2014). Other companies outside Norway and Sweden primarily offer contribution plans.

The funded defined benefit plan in Norway has a net benefit liability of NOK 775 million as of 31 December 2015 (NOK 2,056 million as of 31 December 2014). The service cost was NOK 264 million in 2015 (NOK 177 million in 2014) (comprised of current service cost of NOK 294 million and a positive past service cost of NOK 30 million) and net interest cost was NOK 39 million (NOK 50 million in 2014). Past service cost for 2015 relates mainly to work force reductions in Telenor ASA and Telenor Global Shared Services AS.

Unfunded defined benefit plans have previously been offered to executive employees. These plans are now closed. As of 31 December 2015 the net defined benefit liability recognised in the statement of financial position was NOK 502 million (NOK 504 million as of 31 December 2014).

In Norway, the Group is a member of a new "agreement-based early retirement plan" (new AFP). Essentially all of the Norwegian employees are entitled to life-long benefits from the age of 62 from this plan, in addition to other plans. The plan is financed through a pooled arrangement, where private sector employers cover 2/3 of the funding requirements and The Norwegian government covers 1/3. The contribution for 2015 was 2.4% of total salaries to employees between 1 and 7.1 times the basic amount (G) (2.2 % for 2014). For 2016 the contribution is set to 2.5%. The plan is considered as a defined benefit multi-employer plan with limited funding and where plan assets are not segregated. The information required to calculate a proportional share of the plan and account for the plan as a defined benefit plan is not available from the plan administrator. Consequently, the plan is accounted for as a defined contribution plan.

The defined benefit plan in Sweden has a net benefit liability of NOK 751 million in 2015 (NOK 799 million in 2014). The service cost was NOK 50 million and net interest cost was NOK 21 million in 2015 (NOK 32 million and NOK 17 million in 2014, respectively). The assumptions are set within the recommended levels according to Swedish actuaries. The discount rate used for the pension calculations as of 31 December 2015 was 3.5% (2.75% in 2014) and expected salary increase was set to 3.0% (3.0% in 2014).

Some of the Swedish companies have multi-employer benefit plans. The administrators are not able to calculate the Group's share of assets and liabilities and these plans are consequently accounted for as defined contribution plans.

For the Norwegian plans, the Group applies the K2013 risk table for mortality and a risk table for disability based on historical figures in Telenor Pension Fund (both implemented in 2013). The average expected lifetime in the risk tables is 87 years for men and 90 years for women. The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

	Mortality %		Disability %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
40	0.06	0.03	0.06	0.09	87.56	91.30
50	0.14	0.09	0.22	0.33	86.80	90.42
60	0.42	0.29	0.78	1.23	86.42	89.83
70	1.31	0.91	-	-	86.98	90.01
80	4.23	2.92	-	-	89.31	91.67

The plan assets were measured at 31 December 2015 and 31 December 2014. Calculation of the projected benefit obligations (PBO) as of 31 December 2015 was based on the member base at 25 November 2015 (at 3 November 2014).

The actuarial calculations for the Telenor Pension Fund obligations were carried out by independent actuaries. The present value of the projected defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Employees that leave the Group before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect the Group. At the time of issuance of paid-up policies the Group is relieved of any further obligations towards these people. The funds and obligations are valued at the time of issuance of paid-up policies, and are derecognised from pension obligations and plan assets.

Changes in the defined benefit obligation and fair value of plan assets

	2015			2014		
NOK in millions	Defined benefit obligation	Fair value plan assets	Benefit liability	Defined benefit obligation	Fair value plan assets	Benefit liability
As of 1 January	**(9 096)**	**5 533**	**(3 563)**	(7 657)	4 921	(2 736)
Current service cost	(444)	-	(444)	(376)	-	(376)
Past service cost	18	-	18	95	-	95
Net interest	(224)	152	(72)	(304)	218	(86)
Sub-total included in Income Statement	**(650)**	**152**	**(498)**	**(584)**	**218**	**(366)**
Return on plan assets (excluding amounts included in net interest expense)	-	119	119	-	381	381
Actuarial changes arising from changes in demographic assumptions	3	-	3	(16)	-	(16)
Actuarial changes arising from changes in financial assumptions	973	-	973	(1 192)	-	(1 192)
Experience adjustments	16	-	16	(103)	-	(103)
Sub-total in Other Comprehensive Income	**992**	**119**	**1 111**	**(1 312)**	**381**	**(931)**
Effects of business combinations and disposals	4	(2)	2	46	(32)	14
Contributions by employer	-	573	573	-	416	416
Benefits paid	333	(282)	51	484	(427)	58
Translation differences	(149)	54	(95)	(73)	55	(18)
As of 31 December	**(8 566)**	**6 147**	**(2 419)**	(9 096)	5 533	(3 563)
Of which classified as:						
Pension obligation			(2 424)			(3 568)
Other non-current assets			5			5

Experience adjustments on benefit obligations are the effects of differences between previous actuarial assumptions and what has actually occurred.

Assumptions used to determine benefit obligations for Norwegian companies as of 31 December

	2015	2014
Discount rate in %	**2.70**	2.30
Future salary increase in %	**2.25**	2.50
Future increase in the social security base amount in %	**2.25**	2.50
Future turnover in %	**4.20**	4.30
Expected average remaining service period in years	**8.0**	8.1
Future pension increases in %	**1.75**	2.00

The Group has used the Norwegian covered bonds (OMF – Obligasjoner med fortrinnsrett) as basis for the discount rate as of 31 December for both 2015 and 2014 for the Norwegian plans. OMFs are covered bonds issued by mortgage companies owned by Norwegian banks under a well-established legal framework. Generally bonds with ratings better than AA are considered high quality. Most OMFs have AAA rating.

Components of net periodic benefit cost

NOK in millions	2015	2014 Re-presented
Current service cost	**(444)**	(376)
Past service cost	**18**	95
Net interest cost	**(72)**	(86)
Net periodic benefit costs	**(498)**	**(366)**
Contribution plan costs	**(483)**	(452)
Total pension costs charged to the income statement for the year	**(981)**	**(818)**
Where of reported as other expense (note 10)	**31**	95
Where of reported as pension cost (note 8)	**(940)**	(827)
Where of reported as net interest cost (note 12)	**(72)**	(86)

Sensitivity analysis

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

NOK in millions	Discount rate		Future salary Increase		Social security base amount		Annual adjustments to pensions		Turnover	
Change in % is percentage points	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Changes in:										
Benefit obligations	1 510	(1 133)	(630)	643	148	(220)	(830)	1 004	106	(145)

Asset categories

Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category were as follows:

	2015	2014
Bonds %	**57**	57
Equity securities %	**36**	36
Real estate %	**7**	7
Total	**100**	100

The bond investments are in securities issued by the Norwegian government, Norwegian municipals, financial institutions and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Equity investments are both in Norwegian and foreign securities. Currency hedging for foreign equity securities is evaluated per investment.

The Telenor Pension Fund owns real estate previously held by the Group. The values of these were set based on evaluations made by an independent project and construction management company. Approximately 40% of the buildings measured in market value are used by the Group through rental contracts.

The Group expects to contribute approximately NOK 549 million to the Telenor Pension Fund in 2016.

The following table shows expected benefit payments from the Norwegian defined benefit plan in future years:

NOK in millions	2015
Within the next 12 months (next annual reporting period)	**138**
Between 2 and 5 years	**631**
Next 5 years	**1 165**
Total expected payments next 10 years	**1 934**

The average duration of the Norwegian defined benefit plan obligation at the end of the reporting period is 17.2 years.

NOTE 26 Trade and other payables and non-interest-bearing liabilities

Non-current non-interest-bearing liabilities

NOK in millions	Fair value level[4]	Category	2015	2014 Re-presented
Financial derivatives	2	FVTPL[1]	1 317	715
Financial derivatives designated for hedging purposes	2		2 297	889
Other non-current non-interest-bearing liabilities		FLAC[2]	396	384
Total non-current non-interest-bearing liabilities as of 31 December			**4 010**	**1 988**

Trade and other payables

NOK in millions	Fair value level	Category	2015	2014 Re-presented
Trade payables			8 397	8 000
Accruals			23 065	19 240
Total trade payables and accruals as of 31 December		FLAC[2]	**31 462**	**27 241**
Prepaid revenues and deferred connection revenues			8 326	7 732
Government taxes, tax deductions etc.			4 242	3 343
Total other payables as of 31 December		NF[3]	**12 568**	**11 075**
Total trade and other payables as of 31 December			**44 030**	**38 315**

Current non-interest-bearing liabilities

NOK in millions	Fair value level	Category	2015	2014 Re-presented
Financial derivatives	2	FVTPL[1]	60	71
Financial derivatives designated for hedging purposes	2		900	1 145
Other current non-interest-bearing liabilities		FLAC[2]	2 379	1 203
Total current non-interest-bearing liabilities as of 31 December			**3 339**	**2 420**

1) FVTPL: Fair value through profit and loss.
2) FLAC: Financial liabilities at amortised cost.
3) NF: Non-financial assets and liabilities.
4) For information about the fair value level of financial instruments, see note 29.

Other current non-interest-bearing liabilities include liabilities to financing institutions under supply chain financing programme of NOK 705 million as of 31 December 2015. The Group had no such liabilities in 2014.

NOTE 27 Interest-bearing liabilities

	2015			2014 Re-presented		
NOK in millions	Current interest-bearing liabilities	Non-current interest-bearing liabilities	Total	Current interest-bearing liabilities	Non-current interest-bearing liabilities	Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	8 679	6 523	15 203	4 796	7 901	12 696
Finance lease obligations	60	1 018	1 078	40	974	1 014
Bonds and Commercial Papers[1]	1 221	52 334	53 555	-	46 740	46 740
Licence obligations[2]	1 825	3 054	4 879	2 096	3 809	5 905
Other liabilities	841	873	1 714	543	1 689	2 232
Total interest-bearing liabilities as of 31 December	**12 626**	**63 802**	**76 428**	**7 474**	**61 113**	**68 587**
Fair Value of Debt			80 422			73 685
Of which fair value hierarchy level 1[3]			54 423			47 750
Of which fair value hierarchy level 2[3]			25 999			25 935

1) Includes interest-bearing liabilities in fair value hedge relationships.
2) Net present value of future payments for mobile licenses in Thailand, India, Pakistan, Myanmar, Denmark and Norway is recognised as interest-bearing liabilities.
3) For information about the fair value level of financial instruments, see note 29.

Non-current interest-bearing liabilities

NOK in millions	Currency	2015 Debt before the effect of currency swaps	2015 Debt adjusted for the effect of currency swaps[2]	2014 Re-presented Debt before the effect of currency swaps	2014 Re-presented Debt adjusted for the effect of currency swaps[2]
Company					
Telenor ASA	EUR	39 968	25 977	39 113	26 276
	NOK[1]	15	(15 547)	28	(13 260)
	SEK	3 558	11 643	3 258	10 665
	HUF	-	675	-	631
	USD	5 268	22 190	4 441	18 734
	THB	-	2 952	-	2 728
	MYR	-	3 147	-	2 812
	DKK	-	768	-	-
Total Telenor ASA as of 31 December		**48 808**	**51 806**	46 839	48 588
Digi	MYR	52	52	519	519
Grameenphone	BDT	585	585	526	526
Grameenphone	USD	2 130	2 130	2 266	2 266
Denmark	DKK	266	266	299	299
Sweden	SEK	232	232	222	222
Pakistan	USD	628	628	845	845
India	INR	2 156	2 156	1 930	1 930
dtac	THB	8 146	8 146	6 317	6 317
Myanmar	USD	137	137	850	850
Other non-current interest-bearing liabilities		664	664	502	502
Total subsidiaries as of 31 December		**14 994**	**14 994**	14 273	14 273
Total non-current interest-bearing liabilities as of 31 December		**63 802**	**66 800**	61 113	62 861

[1] Telenor ASA's debt position in Norwegian Krone is a net asset position when including currency swaps.
[2] Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Current interest-bearing liabilities

NOK in millions	Currency	2015 Debt before the effect of currency swaps	2015 Debt adjusted for the effect of currency swaps[2]	2014 Re-presented Debt before the effect of currency swaps	2014 Re-presented Debt adjusted for the effect of currency swaps[2]
Company					
Telenor ASA	NOK	14	2 461	14	2 242
	EUR[1]		(2 582)	-	(2 426)
Total Telenor ASA as of 31 December		**14**	**(121)**	14	(184)
Digi	MYR	2 585	2 585	1 692	1 692
Denmark	DKK	41	41	84	84
Pakistan	USD	259	259	110	110
Pakistan	PKR	203	203	474	474
dtac	USD	-	-	30	30
dtac	THB	3 662	3 662	1 971	1 971
India	INR	2 597	2 597	1 194	1 194
Grameenphone	BDT	512	512	145	145
Grameenphone	USD	608	608	255	255
Myanmar	USD	1 244	1 244	922	922
Other current interest-bearing liabilities		901	901	583	583
Total subsidiaries as of 31 December		**12 612**	**12 612**	7 461	7 461
Total current interest-bearing liabilities as of 31 December		**12 626**	**12 490**	7 474	7 277

[1] Telenor ASA's current debt position in EUR is a net asset position when including currency swaps.
[2] Debt adjusted for currency swaps includes financial instruments that are not classified as interest-bearing liabilities in the statement of financial position.

Annual coupon payments on bonds issued under Telenor ASA's EMTN programme during the last 5 years range from 1.75% to 2.75%. The majority of these bonds are swapped to floating rate. The latest issuances were in 2014 when a SEK 1.1 billion bond was issued with a floating interest rate and maturity in 2019, another SEK 2.3 billion bond with a 2.375% coupon and maturity in 2019, and a USD 100 million bond was issued with floating interest rate and maturity in 2019.

Debt issued under Telenor ASA's EMTN programme is based on documentation that is commonly used for investment grade issuers in the Eurobond market. This documentation contains provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledges) and also contains covenants limiting disposals of assets.

Bonds issued under the EMTN programme are also subject to a Change of Control Clause. Such Change of Control shall be deemed to have occurred if a person or entity, other than the Kingdom of Norway directly or indirectly, own or acquire more than 50% of the issued ordinary share capital of Telenor ASA. If such Change of Control leads to a downgrade below investment grade rating, the holder of such bonds can require Telenor ASA to redeem the principal amount together with accrued interest. The full definition of this Change of Control clause is described in the Final Terms for each specific bond issue.

All outstanding debt issued by Telenor ASA is unsecured.

Debt in India is mainly comprised of licence obligation (NOK 2.4 billion) and debt to financial institutions (NOK 2.3 billion), whereas debt in dtac is mainly comprised of debt to financial institutions (NOK 6.8 billion) and issued bonds (NOK 5.0 billion).

The interest-bearing liabilities in subsidiaries are generally not guaranteed by Telenor ASA and are subject to standard financial covenants, some of which limit the ability to transfer funds to Telenor ASA in the form of dividends or loans.

NOTE 28 Managing capital and financial risk management

Managing capital

Telenor Group's capital allocation priorities are:
1. Maintain a strong financial position
2. Offer an attractive shareholder remuneration
3. Disciplined and selective approach in terms of mergers and acquisitions (M&A)

The main priority of maintaining a strong financial position is targeted by keeping net debt/EBITDA below 2.0x in order to ensure access to funding. As of 31 December 2015, the reported net debt/EBITDA ratio was 1.25x (1.16x as of 31 December 2014) and Telenor ASA's long term credit rating was "A3/stable outlook" by Moody's Investors Service and "A/stable outlook" by Standard & Poor's (S&P). The ratings were unchanged throughout the year.

The Group's capital structure consists of interest-bearing debt as disclosed in note 27, cash and cash equivalents and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 23.

In order to adjust the capital structure, the Group may distribute dividends to shareholders, return capital to shareholders, acquire or sell treasury shares or issue new shares. In 2015 Telenor's total shareholder remuneration was NOK 11.0 billion, comprised of ordinary dividends paid out in June 2015 (NOK 3.80 per share) and November 2015 (NOK 3.50 per share). No share buybacks were carried out during 2015.

For the financial year 2015, the Telenor Board of Directors will propose a dividend of NOK 4.00 per share (NOK 6.0 billion) to be resolved by the Annual General Meeting in May 2016 and paid out later in May. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2016. In total this will bring the ordinary dividend for the financial year 2015 to NOK 7.50 per share, representing NOK 11.3 billion.

Telenor's policy is to distribute dividends to its shareholders equal to 50-80% of normalised net income, and aim for a year-on-year growth in dividend per share.

Financial risk

Telenor Group Treasury is responsible for funding, foreign exchange risk, interest rate risk, counterparty credit risk and liquidity management for the parent company and subsidiaries owned, directly or indirectly, more than 90% by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing and management of financial risks. The Group has limited activities related to interest rate and currency trading (other than hedging activities).

Liquidity risk

The Group emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Debt issued in the international capital market is predominately issued under the existing EMTN programme to secure longer dated funding and under existing ECP programme to secure shorter dated funding up to 12 months. In addition to these uncommitted loan programmes the Norwegian domestic capital market is used from time to time to secure satisfactory financial flexibility. Telenor ASA has committed syndicated revolving credit facilities of a total of EUR 2.8 billion, of which EUR 2.0 billion with maturity in 2020 and the remaining EUR 0.8 billion with maturity in 2017. None of the revolving credit facilities have been used as of 31 December 2015.

When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash management framework agreements. They participate in Telenor ASA's cash pool systems and deposits excess liquidity with the internal bank in Group Treasury. Subsidiaries owned less than 90% have established separate framework agreements for banking services.

Telenor ASA and each subsidiary shall have sufficient sources of liquidity to cover expected needs during the next 12 months. Potential liquidity to fund acquisitions is considered separately.

The debt portfolio of Telenor ASA and each subsidiary with external debt shall have a balanced maturity profile. The Group's debt maturities shall be spread relatively even over a time horizon of at least 10 years in order to reduce the Group's refinancing risk. The debt maturity profile is presented below. For information about duration please refer to chapter "Interest rate risk".

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31.12.15	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	15 203	8 679	610	608	608	304	-	-	-	-	-	4 393	-
Bonds and Commercial Paper	52 257	1 221	9 672	9 702	4 442	8 191	-	5 542	-	5 771	7 717	-	-
Finance lease liabilities	1 078	60	51	53	58	59	183	70	84	197	92	173	-
Other interest-bearing liabilities, including license commitments	6 438	2 666	925	948	407	251	279	244	269	272	37	138	-
Sum of interest-bearing liabilities	**74 977**	**12 626**	**11 257**	**11 312**	**5 516**	**8 804**	**462**	**5 856**	**353**	**6 240**	**7 846**	**4 704**	**-**
Non-interest-bearing liabilities													
Trade and other payables	44 030	44 030	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	2 379	2 379	-	-	-	-	-	-	-	-	-	-	-
Non-current derivative financial instruments	4 574	960	751	1 043	105	791	-	887	-	-	-	36	-
Other non-current non-interest-bearing liabilities	396	-	-	-	-	-	-	-	-	-	-	-	396
Sum of non-interest-bearing liabilities	**51 379**	**47 369**	**751**	**1 043**	**105**	**791**	**-**	**887**	**-**	**-**	**-**	**36**	**396**
Total	**126 356**	**59 995**	**12 008**	**12 355**	**5 621**	**9 595**	**462**	**6 743**	**353**	**6 240**	**7 846**	**4 740**	**396**
Future interest payments	**8 254**	**1 747**	**1 470**	**1 185**	**1 073**	**855**	**536**	**470**	**359**	**383**	**176**	**-**	**-**
Total including future interest payments	**134 610**	**61 742**	**13 478**	**13 540**	**6 694**	**10 451**	**998**	**7 213**	**713**	**6 623**	**8 022**	**4 740**	**396**

NOK in millions	Total as of 31.12.14 Re-presented	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	12 696	4 796	2 934	3 728	513	513	212	-	-	-	-	-	-
Bonds and Commercial Paper	44 996	-	1 128	9 036	8 235	4 006	6 777	-	4 518		5 422	5 874	-
Finance lease liabilities	1 014	40	84	40	43	177	46	51	61	73	175	225	-
Other interest-bearing liabilities including license commitments	8 122	2 639	2 422	815	465	374	336	227	220	220	224	179	-
Sum of interest-bearing liabilities	**66 826**	**7 474**	**6 568**	**13 619**	**9 257**	**5 070**	**7 371**	**278**	**4 799**	**293**	**5 821**	**6 278**	**-**
Non-interest-bearing liabilities													
Trade and other payables	38 315	38 315	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 203	1 203	-	-	-	-	-	-	-	-	-	-	-
Non-current derivative finanacial instruments	2 821	1 216	67	311	464	43	373	-	312	-	-	35	-
Other non-current non-interest-bearing liabilities	384	-	-	-	-	-	-	-	-	-	-	-	384
Sum of non-interest-bearing liabilities	**42 722**	**40 735**	**67**	**311**	**464**	**43**	**373**	**-**	**312**	**-**	**-**	**35**	**384**
Total	**109 549**	**48 209**	**6 635**	**13 930**	**9 721**	**5 113**	**7 744**	**278**	**5 111**	**293**	**5 821**	**6 313**	**384**
Future interest payments	**7 487**	**1 404**	**1 283**	**1 258**	**879**	**759**	**559**	**403**	**329**	**254**	**269**	**88**	**-**
Total including future interest payments	**117 036**	**49 614**	**7 917**	**15 188**	**10 600**	**5 871**	**8 303**	**681**	**5 441**	**547**	**6 090**	**6 401**	**384**

Interest rate risk

The Group is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market. In 2015, the average interest cost for the Group was 3.3% on all interest-bearing liabilities, including licenses (3.0% in 2014). Interest rates on latest bond issuance are described in note 27 "Interest-bearing liabilities".

The main objective regarding the management of interest rate risk is to reduce the financial risk and to seek to minimise interest cost over time. The majority of the debt issued by the Group is fixed rate debt (80% of outstanding debt before swap as of 31 December 2015 and 80% as of 31 December 2014). The Group uses interest rate derivatives to manage the interest rate risk of the debt portfolio. This typically involves interest rate swaps, both swapping floating interest rates to fixed interest rates and vice versa. Forward rate agreements and interest rate options are used to a lesser extent.

According to Group Policy, Telenor Group's portfolio of external debt instruments shall have an interest rate duration between 0 and 5 years whereas subsidiaries shall have an interest rate duration below 1 year. As of 31 December 2015, the duration of the Group's debt was 1.6 years (1.9 years as of 31 December 2014). Telenor ASA's duration was 2.0 years as of 31 December 2015 (2.4 years as of 31 December 2014).

Derivative instruments designated as fair value hedging instruments

The majority of debt is issued using fixed rate bonds. In order to manage interest rate risk a portion of the debt may be swapped to floating interest rate by using interest rate swaps. Fair value hedge accounting is applied when hedge accounting criteria are met.

The table below shows the ineffective parts of the Group's fair value hedges. The change in fair value of the hedging instrument and the hedged object is recognised as "net change in fair value of financial instruments" under financial items in the income statement. The effective part will be offset by the change in fair value of the underlying hedged item. Effectiveness testing is performed on an accumulated basis.

Fair value hedging relationships

NOK in millions	2015	2014
Net gain / (loss) recognised in the income statement on hedged items	(492)	1 339
Net gain / (loss) recognised in the income statement on hedging instruments	404	(1 857)
Amount of hedge ineffectiveness	**(88)**	**(519)**

Fair values of financial instruments designated as hedging instruments in fair value hedges are classified as other non-current assets and non-current interest-bearing financial liabilities (no current portion due to next maturity in 2017):

	2015		2014	
NOK in millions	Assets	Liabilities	Assets	Liabilities
Fair value as of 31 December				
Fair value hedge instruments	2 519	-	2 788	(10)

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent significant interest-bearing positions. Due to debt instruments the net position is a liability. Since hedge accounting is applied and interest-bearing debt is measured at amortised cost, the full effect of change in fair value will not be taken into the income statement. This is shown in the table below:

	2015		2014	
NOK in millions	Yield curve increase 10%	Yield curve decrease 10%	Yield curve increase 10%	Yield curve decrease 10%
Increase (decrease) in fair value of financial instruments	138	(140)	120	(121)
Gain (loss) in income statement	39	(39)	36	(37)

Sensitivity analysis of change in floating interest rates on net financial items in income statement

	2015		2014	
NOK in millions	Interest rates increase 10%	Interest rates decrease 10%	Interest rates increase10%	Interest rates decrease10%
Gain (loss) in income statement	(54)	54	(38)	38

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments varies with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing debt instruments in the currencies involved, when this is considered appropriate. Combinations of money market instruments (Commercial Paper and bonds) and derivatives (foreign exchange forward contracts and cross currency swaps) are used for this purpose. Net investment hedge accounting is applied when possible. Short-term currency swaps are frequently used for liquidity management purposes. These swaps are not designated as hedging instruments.

Exchange rate risk also arises when Telenor ASA or any of its subsidiaries enter into transactions denominated in other currencies than their own functional currency, including agreements to acquire or dispose assets in a foreign currency. In accordance with Group Policy committed cash flows in foreign currency equivalent to NOK 50 million or above, are hedged with forward contracts. When possible, cash flow hedge accounting is applied for these transactions.

Financial instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2015 and 2014, material hedging positions are designated as net investment hedges. There was no ineffectiveness in the years ending 31 December 2015 and 2014.

Net investment hedging relationships

NOK in millions	2015	2014
Amount recognised directly to other comprehensive income	**(5 491)**	(5 271)

Hedging as described above is only applied in currencies that have well-functioning capital markets. Both interest-bearing debt and derivatives are designated as hedging instruments.

Interest-bearing debt and derivatives designated as hedging instruments in net investment hedges:

	2015		2014	
NOK in millions	Debt	Derivatives	Debt	Derivatives
As of 31 December				
Nominal amounts net investment hedge instruments	**(41 364)**	**(13 899)**	(38 355)	(12 750)
Fair value net investment hedge instruments	**(47 869)**	**(2 485)**	(42 320)	(1 532)

Classification of derivatives designated for net investment hedge in the consolidated statement of financial position:

NOK in millions	2015	2014
As of 31 December		
Other non-current assets	**480**	403
Other financial current assets	**232**	99
Non-current non-interest-bearing financial liabilities	**(2 297)**	(889)
Current non-interest-bearing liabilites	**(900)**	(1 145)
Fair value net investment hedge instruments	**(2 485)**	**(1 532)**

Exchange rate risk sensitivity analysis

This analysis does not take into account correlation between currencies. Empirical studies confirm substantial diversification effect across the currencies that the Group is exposed to.

Effects on net currency gains (losses)

Currency gains and losses on monetary items in foreign currency are recognised in the income statements of Telenor ASA and its subsidiaries. Net currency gains (losses) in foreign subsidiaries are translated to NOK in the consolidated income statement. The table below shows the effect on consolidated net currency losses of a 10 % depreciation in functional currencies in the Group, keeping other currencies constant (only significant exposures are included in the table):

	Monetary Item Currency									
	2015					2014				
NOK in millions	EUR	MYR	SEK	USD	Other	EUR	MYR	SEK	USD	Other
Depreciating Functional Currency										
NOK	**(324)**	**(195)**	**(277)**	**(396)**	**(139)**	(282)	(148)	(284)	(149)	(24)
BDT	**-**	**-**	**-**	**(220)**	**(7)**	-	-	-	(249)	-
PKR	**-**	**-**	**-**	**(112)**	**-**	(1)	-	-	(112)	-
INR	**-**	**-**	**-**	**(256)**	**-**	-	-	-	(216)	-
MMK	**-**	**-**	**-**	**(159)**	**(1)**	-	-	-	(166)	(1)
THB	**-**	**-**	**-**	**(79)**	**(25)**	-	-	-	(104)	(28)

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income and equity. If functional currency had weakened / strengthened by 10 % against the presentation currency of the Group (NOK), the decrease / increase in the carrying amount of consolidated equity as of 31 December 2015, including effects of net investment hedge, would have been approximately NOK 8.0 billion (NOK 9.2 billion as of 31 December 2014).

The table below shows the impact on OCI of net investment hedge (NIH) instruments if the functional currency weakened by 10%.

	2015				2014			
NOK in millions	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Currency effect on OCI (before tax) of NIH instruments								
NOK	**(2 133)**	**(1 165)**	**(1 965)**	**(551)**	(2 036)	(1 067)	(1 585)	(423)
Effect on other comprehensive income (OCI)				**(5 813)**				**(5 110)**

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Groups reported figures. The sensitivity analysis is only carried out for the Group's major subsidiaries. If presentation currency (NOK) had weakened / strengthened by 10 % against all other currencies included in the analysis, net income for the Group would have been NOK 343 million higher / lower in 2015 (NOK 860 million in 2014).

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. The Group considers its maximum exposure to credit risk to be as follows:

Maximum credit exposure

NOK in millions	2015	2014 Re-presented
Cash and cash equivalents	**13 956**	11 909
Bonds and commercial papers > 3 months (note 21)	**969**	714
Financial derivatives (note 21)	**3 938**	3 715
Trade and other current financial receivables (note 20)	**19 079**	16 407

The Group's credit risks largely arise from trade receivables, financial derivatives and cash and cash equivalents.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 20 for information on receivables in terms of age distribution and provision for bad debt. Credit risk related to sale of handsets on instalment plans, where the effect of discounting is considered material, is also assessed to be limited. Credit risk related to such arrangements are embedded in the discount rate and reflected as reduced revenue, see note 3 for information on the risk related to revenue recognised related to sale of handsets on instalment plans.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

As of 31 December 2015 the Group's credit exposure related to financial derivative assets was NOK 3.9 billion (NOK 3.7 billion as of 31 December 2014). To reduce this credit exposure, net NOK 0.2 billion was held as cash collateral at year-end to protect the market values on derivative assets (NOK 1.2 billion as of 31 December 2014). The cash collateral is recognised as non-current interest-bearing financial liabilities in the consolidated statement of financial position.

NOTE 29 Fair values of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories. The estimated fair values of the Group's financial instruments are based on available market prices and the valuation methodologies per class are described below.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities

Fair values of interest-bearing liabilities as shown in note 27 are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been estimated using yield curves which incorporate estimates of the Telenor ASA credit spread. The credit curves have been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Trade payables and other non-interest-bearing financial liabilities

For trade payables and other non-interest-bearing financial liabilities, the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be insignificant for this class of financial instruments.

Equity investments

Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is estimated by using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives

Fair value of currency swaps, foreign currency forward contracts and interest rate swaps is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2015 and 2014, respectively.

NOTE 30 Pledges and guarantees

NOK in millions	2015	2014 Re-presented
Finance lease liabilities secured by assets pledged	1 078	1 014
Total liabilities secured by assets pledged as of 31 December	**1 078**	**1 014**
Carrying amount of assets pledged as security for finance lease liabilities	967	883
Total assets pledged as security for liabilities as of 31 December	**967**	**883**

There has been no major change in liabilities secured by assets pledged as of 31 December 2015.

The Group's finance lease liabilities secured by assets pledged and carrying amount of assets pledged as security for finance lease liabilities as of 31 December 2015 were mainly related to Telenor Sweden, Telenor Denmark, Digi and Grameenphone. See notes 18 and 27.

Guarantee obligations:

NOK in millions	2015	2014 Re-presented
Guarantee obligations as of 31 December	3 530	4 024

In relation to the licence issuance in Myanmar, a performance bond of NOK 1.6 billion (NOK 1.5 billion as of 31 December 2014) has been issued to Myanmar authorities as a guarantee towards coverage and quality of services commitments during the next four years of licence.

Purchased bank guarantees are not shown in the table.

NOTE 31 Contractual commitments

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2015 and as of 31 December 2014:

2015

NOK in millions	2016	2017	2018	2019	2020	After 2020
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	3 373	2 702	2 418	2 208	1 742	4 645
Lease of satellite- and net-capacity	638	461	234	162	137	456
Other leases	69	26	13	5	-	-
Contractual purchase obligations						
IT-related agreements	760	289	50	44	2	-
Other contractual obligations	9 141	6 548	3 588	56	25	17
Committed investments						
Property, plant and equipment and intangible assets	4 647	28	10	2	4	4
Total contractual obligations	**18 628**	**10 054**	**6 313**	**2 476**	**1 910**	**5 121**

2014

NOK in millions	2015	2016	2017	2018	2019	After 2019
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	2 658	2 049	1 798	1 578	1 505	3 255
Lease of satellite- and net-capacity	803	488	289	219	125	397
Other leases	62	22	7	2	-	-
Contractual purchase obligations						
IT-related agreements	794	247	190	40	36	-
Other contractual obligations	5 060	1 442	570	65	25	32
Committed investments						
Property, plant and equipment and intangible assets	5 258	42	30	-	-	-
Total contractual obligations	**14 636**	**4 290**	**2 885**	**1 904**	**1 690**	**3 684**

The tables above do not include agreements under which the Group has no committed minimum purchase obligations. Tower leasing obligations in India and Myanmar are included in "Minimum lease payments under non-cancellable operating leases" as lease of premises. As of 31 December 2015: India with NOK 5.0 billion for the period of 2016-2020 and NOK 1.1 billion after 2020, Myanmar with NOK 4.5 billion for the period of 2016-2020 and NOK 3.1 billion after 2020.

dtac's concession right

dtac is obliged to pay an annual fee to CAT Telecom Public Company Limited (CAT) in accordance with the concession agreement. The annual fee is based on the greater of a minimum annual payment and a percentage of revenues from services. The minimum annual payments are not included above. The minimum annual payments for the period 2016 – 2018 fluctuate in a range from NOK 184 million to NOK 293 million (converted from THB to NOK based on the exchange rate as of 31 December 2015). For further information regarding dtac's concession right, see note 17.

NOTE 32 Related parties

As of 15 March 2016, Telenor ASA was 53.97% owned by the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries (MTIF).

The Board of Telenor ASA was in May 2015 given authority by the Annual General Meeting (AGM) to carry through share buybacks with the purpose to cancel these shares through reduction of share capital. Prior to the AGM in 2015, Telenor entered into an agreement with MTIF whereby it was agreed that the Ministry was committed to participation and voting at Telenor's general meeting, for the cancellation of a proportionate number of its shares so that its ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was agreed to be valid until the Annual General Meeting in May 2016. No treasury shares were acquired during 2015. For further information, see note 35.

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 2003 and other regulations issued pursuant to this Act. Until it expired 1 September 2004, the Group had to provide and maintain Universal Service Obligations (USO) according to the concession on fixed network. Thereafter it was carried on through an agreement between the Group and the Norwegian Ministry of Transport and Communications. The USO obligation entails among other things the provision of Public voice telephony and access to Internet to all households and companies, public pay phones, services for the disabled and for controlling end users expenses. The Group receives no compensation for providing USO services.

In addition, the Group was in 2015 and 2014 subject to Special Service Obligations (SSO), mainly related to security and emergency following an agreement with the Norwegian Communication Authority ("Nkom") and the coastal radio after an agreement with the Norwegian Ministry of Justice and Public Security. The Group receives compensation for providing SSO. In 2015 and 2014, the Group received NOK 141 million and NOK 131 million, respectively, under this agreement.

The Group may also receive compensation for the obligations to fulfill additional requirements on the network to serve national security issues. In 2015 and 2014, the Group received a refund on such activities of NOK 29 million and NOK 21 million, respectively.

The Group pays an annual fee to Nkom and an annual levy to the Norwegian Ministry of Transport and Communications for delivering electronic communication services, including payments for frequencies and numbers. The fee/levy was NOK 136 million and NOK 130 million in 2015 and 2014, respectively.

In 2015, the Group paid NOK 585 million for spectrum in the 1800 MHz band in Norway. In 2016, the Group paid an additional NOK 10 million for placement of this spectrum. The license is valid from 1 March 2016 until 31 December 2033.

The Group provides mobile and fixed telephony services, leased lines, customer equipment, Internet connections, TV distributions and other services to the state and companies controlled by the state in the normal course of business and at arms-length prices. The Group also purchases services, such as postal services, in the normal course of business and at arms-length prices. Details of such transactions are not included in this note.

In addition, the Group provided rental of real estate and related services to Statsbygg for NOK 103 million in 2015 (NOK 80 million in 2014) and Statoil ASA for NOK 6 million in 2015 (NOK 41 million in 2014). The Group also sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 284 million in 2015 and NOK 283 million in 2014.

Transactions with associated companies and joint ventures

	2015		2014 Re-presented	
NOK in millions	Sales to	Purchases from	Sales to	Purchases from
	955	**(1 116)**	1 125	(1 914)

Amounts receivable from and amounts due to associated companies and joint ventures

	2015		2014 Re-presented	
NOK in millions	Receivables	Payables	Receivables	Payables
	214	**(203)**	310	(255)

In 2015 and 2014, sales to associated companies include network access charges to Norges Televisjon AS of NOK 353 million and NOK 333 million, respectively. In addition, sales in 2015 and 2014 include delivery of Nordic Connect, Managed Services and rental of real estate and related services to Evry ASA of NOK 35 million and NOK 319 million, respectively (Evry was disposed of in March 2015). Sales to VimpelCom Group amount to NOK 555 million in 2015 and NOK 450 million in 2014.

Purchases from associated companies in 2014 include distribution rights from C More Group AB of NOK 307 million (C More Group AB was disposed of in June 2014). Purchases in 2015 and 2014 also include purchases of IT services from Evry ASA of NOK 120 million and NOK 467 million, respectively (Evry was disposed of in March 2015). Purchases from VimpelCom Group amount to NOK 454 million in 2015 and NOK 375 million in 2014. In addition, a substantial part of the purchases in 2015 and 2014 from associated companies concerns sales and marketing support for distributors of the Group's products and services in Norway and Thailand.

The Group has provided fulfilment guarantees of NOK 75 million in favour of the associated company Norges Television AS.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See note 15 Related Parties and note 16 Shares in Subsidiaries in the financial statements of Telenor ASA for further details. The same applies to transactions with joint operations, see note 19.

For compensation of key management personnel, see note 34.

NOTE 33 Legal disputes and contingencies

The Group is involved in a number of legal proceedings in various forms. While acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position. For legal disputes, in which the Group assesses it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate.

See note 13 for tax disputes.

Grameenphone

1) BTRC – Audit claim

In April 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) announced its intention to conduct an audit of the existing mobile operators in Bangladesh. As part of this initiative, BTRC appointed a Chartered Accountant firm for conducting the audit of Grameenphone. On 3 October 2011, Grameenphone received a claim amounting to approximately NOK 3.0 billion from BTRC referring to findings of the audit that the regulator carried out over a few months from April 2011 related to circumstances from the establishment of Grameenphone. Grameenphone has contended and clarified to BTRC and the Chartered Accountant firm that acceptable audit standards and practices have not been followed during and after the audit and the claims made remain unfounded, unsubstantiated and without merit. As a consequence, Grameenphone filed a title suit in the Civil Court of first instance on 17 October 2011 against BTRC seeking an injunction restraining BTRC from claiming the said demand and filed an Appeal in the High Court Division (HCD) of the Supreme Court of Bangladesh seeking an order of injunction against the claim made by BTRC. On 20 October 2011, HCD directed the parties to maintain 'as is situation' (status quo) in respect of the claim made by BTRC for a period of six months from 20 December 2011 and this was later extended until May 2013. On 15 May 2013, the High Court Division extended the stay order for the claim until the final hearing of the appeal. No new developments happened during 2014 and 2015.

2) SIM tax on replacement SIM cards

On 16 May 2012, National Board of Revenue issued a notice to Grameenphone claiming SIM tax and interest of NOK 1.8 billion on replacement SIM cards issued during the period from July 2007 to December 2011. Grameenphone challenged the demand by a Writ Petition before the High Court which passed a stay order on the operation of the demand valid until 13 September 2013. In mid-2013, a special commission, appointed by the Government, was set up to review this case, in respect of all operators. In April 2014 the Commission presented their report stating principally same amounts as the initial NBR conclusions. Grameenphone disagreed with this report and took necessary steps to challenge it. Grameenphone received a letter from the National Board of Revenue asking Grameenphone to attend a hearing on 25 January 2015. By way of a Writ Petition, Grameenphone challenged the premises on which the 'hearing notice' was served. The company obtained a stay order on 19 January 2015 on the operation of that notice for an interim period of three months pending hearing of the Writ Petition. On 18 May 2015, Commissioner LTU-VAT issued an order purporting to dispose of the show cause notice and finalise the demand for principal amount of NOK 1.1 billion as SIM tax. The revised demand includes substantially all replacements done by Grameenphone in the period between July 2007 and December 2011. The claim issued on 18 May 2015 by LTU-VAT does not include interest charges. On 13 August 2015, Grameenphone filed an appeal to the VAT Appellate Tribunal against the demand order. Even though Grameenphone believes that the claim against Grameenphone is not likely to be legally enforceable, 10% of the disputed amount had to be deposited at the time of appeal as part of the appeal procedure prescribed by law. Since the claim is not likely to be legally enforceable, any payment related to this claim is likely to be recoverable after the courts have ultimately concluded upon the case.

3) Large Taxpayer Unit (LTU) – VAT claim

On 14 May 2014, Large Taxpayer Unit (LTU)-VAT in Bangladesh issued a 'pay or explain' demand of approximately NOK 1.9 billion, against Grameenphone. This demand was based on an assessment by Local and Revenue Audit Department of Comptroller and Auditor General (C&AG) office, for the fiscal year 2010-11 and 2011-12. Grameenphone disagrees with the findings of the assessment referred to by LTU because of lack of jurisdiction and improper procedures followed. Further, Grameenphone believes that relevant facts and legal provisions are being misconstrued in reaching the conclusion. Grameenphone has taken this issue to court. On 15 December 2014, the High Court heard the case and passed a judgment in favour of Grameenphone. This decision was appealed on behalf of LTU-VAT before the Appellate Division of Supreme Court of Bangladesh on 4 January 2016.

dtac

1) Dispute between TOT, CAT and dtac regarding Access Charge/Interconnection

On 17 May 2006, the National Telecommunications Commission (NTC) (presently known as the National Broadcasting and Telecommunications Commission (NBTC)) issued the Notification on Use and Interconnection of Telecommunications Network of 2006 (Notification) applicable to telecommunication licencees who have its own telecommunication network, requiring the licencees to interconnect with each other on request, where the interconnection provider is entitled to apply an interconnection charge that reflects its costs.

On 17 November 2006, dtac issued a written notification informing TOT Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT) that dtac would no longer apply the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the basis that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects. dtac also informed TOT and CAT that it would pay the interconnection charge to TOT when dtac and TOT have entered into an interconnection charge agreement in accordance with the Notification. TOT has refused to enter into such agreement. The matter has been through various administrative and court proceedings, which has concluded that TOT is obligated to commence negotiations with dtac. TOT still rejects entering into an interconnection agreement and has appealed the matter to Supreme Administrative Court. The matter is now under consideration of the Court.

On 9 May 2011, TOT filed a plaint with the Central Administrative Court requiring the court to order dtac and CAT to jointly pay access charge to TOT, together with the default interests, in the amount of approximately NOK 27.7 billion. dtac submitted a defense to the court on 26 January 2012.

On 10 October 2014, dtac was informed that TOT increased its claim for the period May 2011 - July 2014 by NOK 32.3 billion so that the total claim amounts to approximately NOK 60 billion, including interest fee, penalty charge and VAT surcharge. Presently, this case is under consideration of the Central Administrative Court. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreements from 18 November 2006 to 31 December 2015 has been a reduction of dtac's expenses of approximately NOK 16.6 billion.

2) Disputes between dtac and CAT regarding revenue sharing payment under Concession Agreement

CAT and dtac have a number of disputes and disagreements over understanding and reach of the concession agreements.

Excise tax
On 11 January 2008, CAT submitted a claim to the Arbitration Institute requesting dtac to make concession revenue sharing payments for the 12th – 16th concession years (16 September 2002 to 15 September 2006) amounting to NOK 5.7 billion including penalties. The basis for the claim is the fact that revenue share paid by dtac to CAT was made after deduction of excise tax. Dtac's opinion is that it was entitled to do so by virtue of the resolutions made by the Thai Council of Ministers in February 2003 and a letter issued by CAT allowing such deduction. On 28 May 2012, the Arbitral Tribunal rendered an award in favour of dtac and dismissed CAT 's claim for Excise tax on Revenue Sharing Payment. However, on 31 August 2012, CAT filed a lawsuit with the Central Administrative Court in order to revoke the arbitration award. On 29 January 2016, dtac was notified by the Central Administrative Court that the court had decided the case in dtac's favour. CAT has appealed the case to the Supreme Administrative Court.

Additional revenue sharing on interconnect
On 31 August 2011, CAT submitted several statements of claim to the Arbitration Institute requesting dtac to pay additional revenue sharing on interconnection charge for the concession year 16th (16 September 2006 to 15 September 2007) in the amount of NOK 1.0 billion plus penalty interest at the rate of 15% p.a. from 16 December 2007 based on the ground that dtac has no right to deduct any interconnect expenses from its revenue and has no right to exclude interconnect revenue from its revenue to be calculated for the revenue sharing (payment of concession fee) to CAT under the Concession Agreement. On 14 August 2014, the arbitrators gave an award in the matter, in which they dismissed certain parts of the claim from CAT. Both dtac and CAT filed an objection with the Central Administrative Court on 4 December 2014.

CAT has filed additional statement of claims to the Arbitration Tribunal requesting for additional revenue sharing for the 17th to the 20th concession years;

Concession year	Filed	Amount[1)]
17th (16 September 2007 – 15 September 2008)	16 November 2012	NOK 1.0 billion (including VAT)
18th (16 September 2008 – 15 September 2009)	23 April 2013	NOK 0.9 billion (including VAT)
19th (16 September 2009 – 15 September 2010)	8 May 2015	NOK 1.9 billion (including VAT)
20th (16 September 2010 – 15 September 2011)	9 April 2015	NOK 1.7 billion (including VAT)
Total		**NOK 5.5 billion (including VAT)**

1) Included penalty interest at the rate of 15% p.a.

In addition, CAT sent letters to dtac requesting for additional revenue sharing for the 21st concession year and 22nd concession year;

Concession year	Sent	Amount
21st (16 September 2011 – 15 September 2012)	4 February 2015	NOK 1.2 billion
22nd (16 September 2012 – 15 September 2013)	7 May 2015	NOK 1.0 billion

Porting of subscribers
The disputes and disagreements over understanding and reach of the concession agreements also include how the new 3G regime is to be understood in relation to the concession agreements. CAT has threatened to terminate the concession agreements, due to alleged breaches by dtac of these agreements and continues to present claims of compensation against dtac. CAT served dtac notices to claim compensation from dtac due to porting of its subscribers to its subsidiary dtac TriNet during September 2013 – December 2014 in the amount of NOK 2.5 billion. On 9 June 2015, dtac was informed that CAT increased its claim related to the porting of subscribers for the period January 2015 – May 2015 by NOK 1.5 billion, so that the total claim amounts to approximately NOK 4 billion.

CAT filed injunction petitions with the Central Administrative Court against dtac, dtac TriNet and NBTC, aiming at restricting dtac TriNet from using dtac's network. The court has rejected injunction petition against dtac TriNet. On 20 May 2015, the Court granted the injunctive relief order as requested by CAT. On 18 June 2015, dtac filed an appeal with the Supreme Administrative Court. On 21 August 2015, dtac and CAT submitted the petition to the Court to revoke the injunctive order, and on 27 November 2015, the Supreme Administrative Court revoked the injunction.

dtac is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that dtac is operating in violation of concession agreements.

3) Foreign ownership
One of dtacs competitors, True Move, made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011 that dtac is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the share capital without special permission.

In addition, on 22 September 2011, one of dtac's minority shareholders (holding 100 shares in dtac) filed a complaint against state agency, National Broadcasting and Telecommunication Commission (NBTC), with the Central Administrative Court alleging that NBTC (as an administrative agency) has negligently not performed its duties by allowing dtac to operate telecom business. Therefore, the Central Administrative Court has issued a summon requesting dtac to be a co-defendant to this case. Telenor is of the opinion that the Group's ownership structure in dtac was established, and is, in accordance with Thai law as well as the established practices in Thailand.

India
On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to Unitech Wireless. Following this decision, the Supreme Court ordered that the 2G licences and spectrum should be auctioned. The spectrum auction was completed in November 2012 and the Group, through Telewings, secured spectrum licences in 6 circles. It is of the management's understanding that the original licence payment of INR 16.6 billion (approximately NOK 2.2 billion) made by Unitech Wireless in 2008 is allowed to be offset against spectrum payments in Telewings in auctions held in November 2012. This was confirmed by a letter from Ministry of Communication and IT on 3 March 2014. The Supreme Court order dated 15 February 2013 opened up for possible retroactive spectrum fee payments for the licences quashed by the Supreme Court order on 2 February 2012, applicable to the licensees who have continued business until new licences were issued. Department of Telecommunications in India (DoT) issued a notice dated 17 November 2014 to Unitech Wireless seeking an explanation as to why retrospective spectrum fee payment of NOK 0.9 billion plus interest should not be recovered by DoT as per direction of the Supreme Court dated 15 February 2013 for the licences quashed by the Supreme Court order on 2 February 2012. Telenor India has replied to the above notice on 29 December 2014 and has challenged the DoT's notice and the interpretation by DoT of the Supreme Court judgment.

Telenor Pakistan

The Federal Board of Revenue (FBR), has alleged that the Cellular Mobile Operators (CMOs) have altogether evaded Federal Excise Duty (FED) which was payable by them on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 0.7 billion, excluding penalty and interests. The CMO's joint position is that all applicable FED has been duly paid by the CMOs on the services provided by them and, therefore, no further payment of FED on interconnect charges is payable by them under law. Hence, no evasion of FED has taken place. In order to resolve the issue, the CMOs had previously agreed with the FBR that they would, from 1 July 2012, make the payment of FED on interconnect charges in accordance with the new procedure stipulated by the FBR. In return for the CMOs' agreement to do so, on 30 June 2012 the FBR issued a Statutory Regulatory Order (SRO) exempting the CMOs from their previous alleged liability for the FED payable on interconnect charges over the last 5 years. However, the SRO was not published in the Official Gazette by the FBR, and thereby it did not attain the requisite legal effect. The National Accountability Bureau (NAB) has started an enquiry on the basis that it had received information of alleged corrupt payments to the FBR for the issuance of the SRO. All the CMOs are participating in the enquiry. The CMOs also collectively decided to challenge the chargeability of the FED on interconnect charges through a Writ Petition in the Islamabad High Court. On 8 January 2014, the High Court declared recovery notice from FBR null and void. The court decision was appealed by the FBR on 24 January 2014 and in a subsequent hearing on 27 January 2014, the court decided to maintain status quo in the matter. The case is still pending.

Telenor Norge AS

On 4 December 2012, the EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated an investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices in the Norwegian mobile market. Both investigations are still ongoing. A Statement of objections (SO) was issued by EFTA Surveillance Authority (ESA) on 1 February 2016. The SO is a formal step in ESA's competition law investigations in which ESA informs Telenor Norge AS about its preliminary concerns in writing. According to ESA's preliminary view in the SO, Telenor Norge AS has infringed the prohibition against abuse of a dominant position related to two different types of market conduct; 1) margin-squeeze on mobile broadband standalone to consumers in Norway and 2) lock-in clauses in conjunction with early termination fees on individual subscriptions in the business segment in Norway. Telenor Norge AS will provide its comments and oppose ESA's arguments by setting out all facts known which are relevant to Telenor Norge AS' defense against the objections raised by ESA. Telenor Norge AS must provide its legal and factual arguments by 11 April 2016. Telenor Norge AS may request an oral hearing. If ESA later on issues a final decision which concludes that Telenor Norge AS has breached the competition rules, this decision will most likely contain a fine. ESA's decision may be appealed to the EFTA Court by Telenor Norge AS.

NOTE 34 Remuneration to management etc.

Board of Directors

Remuneration to the Board of Directors (the Board) consists of a Board fee, which is fixed for the year depending on role in the Board, as well as compensation for other Board elected committees. The Board's fees are set by the Corporate Assembly.

The aggregate remuneration to the Board and the Corporate Assembly recognised in 2015 was NOK 3.8 million and NOK 0.7 million, respectively. In 2014, this was NOK 3.4 million and NOK 0.7 million, respectively. In addition, the total remuneration to the Audit Committee, Governance and Remuneration Committee, The Ethics and Sustainability Committee and Nomination Committees was NOK 1.2 million (NOK 0.9 million in 2014). The members of the Board are entitled to a fixed compensation per meeting in the subcommittees that they attend and have no agreement which entitles them to extraordinary remuneration in the event of termination or change of office or agreement concerning bonus, profit sharing, options or similar. The number of shares owned by the members of the Board of Directors, Deputy Board Members and the Corporate Assembly as of 31 December 2015 and 2014 is shown below. Shares owned by the Board of Directors and Deputy Board Members include shares owned by their related parties. None of these members have any share options.

NOK in thousands, except number of shares	Number of shares as of 31 December 2015 [1]	Board fee 2015	Fee for Board elected committees 2015	Number of shares as of 31 December 2014	Board fee 2014	Fee for Board elected committees 2014
Board						
Gunn Wærsted (from 14 January 2016)	-	-	-	-	-	-
Svein Aaser (until 30 October 2015)	-	483	44	5 000	555	50
Barbara Milian Thoralfsson (until 20 May 2015)	-	107	75	-	277	73
Bjørn Andre Anderssen (until 25 June 2015)	3 268	144	37	3 107	277	50
Brit Østby Fredriksen (until 25 June 2015)	8 572	144	37	8 266	277	50
Burckhard Bergmann	-	392	60	-	287	50
Dag J. Opedal	-	291	101	-	277	73
Frank Dangeard	-	438	60	-	335	50
Jon Erik Reinhardsen	-	291	63	-	178	14
Harald Stavn	5 832	291	101	5 684	277	61
Marit Vaagen	11 122	291	52	11 122	277	50
Sally Davis	-	382	60	-	287	50
Per Gunnar Salomonsen (from 25 June 2015)	700	147	15	700	-	-
Regi Aalstad (from 20 May 2015)	-	246	15	-	-	-
Åse Selfjord (from 25 June 2015)	90	147	23	49	-	-

[1] Shareholdings not included for representatives who are no longer members or deputy members as of 31 December 2015.

None of the members or deputy members of the Board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above. None of the members or deputy members of the Board of Directors have loans in the Group.

	Number of shares as of 31 December 2015 [1)]	Number of shares as of 31 December 2014
Deputy Board Members		
Gro Kvamme Johnsen	-	-
Hilde Caroline Rossland	-	-
Irene Vold	4 720	4 720
Jan Otto Eriksen	3 600	-
Jørgen Finnby	565	1 003
Kenneth Pettersen	1 496	1 496
Stein Halvor Nordbø	3 900	-
Tone Kristin Flobakk	473	473

1) Shareholdings not included for representatives who are no longer deputy members as of 31 December 2015.

	Number of shares as of 31 December 2015 [1)]	Number of shares as of 31 December 2014
Corporate Assembly		
Anders Skjævestad	100	100
Baard Myhre (deputy member)	1 421	1 314
Dag Fredriksen (deputy member)	3 926	3 785
Espen Egeberg Christiansen (deputy member)	325	171
Hege Karita Ottesen (observer)	1 120	1 057
Håkon Berdal (deputy member)	3 930	3 729
Jan Otto Eriksen	3 600	4 374
Magnhild Øvsthus Hanssen	2 385	2 403
Mai Britt Thune (observer)	3 093	3 001
May-Iren Arnøy (deputy member)	22	-
Morten Fallstein (deputy member)	-	682
Roger Rønning	2 704	2 581
Stein Erik Olsen	2 427	2 427
Tor Henrik Hanken (deputy member)	653	455

1) Shareholdings not included for representatives who are no longer members as of 31 December 2015 and who has not held shares during 2014 or 2015. Source: VPS Register as of 31 December 2015.

Statement on the Group CEO and Group Executive Management remuneration

The statement on the Group CEO and Group Executive Management remuneration is established according to the following requirements and guidelines:

- Norwegian act on public limited liability companies (allmennaksjeloven)
- The accounting act
- The Government's policy on the remuneration of leading personnel issued by the Norwegian Ministry of Trade, Industry and Fisheries with effect from 13 February 2015
- The Norwegian Code of Practice for Corporate Governance
- Financial Supervisory Authority of Norway

1. Remuneration policy

The objective of the Group's remuneration policy is to secure that reward in Telenor Group shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the Telenor way.

The following key remuneration principles apply:

1. Reward for performance
   Rewards shall be based on the results of an individual's overall performance evaluated against objective and transparent criteria.
2. Support balanced goals
   Rewards should be tied to a balanced combination of goals that align individual goals with Telenor's business goals and the economic interests of its shareholders.
3. Offer competitive total reward
   Telenor seeks to offer total reward packages that are attractive and competitive (without taking the lead) both within the organization, as well as in the local labour market.

2. Remuneration governance

The Board of Directors (the Board) has appointed a separate Governance and Remuneration Committee (GRC) acting as an advisor to the Board of Directors and the Group CEO. GRC is responsible for monitoring, evaluating and recommending executive remuneration and Group remuneration programmes.

The committee comprises of the Chairman of the Board, two of the shareholder elected Board members and one employee representative. The Group CEO normally attends the Committee meetings. Other management representatives attend upon notice; the Committee may dismiss their attendance when appropriate, and likewise call for attendance from other relevant sources.

Governance model and responsibilities

Recipient	Recommendations developed by	Approved by	Communicated by
Group CEO	GRC	the Board	Chairman of the Board
Other Group Executives	GRC and Group CEO	the Board	Group CEO

The Committee has no independent decision-making authority, except where explicitly granted by the Board. The Governance and Remuneration Committee acts as advisor for the Board and the Group CEO and is mainly responsible for the following remuneration issues:

- Evaluate annually the Group CEO's total remuneration and present recommendations to the Board of Directors for decision.
- Consider and sign off, on behalf of the Board, remuneration and related adjustments for the executives reporting to the Group CEO.
- Be informed on remuneration developments and market situation for executives, and present remuneration principles applicable for Telenor executives to the Board for approval.
- Consider Group overall remuneration policy and programmes, including bonus programmes and share-based schemes etc., and present recommendations to the Board for decision.
- Oversee and prepare the Board's handling of principal matters relating to pension schemes and other retirement issues.
- Review Management's proposal for the declaration regarding the determination of salary and other remuneration to senior employees pursuant to section 6-16a in the Act relating to Public Limited Companies.

3. Main remuneration principles coming fiscal year, starting 01 January 2016.

The overall remuneration to Group CEO and Group Executive Management reflects accountabilities and impact of role and role holder, breadth and complexity of operations.

The main remuneration elements are based on the key remuneration principles described above and are also reflective of:

- The national and international framework.
- The business environment the company operates within.
- Both long and short term business focus and behaviors.
- Sustainability of results and adherence to Telenor Way (the Group's values, ethics, codes of conduct and governance principles).

The arrangements are transparent and in line with good corporate governance. The main remuneration elements for Group CEO and other members of Group Executive Management include the following:

Element	Reward purpose
Base salary	Provide the basis for a financially secure and competitive remuneration package.
Annual bonus	Provide direction (performance management link) and motivate individuals to deliver high performance.
Share based programmes	Align the interests of Telenor Group's executives and Telenor ASA's shareholders. Focus on the long term value creation in addition to the short term targets. Strengthen the loyalty and retention of the participants to Telenor Group.

3.1 Base salary

The base salary is reviewed annually based on the role, relevant market, business environment, business focus and performance. The performance criteria are based on an assessment of sustainable performance through:

- Delivery according to business ambitions
- Demonstrated leadership and "The Telenor Way"
- Building and developing organisational capabilities

As a main rule, the annual base salary for the Group CEO and other Group executives will be reviewed during the first quarter in the fiscal year, and be effective as of 1 January 2016.

3.2 Variable pay / Annual bonus

Variable pay consists of the annual bonus. Variable pay is annually capped at 50% of the annual base salary. Total variable pay is calculated based on individual bonus scorecards and long term performance of total shareholder return (TSR) of Telenor shares (TSR multiplier).

Where applicable, the bonus payments are subject to vacation pay, but not included in the pensionable earnings with the exception of Sweden and Malaysia.

The Group CEO and other Group Executives should at a minimum have, and keep, shareholdings in Telenor ASA corresponding to the value of one annual base salary. In order to fulfil this requirement, the executive is required to invest up to 20% of the bonus payment in Telenor ASA shares.

i. Individual annual bonus scorecards

Each individual will have a bonus scorecard with defined key performance indicators (KPIs). The KPIs may be based on goals and objectives which are defined at group or business unit level in the following KPI areas:

- Financial KPIs to ensure growth and efficiency
- KPIs to measure readiness to deliver on the current strategy of becoming a Digital Service Provider
- People Centric KPIs to enhance focus on diversity and collaboration

The specific design of individual bonus scorecards, with regards to KPIs and weights of these, will reflect the role and responsibility of a particular position. The individual's overall bonus achievement is based on performance evaluated against these. The individual bonus achievement may range between 0% - 100%.

Bonus potential for achievement of target performance level for the Group CEO and other Group Executives is 25% of the annual base salary.

Independent to measuring achievement against KPIs, a holistic assessment will be done based on a set of criteria that includes, but is not limited to, achieving sustainable results in accordance with applicable rules and regulations, in adherence with Telenor Way and Telenor's anticorruption principles. At breach of defined criteria, the outcome of this assessment may lead to a complete nullification of any potential bonus.

ii. TSR multiplier

The individual achievement in the bonus scorecards can be increased by a Total Shareholder Return Multiplier (TSR multiplier). The TSR multiplier's effect on the individual achievement is based on the absolute and relative Total Shareholder Return of the Telenor ASA share.

Requirements for the TSR multiplier to come into effect:
- The Telenor ASA share must have an absolute positive TSR over the two year period from December 2014 to December 2016
- The Telenor ASA share must perform better than the performance benchmark (index)[1)]

The TSR multiplier is calculated based on TSR performance for the period from December 2014 to December 2016. The TSR multiplier will be used in the calculation of bonus for 2016, paid out in 2017.

TSR multiplier design:
- If the gross return on the Telenor ASA share develops better than the performance benchmark (index), over the two year period from December 2014 to December 2016, the TSR multiplier will vary from 1 to maximum 2, corresponding to Telenor ASA share's performance of 0 to 15 percentage points above the index respectively.
- The value of the TSR multiplier increases linearly between 0 and 15 percentage points.

The calculation of total bonus achievement if a TSR multiplier comes into effect:
[Bonus achievement in %] x [TSR multiplier]

3.3 Share based programmes

These programmes are based on a common purpose and guidelines for the Telenor Group:
i. Support our value- and performance-based culture by aligning the interests of the employees and the owners.
ii. Stimulate to and reward group performance and transformation.
iii. Strengthen the employees' interest in the long term development of the company.
iv. Attract, engage and retain talents.

3.3.1. Long term incentive (LTI) grant

The LTI grant is a variable compensation element for the Group CEO and other Group Executives. The compensation is 30% of the annual base salary at the time for granting. The LTI is a performance based remuneration element reflecting the underlying long term value creation of the company. The participant receiving the LTI grant is required to invest the net after tax amount into Telenor ASA shares. Telenor will, on behalf of the participant, facilitate the share purchase in the market. The participant is obliged to hold the shares for a lock-in period of four years. If the executives are on an international assignment, the LTI grant is based on the net salary and the compensation is halved.

If the participant leaves Telenor during the lock-in period, the participant has to repay to Telenor an amount equal to the quoted market value of shares held at the time of resignation. If the participant leaves due to circumstances within Telenor, retirement (due to age or disability) or death, the participant shall retain the LTI shares acquired under the LTI Programme.

3.3.2 Employee share programme (ESP)

Telenor Group operates a general share programme for employees, which is also applicable for executives, offering employees the opportunity to purchase Telenor ASA shares for 1, 2, 3, or 4 per cent of the annual gross base salary (minimum investment amount of NOK 2,000) at a discount of maximum 25% of the invested amount capped at NOK 2,000.

If the Telenor ASA share performs better than the STOXX® Europe 600 Telecommunications index (SXKGR) over a 2 year period, the employees will be granted an ESP bonus on the following terms:
- If the Telenor ASA share performs less than the index, no ESP bonus is awarded.
- If the Telenor ASA share performs better than the index, the ESP bonus is equal to the current value of the initial ESP shares.
- If the Telenor ASA share performs minimum 15 percentage points better than the index, the ESP bonus is three times the current value of the initial ESP shares.

The ESP bonus is granted given that the individual is still employed in the Telenor Group.

3.4 Other general benefits

The Group CEO and other Group Executives are entitled to other benefits such as:
- Pension- and insurance arrangements
- Company car or car allowance
- Electronic communication
- Newspapers

The eligibility criteria are as per local policies and country specific practices.

i. Pension- and insurance arrangements

Telenor Group offers a defined contribution pension arrangement for Group executives employed in Norway hired externally from 2006. The pension is based on the balance of accrued company contribution plus annual return on the accrual. The annual accrual is 4% of the annual base salary from 1- 6 G, and 8% from 6 – 12 G (G is the base amount of Norwegian Social Security).

For Group executives on international assignments (expatriates), the home country pension scheme will be continued if possible; otherwise the host country scheme will apply. If none of these options are possible, compensation in the form of a pension allowance of 11% of annual base salary is provided in lieu of pension scheme.

1) The performance benchmark (index) is the STOXX® Europe 600 Telecommunications index (SXKGR).

Individual pension agreements either based on local practice and/ or entered into before taking a group executive position will be honoured based on the following rationale:

- Fully compensating for withdrawal of a pension scheme would substantially increase annual base salary.
- The process of re-negotiate individual agreements, and aligning with several jurisdictions, would require substantial time and effort and reduce the potential for necessary organisational changes
- Reduced value of pension agreements would decrease the recruitment pool for group executives in Telenor Group.

Group executives employed in Norway before 2012 are entitled to retire at the age 62 or 65, based on individual agreements. Executives hired within Norwegian jurisdiction from 2012 have a retirement age of 67.

The Group CEO and other Group Executives are covered by the general insurance arrangements applicable within Telenor ASA.

ii. Severance pay

The Group CEO and some of the other members of Group executive management are entitled to severance pay in case of notice based on company circumstances. The severance pay is 6 months of annual base salary. The severance pay is calculated as from the expiry of the notice period. Severance pay is given under the condition that the employee is waiving their employee protection rights.

Due to multiple national regulations and previously signed agreements, the employment contracts for Group Executives are to be revised to ensure full compliance with the remuneration Guidelines from the Government.

4. Remuneration principles and implementation for the fiscal year ending 31 December 2015

The remuneration principles applied in 2015 for the Group CEO and other Group Executives are basically the same as explained above for 2016. In 2015, fixed pay was comprised of annual base salary and LTI grant, following the applicable governmental guidelines from 2011.

The annual bonus programme terms and conditions for the Group CEO and other Group Executives were agreed before the new governmental guidelines implemented with effect from 13 February 2015. Consequently, for any bonus calculation, the basis applied was fixed pay. The annual bonus programme rewarded employees' performance on financial-, internet for all-, net promoter score- and individual goals. Bonus pay-out was capped at 50% of fixed pay.

LTI grant to group executives was awarded at 25% of their annual base salary, and for those on international assignment, the LTI grant was based on the net salary and the compensation was halved.

Individual terms for the Group CEO and Group Executive Management

During 2015, the Group Executive Management consisted of the following members:

Member	Position(s)
Sigve Brekke	President and Chief Executive Officer (CEO) from 17 August EVP and Head of Asia region until 16 August
Jon Fredrik Baksaas	President and Chief Executive Officer (CEO) until 16 August
Richard Aa	EVP and Group Chief Financial Officer (CFO) On paid leave from 11 November
Morten Karlsen Sørby	EVP and acting Chief Financial Officer (CFO) from 12 November EVP and responsible for Telenor's ownership in VimpelCom & selected strategic projects from 12 October EVP and acting Head of Asia region from 1 June
Albern Murty	EVP and CEO of Digi, Malaysia from 12 October
Berit Svendsen	EVP and Chief Executive Officer Norway
Christopher Laska	EVP and CEO of Telenor Hungary from 12 October
Henrik Clausen	EVP and Head of Strategy and Digital until 11 October
Hilde Tonne	EVP and Head of Group Industrial Development until 31 July
Jesper Hansen	EVP and CEO Telenor Denmark from 19 November EVP and acting CEO Telenor Denmark from 12 October
Jon Erik Haug	EVP and Chief People Officer
Jon Gravråk	EVP and Chief Digital Officer from 1 December
Katja Christina Nordgaard	EVP and Head of Corporate Affairs until 11 October
Kjell Morten Johnsen	EVP and Head of Europe region until 11 October
Lars-Åke Norling	EVP and CEO of dtac, Thailand from 12 October
Martin Furuseth	EVP and acting Head of Group Industrial Development from 01 August until 11 October
Michael Foley	EVP and CEO of Telenor Pakistan from 12 October
Ove Fredheim	EVP and CEO of Telenor Serbia and Chairman of the Management Board of Telenor Montenegro from 12 October
Patrik Hofbauer	EVP and CEO of Telenor Sweden from 12 October
Petter Børre Furberg	EVP and CEO of Telenor Myanmar from 12 October
Pål Wien Espen	EVP and Head of Partner Relations Asia from 1 December EVP and Head of Group Legal until 30 November On paid leave from 11 November
Ragnar Korsæth	EVP and acting Chief Digital Officer from 12 October until 30 November
Rajeev Sethi	EVP and CEO of Grameenphone, Bangladesh from 12 October
Ruza Sabanovic	EVP and Chief Technology Officer from 12 October.
Sharad Mehrotra	EVP and CEO Telenor India from 1 November
Stein Erik Vellan	EVP and CEO of Telenor Bulgaria from 12 October
Vivek Sood	EVP and Chief Marketing Officer from 1 November EVP and CEO Telenor India from 12 October until 31 October
Wenche Agerup	EVP and Chief Corporate Affairs Officer from 11 November

Individual terms

Name	Contract type	Pension scheme
Sigve Brekke	Local Norway	Defined benefit of 60% of annual base salary until the age of 75 and thereafter 58% defined benefit. Individually agreed retirement age of 65
Richard Aa	Local Norway	Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G and 30% of annual base salary above 12 G. In addition, annual contribution of 10% of annual base salary for early retirement scheme. Individually agreed retirement age of 65.
Morten Karlsen Sørby	Local Norway	Defined benefit of 60% of annual base salary until the age of 72 and thereafter 58% defined benefit. Individually agreed retirement age of 62.
Albern Murty	Local Malaysia	Defined contribution of 15% of annual base salary and 12% on annual and quarterly bonus. Individually agreed retirement age of 60.
Berit Svendsen	Local Norway	Defined benefit of 60% of annual base salary until the age of 72 and thereafter 58% defined benefit. Individually agreed retirement age of 62
Christopher Laska	Expatriate	Maintaining home pension scheme (Telenor ASA): Defined benefit scheme of 66% of annual base salary up to 12G.
Jesper Hansen	Local Denmark	Defined contribution 8% of annual base salary.
Jon Erik Haug	Local Norway	Defined benefit of 66% of annual base salary up to 12G and 15% defined contribution of pensionable salary above 12G.
Jon Gravråk	Expatriate	Pension allowance at 11% of annual base salary in lieu of pension scheme.
Lars-Åke Norling	Expatriate	Maintaining Home pension scheme (Telenor Sweden): Defined contribution 30% of annual base salary and 30% on annual bonus and voluntary contribution up to 5% of annual base.
Michael Foley	Expatriate	Pension allowance at 11% of annual base salary in lieu of pension scheme.
Ove Fredheim	Expatriate	Defined benefit scheme of 66% of annual base salary up to 12G and 15% defined contribution of annual base salary above 12G.
Patrik Hofbauer	Local Sweden	Defined contribution 30% of annual base salary and 30% on annual bonus and voluntary contribution up to 5% of annual base salary.
Petter Børre Furberg	Expatriate	Defined benefit scheme of 66% of annual base salary up to 12G and 15% defined contribution of annual base salary above 12G.
Pål Wien Espen	Local Norway	60% defined benefit of a defined pension-qualifying income of NOK 2,560, 000 until the age of 70, thereafter 58%. Individually agreed retirement age of 65.
Rajeev Sethi	Expatriate	Pension allowance at 11% of annual base salary in lieu of pension scheme.
Ruza Sabanovic	Expatriate	Host location scheme (Telenor ASA): Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G.
Sharad Mehrotra	Expatriate	Pension allowance at 11% of annual base salary in lieu of pension scheme.
Stein Erik Vellan	Expatriate	Defined benefit scheme of 66% of pensionable salary up to 12G and 15% defined contribution of annual base salary above 12G.
Vivek Sood	Expatriate	Pension allowance at 11% of annual base salary in lieu of pension scheme.
Wenche Agerup	Local Norway	Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G.

Remuneration for the Group Executive Management

Aggregate remuneration including pension cost for the Group Executive Management was NOK 84.7 million in 2015. The aggregate remuneration including pension cost was NOK 67.6 million in 2014. The compensation is based on individual's respective period in the Group Executive Management. The figures in the table are presented in NOK using average currency exchange rates for 2015, where applicable.

Remuneration to Group Executive Management 2015

NOK in thousands	Base salary[1]	Long term incentive (LTI)[2]	Annual bonus earned[3]	Other benefits[4]	Pension benefit earned[5]	Total
Sigve Brekke[7]	4 253	976	1 314	4 770	2 107	13 421
Jon Fredrik Baksaas[8] (until 16 August 2015)	3 747	1 226	-	132	739	5 844
Richard Aa	3 327	940	1 329	184	1 083	6 864
Morten Karlsen Sørby (from 1 June 2015)	1 908	656	831	161	759	4 316
Albern Murty (from 12 October 2015)	663	82	214	9	83	1 051
Berit Svendsen	2 718	779	1 089	184	1 221	5 991
Christopher Laska[6] (from 12 October 2015)	424	65	140	744	56	1 428
Henrik Clausen[6] [11] (until 11 October 2015)	2 467	461	517	3 514	350	7 309
Hilde Tonne (until 31 July 2015)	1 681	431	646	107	502	3 368
Jesper Hansen (from 12 October 2015)	524	79	156	36	45	840
Jon Erik Haug	2 598	636	1 037	216	499	4 985
Jon Gravråk[6] (from 1 December 2015)	212	-	-	737	23	973
Katja Christina Nordgaard[12] (until 11 October 2015)	1 658	-	366	6	63	2 093
Kjell Morten Johnsen[13] (until 11 October 2015)	3 077	687	1 175	148	173	5 260
Lars-Åke Norling[6] (from 12 October 2015)	705	98	169	657	282	1 912
Martin Furuseth (from 1 August 2015 until 11 October 2015)	536	46	102	43	21	748
Michael Foley[6] (from 12 October 2015)	617	-	200	767	70	1 654
Ove Fredheim[6] (from 12 October 2015)	456	64	109	902	97	1 627
Patrik Hofbauer (from 12 October 2015)	599	157	291	15	230	1 293
Petter Børre Furberg[6] (from 12 October 2015)	462	50	103	422	76	1 113
Pål Wien Espen	2 647	668	714	201	1 015	5 244
Ragnar Korsæth (from 12 October 2015 and until 30 November 2015)	265	72	126	19	116	512
Rajeev Sethi[6] (from 12 October 2015)	548	51	115	640	63	1 417
Ruza Sabanovic[6] (from 12 October 2015)	466	34	43	471	10	1 025
Sharad Mehrotra[6] (from 12 October 2015)	408	59	45	218	44	775
Stein Erik Vellan[6] (from 12 October 2015)	463	54	152	843	88	1 600
Vivek Sood[6] (from 12 October 2015)	683	82	152	587	78	1 582
Wenche Agerup (from 11 November 2015)	433	-	-	3	21	457

Remuneration to Group Executive Management 2014

NOK in thousands	Base salary[1]	Long term incentive (LTI)[9]	Annual bonus earned[10]	Other benefits[4]	Pension benefit earned[5]	Total
Jon Fredrik Baksaas	5 572	1 590	2 141	1 106	3 208	13 618
Richard Olav Aa	3 143	750	1 478	682	1 059	7 112
Berit Svendsen	2 560	606	1 209	404	1 183	5 962
Henrik Clausen[6] (from 15 June 2014)	1 622	281	659	2 600	211	5 373
Hilde Tonne	2 636	634	1 120	535	859	5 784
Jon Erik Haug	2 454	588	1 230	518	473	5 262
Kjell Morten Johnsen	3 584	859	1 293	398	196	6 330
Katja Christina Nordgaard (from 4 August 2014)	765	-	214	4	37	1 021
Pål Wien Espen (from 15 May 2014)	1 692	486	765	137	633	3 713
Rolv-Erik Spilling (until 14 June 2014)	1 014	240	532	97	134	2 017
Sigve Brekke[6]	3 200	388	1 358	4 880	1 628	11 453

All figures are exclusive of social security tax.

1) Base salary includes holiday pay due to local holiday pay systems, if applicable.

2) LTI expensed includes costs related to the LTI bonus shares for programmes before 2014.

3) Annual bonus earned includes holiday pay, if applicable.

4) Includes items such as insurance, company car benefit or car allowance, taxable bonus shares related to employee share programme etc.

5) The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 25.

6) Individuals on international assignments are entitled to guaranteed net annual salary. Base salary and annual bonus figures reflect net amounts. Furthermore, 'Other benefits' includes expatriate allowances, due to international assignment, such as accommodation, travel, children's education, etc. and tax benefit on net salary, annual bonus and benefits. For 2015, tax benefits on net salary, annual bonus and benefits are calculated by an external service provider. Reconciliation of the calculated and actual tax will occur during 2016. Consequently, the actual tax benefits for 2015 will be reported in next year's annual report.

7) For the period 01.01.2015-16.08.2015, Sigve Brekke was on an international assignment with guaranteed annual net salary (reference 6). Any tax benefits linked to his international assignment is captured under other benefits. Consequently, the base salary is the sum of net salary on assignment plus gross salary as President & CEO and annual bonus is the sum of accrued net bonus on assignment and accrued gross bonus as President & CEO.

8) Fredrik Baksaas waived his bonus rights for 2015.

9) Long term incentive has been updated to reflect the actual LTI grant for 2014. For expats, the LTI grant is reflected in terms of net amount.

10) Annual bonus has been updated to reflect actual bonus amount for 2014.

11) The net salary in the notice period is NOK 2.0 million and net severance payment is NOK 3.6 million. The severance payment will be paid in July 2016. The notice period and severance pay was regulated in a contract under Danish Labor Law entered into before 13 February 2015.

12) The salary in the notice period is NOK 1.0 million and severance payment is NOK 1.0 million. The severance payment will be paid in June 2016.

13) The salary in the notice period is NOK 1.9 million and severance payment is NOK 1.9 million. The severance payment will be paid during 2016.

Shares held during 2015

Name	Shares held as of 1 January / start date for new members	Granted	Net additions/ (disposals)	Shares held as of 31 December	Shares held as of 31 December of which are restricted[1]
Sigve Brekke	101 870	2 585	832	105 287	17 326
Richard Aa	33 879	2 404	806	37 089	14 726
Morten Karlsen Sørby (from 1 June 2015)	81 712	-	-	81 712	17 229
Albern Murty (from 12 October 2015)	4 912	-	179	5 091	3 845
Berit Svendsen	29 454	2 080	216	31 750	12 508
Christopher Laska (from 12 October 2015)	8 164	-	(88)	8 076	7 952
Jesper Hansen (from 12 October 2015)	8 386	-	91	8 477	5 173
Jon Erik Haug	21 311	2 072	(8 371)	15 012	10 900
Jon Gravråk (from 1 December 2015)	-	-	-	-	-
Lars-Åke Norling (from 12 October 2015)	26 778	-	125	26 904	11 398
Michael Foley (from 12 October 2015)	671	-	13	684	-
Ove Fredheim (from 12 October 2015)	12 935	-	137	13 072	7 833
Patrik Hofbauer (from 12 October 2015)	14 531	-	42	14 573	9 892
Petter Børre Furberg (from 12 October 2015)	25 929	-	135	26 064	6 165
Pål Wien Espen	43 842	2 143	325	46 310	11 864
Rajeev Sethi (from 12 October 2015)	4 056	-	263	4 319	3 095
Ruza Sabanovic (from 12 October 2015)	4 538	-	51	4 589	4 309
Sharad Mehrotra (from 12 October 2015)	3 377	-	69	3 445	3 157
Stein Erik Vellan (from 12 October 2015)	6 597	-	-	6 597	6 597
Vivek Sood (from 12 October 2015)	5 280	-	108	5 388	4 980
Wenche Agerup (from 11 November 2015)	-	-	-	-	-

1) Shareholdings not included for representatives who are no longer in GEM as of 31 December 2015.

Shares held during 2014

Name	Shares held as of 1 January / start date for new members	Granted	Net additions/ (disposals)	Shares held as of 31 December	Shares held as of 31 December of which are restricted[1]
Jon Fredrik Baksaas	215 609	13 752	1 647	231 008	35 498
Richard Olav Aa	25 701	7 246	932	33 879	19 115
Berit Svendsen	23 121	5 761	572	29 454	10 428
Hilde Tonne	20 079	6 224	787	27 090	15 255
Jon Erik Haug	14 803	5 778	730	21 311	12 415
Henrik Clausen (from 15 June 2014)	22 881	-	-	22 881	15 915
Kjell Morten Johnsen	50 780	6 511	(8 933)	48 358	15 567
Katja Christina Nordgaard (from 4 August 2014)	-	-	-	-	-
Pål Wien Espen (from 15 May 2014)	43 842	-	-	43 842	15 187
Sigve Brekke	91 034	9 872	964	101 870	23 223

[1] Shareholdings not included for representatives who are no longer in GEM as of 31 December 2014.

Loans to employees
Total loans to employees were NOK 24 million as of 31 December 2015 and NOK 2 million as of 31 December 2014.

Fees to the auditors
The table below summarises audit fees for 2015 and 2014 and fees for audit related services, tax services and other services incurred by the Group during 2015 and 2014. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK in millions, excluding VAT	2015	2014	2015	2014	2015	2014	2015	2014
Telenor ASA	**4.8**	4.9	**0.2**	0.2	**3.8**	1.6	**10.0**	1.5
Other Group companies	**31.2**	26.8	**2.7**	2.0	**2.9**	2.3	**13.8**	13.4
Total Group auditor	**36.0**	**31.6**	**2.9**	**2.2**	**6.7**	**4.0**	**23.8**	**14.9**
Other auditors in subsidiaries	**0.4**	0.3	**0.1**	0.1	**-**	-	**-**	-
Total	**36.4**	**31.9**	**3.0**	**2.3**	**6.7**	**4.0**	**23.8**	**14.9**

Fees for audit services include fees associated with the required statutory and financial audits. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures required by regulators and other third parties. Fees for tax services include tax compliance and advice regarding tax rules and consequences, as well as tax due diligence services in connection with acquisitions, disposals and other transactions. Other fees relate primarily to process/system/project/supplier reviews, financial due diligence services and consultations in connection with acquisitions, disposals and other transactions.

NOTE 35 Number of shares, authorisations, ownership etc.

As of 31 December 2015, Telenor ASA had a share capital of NOK 9,008,748,180 divided into 1,501,458,030 ordinary shares with a nominal value of NOK 6 each. There were no changes in the share capital during 2015. All ordinary shares have equal voting rights and the right to receive dividends. As of 31 December 2015, the company did not own any treasury shares.

The Annual General Meeting (AGM) in May 2014 authorised the Board of Directors to acquire up to 31,000,000 treasury shares, corresponding to approximately 2% of the share capital, to optimise the company's capital structure. The authorisation was valid until the AGM in May 2015. Telenor did not repurchase any shares under this authorisation.

At the AGM in May 2015, authority was given to the Board of Directors to acquire up to 30,000,000 treasury shares, corresponding to approximately 2% of the share capital, for the purpose of cancellation. The authorisation is valid until the AGM in May 2016. Prior to the AGM, Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade, Industry and Fisheries' participation and voting in Telenor's general meeting, to contribute to the cancellation of a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. Telenor did not purchase any shares under this authorisation in 2015.

As of 31 December 2015, Telenor ASA had about 42,000 registered shareholders, compared with about 40,700 as of 31 December 2014.

The 20 largest shareholders as of 31 December 2015 from the shareholder register[1)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	810 264 928	53.97%
2	Folketrygdfondet	73 404 583	4.89%
3	State Street Bank & Trust Company (nominee)	38 146 010	2.54%
4	Clearstream Banking S.A. (nominee)	26 013 697	1.73%
5	State Street Bank & Trust Company (nominee)	16 876 617	1.12%
6	The Bank of New York Mellon (nominee)	15 364 019	1.02%
7	J.P. Morgan Chase Bank N.A. London (nominee)	15 330 264	1.02%
8	State Street Bank & Trust Company (nominee)	15 092 846	1.01%
9	State Street Bank & Trust Company (nominee)	13 542 059	0.90%
10	State Street Bank & Trust Company (nominee)	13 518 085	0.90%
11	The Northern Trust Company Ltd. (nominee)	13 110 453	0.87%
12	The Northern Trust Co. (nominee)	12 027 153	0.80%
13	J.P. Morgan Chase Bank N.A. London (nominee)	10 608 165	0.71%
14	State Street Bank & Trust Company (nominee)	8 475 374	0.56%
15	The Bank of New York Mellon (nominee)	8 264 910	0.55%
16	BNY Mellon SA/NV (nominee)	7 494 036	0.50%
17	J.P. Morgan Chase Bank N.A. London (nominee)	6 721 810	0.45%
18	KLP Aksje Norge Indeks	6 547 793	0.44%
19	J.P. Morgan Chase Bank N.A. London	6 382 842	0.43%
20	State Street Bank & Trust Company	6 239 166	0.42%
	Total held by 20 largest shareholders	**1 123 424 810**	**74.82%**
	Total all Telenor shares	**1 501 458 030**	**100.00%**

The 20 largest shareholders as of 31 December 2015, beneficial ownership[2)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	810 264 928	53.97%
2	Folketrygdfondet	73 404 583	4.89%
3	Lazard Asset Management. L.L.C.	25 774 464	1.72%
4	Templeton Investment Counsel. L.L.C.	21 386 278	1.42%
5	Deutsche Asset & Wealth Management Investment GmbH	18 464 069	1.23%
6	BlackRock Institutional Trust Company. N.A.	17 537 433	1.17%
7	Thornburg Investment Management. Inc.	15 976 436	1.06%
8	SAFE Investment Company Limited	15 438 586	1.03%
9	The Vanguard Group. Inc.	13 639 863	0.91%
10	Alecta pensionsförsäkring. ömsesidigt	13 110 453	0.87%
11	DNB Asset Management AS	12 305 478	0.82%
12	KLP Forsikring	11 469 276	0.76%
13	Allianz Global Investors GmbH	10 426 704	0.69%
14	Storebrand Kapitalforvaltning AS	8 243 310	0.55%
15	State Street Global Advisors (US)	7 937 138	0.53%
16	Handelsbanken Kapitalförvaltning AS	7 850 080	0.52%
17	Legal & General Investment Management Ltd.	7 595 429	0.51%
18	Danske Capital (Norway)	7 479 943	0.50%
19	Nordea Funds Oy	7 093 212	0.47%
20	Numeric Investors LLC	6 630 852	0.44%
	Total held by 20 largest shareholders	1 112 028 515	74.06%
	Total all Telenor shares	1 501 458 030	100.00%

1) Source: VPS share register.

2) The data is provided by Nasdaq Advisory Services and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Telenor VPS share register. Every reasonable effort has been made to verify the data; however neither Telenor nor Nasdaq Advisory Services can guarantee the accuracy of the analysis.

NOTE 36 Events after the reporting period

Digi – Malaysia

In February 2016, Digi was pre-allocated spectrum of 2x5 MHz in the 900 MHz frequency band and 2x20 MHz in 1800 MHz frequency band for 15 years, with full implementation starting 1 July 2017. Terms and conditions are not yet determined.

Sale of Amedia

On 22 February 2016, Telenor signed an agreement to dispose of all of its shares in Amedia AS to Sparebankstiftelsen DNB. Telenor holds a 44.2% interest in Amedia. Telenor's share of the consideration will be approximately NOK 190 million, which is below the carrying amount as of 31 December 2015 of NOK 545 million.

Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	**2015**	2014
Revenues	1	**583**	512
Operating expenses			
Salaries and personnel costs	2, 3	(800)	(744)
Other operating expenses	4	(1 039)	(786)
Depreciation, amortisation and impairment losses	8	(43)	(46)
Total operating expenses		**(1 882)**	(1 576)
Operating profit (loss)		**(1 299)**	(1 064)
Financial income and expenses			
Financial income	6	8 590	18 151
Financial expenses	6	(1 284)	(1 172)
Net currency gains (losses)	6	(5 819)	(5 320)
Net change in fair value of financial instruments	6	320	290
Net gains (losses and impairment) of financial assets	6	37	414
Net financial income (expenses)	6	**1 844**	12 363
Profit before taxes		**545**	11 299
Income taxes	7	(121)	106
Net income		**424**	11 405

Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	Note	2015	2014
Net income		**424**	11 405
Other comprehensive income (loss)			
Net gain (loss) on cash flow hedges		-	29
Amount reclassified from other comprehensive income to income statement		(19)	-
Income taxes		5	(8)
Items that may be reclassified subsequently to income statement		**(14)**	21
Remeasurement of defined benefit pension plans		144	(55)
Income taxes		(36)	15
Items that will not be reclassified to income statement		**108**	(40)
Other comprehensive income (loss), net of taxes		**94**	(19)
Total comprehensive income (loss)		**518**	11 386

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	**2015**	2014
ASSETS			
Non-current assets			
Deferred tax assets	7	**3 730**	3 904
Goodwill		**20**	20
Intangible assets	8	**133**	171
Property, plant and equipment		**31**	27
Shares in subsidiaries	16	**100 117**	98 822
Non-current interest-bearing receivables from Group companies	15	**12 282**	15 583
Other non-current financial assets	9, 11	**3 860**	3 729
Total non-current assets		**120 173**	122 256
Current assets			
Trade receivables from Group companies		**498**	456
Trade receivables external		**4**	2
Other current financial assets	9, 11	**1 101**	1 028
Liquid assets and short-term placements	11	**983**	914
Total current assets		**2 586**	2 400
Total assets		**122 759**	124 656
EQUITY AND LIABILITIES			
Equity	10	**46 979**	57 415
Non-current interest-bearing external liabilities	11	**48 808**	46 839
Non-current non-interest-bearing external liabilities	11	**3 587**	1 579
Pension obligations	3	**449**	550
Other provisions		**9**	12
Total non-current liabilities		**52 853**	48 980
Current interest-bearing liabilities to Group companies	11,15	**18 824**	14 410
Current interest-bearing external liabilities	11	**14**	14
Drawings on Group's cash pool	11	**1 542**	1 341
Current non-interest-bearing liabilities to Group companies	11, 12	**141**	141
Current non-interest-bearing external liabilities	11, 12	**2 406**	2 355
Total current liabilities		**22 927**	18 261
Total equity and liabilities		**122 759**	124 656

Fornebu, 15 March 2016

Gunn Wærsted
Chair

Frank Dangeard
Deputy Chair

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Regi Aalstad
Board member

Per Gunnar Salomonsen
Board member

Åse Selfjord
Board member

Harald Stavn
Board member

Sigve Brekke
President & CEO

Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	2015	2014
Profit before taxes	545	11 299
Income taxes paid	-	(12)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities	(357)	(704)
Depreciation, amortisation and impairment losses	43	46
Net currency (gains) losses not relating to operating activities	5 903	5 395
Net changes in interest accruals against Group companies	(58)	(108)
Changes in provision for guarantees and recourse claims	-	78
Interest received	140	151
Interest paid	(1 002)	(975)
Net changes in other accruals	(439)	100
Net cash flow from operating activities	**4 775**	**15 270**
Proceeds from sale of property, plant and equipment and intangible assets	7	29
Purchases of property, plant and equipment and intangible assets	(10)	(18)
Purchases of and capital increase in subsidiaries	(1 295)	(1 578)
Proceeds from sale of other investments	15	42
Purchases of other investments	-	(299)
Net cash flow from investing activities	**(1 283)**	**(1 824)**
Proceeds from borrowings	1 426	10 028
Repayments of borrowings	(2 396)	(9 672)
Net change in Group's cash pool	8 360	(2 484)
Purchase of treasury shares	-	(1 048)
Dividends paid to equity holders of Telenor ASA	(10 724)	(10 567)
Net cash flow from financing activities	**(3 334)**	**(13 743)**
Effect on cash and cash equivalents of changes in foreign exchange rates	(290)	2
Net change in cash and cash equivalents	**(132)**	**(295)**
Cash and cash equivalents as of 1 January	(427)	(132)
Cash and cash equivalents as of 31 December	**(559)**	**(427)**

Specification of cash and cash equivalents:		
Liquid assets and short term placements	983	914
Drawing from Group's cash pool	(1 542)	(1 341)
Cash and cash equivalents as of 31 December	**(559)**	**(427)**

Statement of Changes in Equity

Telenor ASA for the years ended 31 December 2014 and 2015

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Share premium	Pension re-measurement reserve	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2014	**1 516 624 271**	**9 100**	**(42)**	**69**	**31**	**(1 611)**	**50 112**	**57 659**
Net income for the period	-	-	-	-	-	-	11 405	11 405
Other comprehensive income for the period	-	-	-	-	(40)	21	-	(19)
Total comprehensive income	**-**	**-**	**-**	**-**	**(40)**	**21**	**11 405**	**11 386**
Dividend	-	-	-	-	-	-	(10 567)	(10 567)
Share based payment	-	-	-	-	-	10	-	10
Share buyback	-	-	(49)	-	-	(999)	-	(1 048)
Cancellation of shares	(15 166 241)	(91)	91	-	-	-	-	-
Distribution of shares	-	-	-	-	-	(25)	-	(25)
Equity as of 31 December 2014	**1 501 458 030**	**9 009**	**-**	**69**	**(9)**	**(2 604)**	**50 950**	**57 415**
Net income for the period	-	-	-	-	-	-	424	424
Other comprehensive income for the period	-	-	-	-	108	(14)	-	94
Total comprehensive income	**-**	**-**	**-**	**-**	**108**	**(14)**	**424**	**518**
Dividend	-	-	-	-	-	-	(10 959)	(10 959)
Share based payment	-	-	-	-	-	5	-	5
Equity as of 31 December 2015	**1 501 458 030**	**9 009**	**-**	**69**	**99**	**(2 613)**	**40 415**	**46 979**

Notes to the Financial Statements

Telenor ASA

Contents notes

NOTE 1 General information and summary of significant accounting principles

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and the Group's internal bank (Group Treasury).

The financial statements have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Telenor ASA's significant accounting principles are consistent with the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Telenor ASA uses the indirect method for the statement of cash flows. Cash and cash equivalents consist of liquid assets, short-term placements and drawings from cash pool. Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net.

Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations and maintenance.

Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies. See note 27 to the consolidated financial statements.

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

NOTE 2 Salaries and personal costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. See note 34 of the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2015	2014
Salaries and holiday pay	**(566)**	(529)
Social security tax	**(84)**	(84)
Pension cost including social security tax (Note 3)	**(82)**	(70)
Share-based payments[1)]	**(24)**	(21)
Other personnel costs	**(44)**	(40)
Total salaries and personnel costs	**(800)**	**(744)**
Number of man-years employed, average	**503**	485

1) Share-based payments are costs related to Telenor's employees share programme and Long Term Incentive plan (LTI) for senior executives and key personnel.

NOTE 3 Pension obligations

Telenor ASA is obliged to follow and complies with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirement set in the Act.

Changes in the defined benefit obligation and fair value of plan assets

	2015			2014		
NOK in millions	Defined benefit obligation	Fair value plan assets	Net liability defined benefit	Defined benefit obligation	Fair value plan assets	Net liability defined benefit
As of 1 January	**(1 278)**	**728**	**(550)**	(1 152)	657	(495)
Service cost	(45)	-	(45)	(45)	-	(45)
Net interest	(28)	16	(12)	(43)	27	(16)
Sub-total included in Income Statement	**(73)**	**16**	**(57)**	**(88)**	**27**	**(61)**
Return on plan assets (excluding amounts included in net interest expense)	-	63	63	-	32	32
Actuarial changes arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial changes arising from changes in financial assumptions	145	-	145	(136)	-	(136)
Experience adjustments	(64)	-	(64)	49	-	49
Sub-total included in Other Comprehensive Income	**81**	**63**	**144**	**(87)**	**32**	**(55)**
Effects of business combinations and disposals	(65)	(1)	(66)	(5)	6	1
Contributions by employer	-	70	70	-	45	45
Benefits paid	81	(71)	10	53	(39)	14
As of 31 December	**(1 254)**	**805**	**(449)**	**(1 278)**	**728**	**(550)**

Telenor ASA expects to contribute approximately NOK 36 million to the Telenor Pension Fund in 2016.

177 employees were covered by defined benefit plan of the Telenor Pension Fund. Telenor Pension Fund paid out pensions to 390 persons.

Components of net periodic benefit cost

NOK in millions	2015	2014
Service cost	**(57)**	(48)
One time effect following downsizing	**12**	3
Net interest cost	**(12)**	(16)
Contribution plan costs	**(25)**	(22)
Total pension costs recognised in the income statement	**(82)**	**(83)**

NOTE 4 Other operating expenses

NOK in millions	2015	2014
Operating expenses related to country offices and services from shared service centres	**(306)**	(254)
Cost of premises, vehicles, office equipment, operation and maintenance etc.	**(143)**	(141)
Marketing, representation and sales commission	**(58)**	(56)
Software licence fees	**(85)**	(108)
Workforce reductions and onerous contracts	**(35)**	(24)
Other operating expenses[1]	**(412)**	(203)
Total other operating expenses	**(1 039)**	**(786)**

[1] Other operating expenses are primarily related to safeguarding of interests and to the assessment of new market opportunities. In addition, audit fees and other fees to the auditor are included, see note 34 in consolidated financial statements.

NOTE 5 Research and development costs

Research and development expenses in Telenor ASA were NOK 246 million in 2015 and NOK 199 million in 2014. Research and development activities relate to new technologies and secure full utilisation of existing technologies and network.

NOTE 6 Financial expenses and expenses

NOK in millions	2015	2014
Interest income from Group companies	181	364
Group contribution and dividends from subsidiaries[1]	8 308	17 755
Other financial income	40	31
Other financial income from Group companies[2]	61	1
Total financial income	**8 590**	**18 151**
Interest expenses to Group companies	(144)	(194)
Interest expenses (external)	(1 095)	(1 006)
Loss on guarantees and recourse claims for subsidiaries[3]	-	77
Other financial expenses	(45)	(49)
Total financial expenses	**(1 284)**	**(1 172)**
Foreign currency gain	474	862
Foreign currency loss	(6 293)	(6 182)
Net foreign currency gains	**(5 819)**	**(5 320)**
Net change in fair value of financial instruments at fair value through profit or loss	239	(229)
Net change in fair value of hedging instruments and hedged items	81	519
Net change in fair value of financial instruments	**320**	**290**
Impairment losses on loans to Group companies	37	52
Impairment losses on shares in subsidiaries[4]	-	362
Net gains (losses and impairment) on financial assets	**37**	**414**
Net financial income (expenses)	**1 844**	**12 363**

[1] Group contribution and dividends received from Group companies is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution. In 2015, Telenor ASA received and recognised NOK 7.2 billion in taxable Group contribution, which related to the financial year 2014. In addition, an extraordinary dividend of NOK 1.1 billion was received. In 2014, Telenor ASA received and recognised NOK 6.2 billion in taxable Group contribution and NOK 8.2 billion in tax-free Group contribution related to the financial year 2013. Further, extraordinary dividends at NOK 3.4 billion were received in financial year 2014. The Group contribution for the financial year 2015 is estimated to be NOK 6.7 billion and this will be recognised in 2016.

[2] Other financial income from Group Companies is mainly related to commissions for guarantees given, see note 13.

[3] In 2012 and 2013, Telenor ASA paid out debt guarantees on behalf of the subsidiary Unitech Wireless Private Ltd. Part of the recourse claim that was not repaid by the end of 2013 was written off. In 2014, Telenor received NOK 77 million in additional payments, and the corresponding part of impairment losses was reversed.

[4] Reversal of impairment of NOK 0.4 billion on shares in subsidiaries relates to Telenor Business Partner Invest AS. This company sold its shareholdings in Evry ASA in March 2015. The sale of the shares was agreed in 2014 and the impairment losses from previous years were reversed.

NOTE 7 Income taxes

NOK in millions	2015	2014
Profit before taxes	**545**	**11 299**
Current taxes	**-**	-
Current withholding tax	**(6)**	(12)
Resolution of disputed items and adjustment in previous years' current income tax	**38**	(45)
Change in deferred taxes	**(153)**	163
Income tax income/(expense)	**(121)**	106
Tax basis:		
Profit before taxes	**545**	11 299
Effect of other comprehensive income and tax-free transfers	**85**	(26)
Non-deductible expenses and tax-free income	**(52)**	(366)
Group contribution previous year	**(7 158)**	(6 190)
Dividend – tax-free	**(1 150)**	-
Group contribution previous year – tax-free	**-**	(11 565)
Changes in temporary differences recognised in income statement	**700**	2 035
Group contribution current year	**6 738**	7 188
Correction of losses carried-forward from previous years	**82**	45
Tax loss carried-forward (utilised)	**210**	(2 420)
Tax basis for the year	**-**	**-**
Current taxes at nominal income tax rate in Norway (27%)	**-**	**-**
Effective tax rate		
Income tax expense at corporate income tax rate in Norway (27%)	**(147)**	(3 051)
Effect of other comprehensive income and tax-free transfers	**-**	-
Non-deductible expenses and tax-free income	**14**	99
Received Group contribution, tax-free	**-**	3 123
Accounting effect of received tax-free dividend	**311**	-
Withholding tax paid during the year used for income deduction	**(6)**	(12)
Resolution and adjustments of disputed item	**39**	(39)
Other	**(30)**	(13)
Effect of changes in tax rates	**(301)**	-
Income tax expense	**(121)**	106
Effective tax rate in %	**22.16%**	(0.9%)

NOK in millions	2015	2014	Change
Temporary differences as of 31 December			
Non-current assets	**36**	47	(11)
Interest element in connection with fair value hedges of liabilities	**(1 427)**	(1 919)	492
Other non-current receivables	**-**	(2)	2
Financial derivatives	**(857)**	430	(1 287)
Losses on guarantees	**(280)**	(280)	-
Other accruals for liabilities	**(39)**	(42)	3
Pension liabilities	**(449)**	(550)	101
Group contribution	**(6 738)**	(7 188)	450
Unused tax credits carried-forward	**(44)**	(40)	(4)
Unused tax loss carried-forward	**(5 123)**	(4 913)	(210)
Total temporary differences as of 31 December	**(14 921)**	**(14 457)**	**(464)**
Tax rate	**25%**	27%	
Net deferred tax assets	**3 730**	**3 904**	**(174)**

Changes in net deferred tax assets:	
Effect after regulations on intercompany transfers	10
Recorded to other comprehensive income[1]	(31)
Recognised in the income statement	(153)

The general tax rate in Norway has changed from 27% to 25% with effect from 1 January 2016.

[1] Deferred taxes recognised in other comprehensive income is primarily related to tax on the change in fair value of derivatives that are designated as hedging instruments in cash flow hedges and re-measurement of defined benefit pension plans. Other comprehensive income elements are presented gross in the comprehensive income with the related tax effect on a separate line.

Adjustments of disputed items in 2014 and 2015 are related to royalties on the Telenor Brand rented to foreign subsidiaries. In 2014, Norwegian Tax authorities increased the taxable income with NOK 139 million for the period 2010 to 2012 resulting in a claim of payable tax of NOK 39 million. Telenor provided for this as a tax expense in 2014. Telenor appealed to the Tax Appeal Board and received a final decision in 2015 that reduces taxable income compared to previous decisions for the years 2010 to 2014 with NOK 53 million. The final decision implies that the approved taxable income for the period 2010 to 2012 will be incorporated into the tax return for 2015 and not as tax return decision for fiscal years 2010 to 2012. Therefore the previously recorded tax provision for NOK 39 million is reversed and losses carried-forward from previous years are increased by NOK 53 million and again reduced by NOK 139 million in 2015.

Payment on guarantees provided on behalf of Unitech Wireless Private Ltd. was executed during the third quarter of 2012 with a total of NOK 10.6 billion. The operation in Unitech Wireless Private Ltd. was in 2013 transferred to Telewings Communications Services Private Ltd., and Telenor ASA has only received partial recourse for claims under the guarantees. Losses related to the recourse rights and claim for guarantee commission are hence finally determined, and were treated as tax-deductible losses on operation realised in 2013.

NOTE 8 Intangible assets

2015

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12 - 15 years)	**333**	**-**	**-**	**(29)**	**(215)**	**118**
Software purchased (5 years)	**434**	**-**	**-**	**(9)**	**(427)**	**7**
Work in progress	**8**	**-**	**-**	**-**	**-**	**8**
Total intangible assets	**775**	**-**	**-**	**(38)**	**(642)**	**133**

2014

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12 - 15 years)	333	-	-	(29)	(186)	147
Software purchased (5 years)	433	1	-	(12)	(418)	16
Work in progress	5	3	-	-	-	8
Total intangible assets	**771**	**4**	**-**	**(41)**	**(604)**	**171**

NOTE 9 Other financial assets

NOK in millions	2015	2014
Capital contribution in Telenor Pension Fund[1)]	**298**	298
Derivatives financial instruments	**1 028**	622
Fair value hedging instruments	**2 512**	2 788
Other financial assets external	**22**	21
Total other non-current financial assets	**3 860**	3 729
Short-term interest-bearing receivables Group companies	**301**	289
Receivables Group companies	**345**	295
Short term placement > 3 months	**-**	-
Other current financial assets external	**455**	444
Total other current financial assets	**1 101**	1 028

1) The amount capitalised in the statement of financial position is the cost price, which is considered an approximation of fair value. Telenor ASA holds the entire core capital in the Telenor Pension Fund. The capital contribution to Telenor Pension Fund is classified as financial instruments available for sale.

NOTE 10 Equity and dividends

Allocation of equity and dispositions over the last two years is shown in a separate table, see statement of changes in shareholders' equity. Nominal value per share is NOK 6. As of 31 December 2015, Telenor ASA had no treasury shares.

	2015	2014
Dividends		
Dividends per share in NOK – paid	**7.30**	7.00
Dividends per share in NOK – proposed by the Board of Directors	**7.50**	7.30

Dividend of NOK 11.0 billion has been charged to equity in 2015 (NOK 10.6 billion in 2014), of which NOK 10.7 billion has been paid (NOK 10.6 billion in 2014) and NOK 0.3 billion is recorded as withholding tax liability as of 31 December 2015 (no withholding tax liability as of 31 December 2014).

In respect of 2015, the Board of Directors will propose a dividend of NOK 4.00 per share (NOK 6.0 billion) to be resolved by the Annual General Meeting on 11 May 2016, and paid out in May 2016. In addition, the Board will ask the Annual General Meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2016. In total, this will bring the ordinary dividend for the fiscal year 2015 to NOK 7.50 per share (NOK 11.3 billion).

NOTE 11 Financial instruments and risk management

Risk management

Telenor ASA's treasury function is responsible for financial risk management including liquidity management, interest rate risk, managing foreign exchange risk, credit risk and capital management. The activities in the treasury function are performed according to policies and procedures approved by the Board of Directors of Telenor ASA.

Telenor ASA issues debts in Norwegian and foreign capital market mainly through certificates and bonds. In addition, Telenor ASA has established committed syndicated revolving credit facilities of EUR 2.0 billion with maturity in 2020 and of EUR 0.8 billion with maturity in 2017.

Financing of the Group's activities implies that Telenor ASA's income statement is exposed to changes in interest rates in the market. Fluctuation in interest rates also influences the fair value of assets and liabilities.

Telenor ASA holds debt in other currencies than the Norwegian Krone and is exposed to currency risk related to changes in value of NOK compared to other currencies. Net investment hedge relationships are established to match currency fluctuation on debt instruments to currency fluctuations on foreign investments.

The Company is exposed to credit risk related to receivables and financial instruments with positive value against external parties and other companies in the Group.

Telenor ASA uses derivatives as forward currency contracts and interest rate swaps to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. If the derivatives are designated for cash flow hedge accounting or as part of a hedge of net investment, the changes in fair value are recognised as other comprehensive income.

See also note 2 and note 28 in the consolidated financial statements where financial risks and accounting for financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statement, these are grouped into the classes and categories described below. The estimated fair values of the financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy

Telenor ASA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of financial instruments in the Fair value through profit and loss and Available for sale categories:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing liabilities

Fair values of interest-bearing liabilities are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Equity investments

Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Trade payables and other non-interest bearing financial liabilities

For trade payables and other non-interest bearing financial liabilities the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives

Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2015 and 2014, respectively.

The table below shows the maturity profile for Telenor ASA's liabilities in nominal values:

2015

NOK in millions	Carrying amount	Total as of 31 December 2015	2016	2017-2019	2020-2024	2025->
Interest-bearing liabilities						
Bonds and Commercial Papers	48 582	47 323	-	23 275	17 795	6 252
Other interest-bearing liabilities	240	240	14	226	-	-
Total interest-bearing liabilities external	**48 822**	**47 563**	**14**	**23 501**	**17 795**	**6 252**
Other interest-bearing liabilities Group companies	18 824	18 824	18 824	-	-	
Drawing on Group cash pools	1 542	1 542	-	-	-	1 542
Interest-bearing liabilities Telenor Group	**20 366**	**20 366**	**18 824**	**-**	**-**	**1 542**
Non-interest-bearing liabilities						
Trade and other payables external	1 002	1 002	1 002	-	-	-
Trade and other payables Group companies	136	136	136	-	-	-
Other current non-interest-bearing liabilities	446	446	446	-	-	-
Derivative financial instruments non-current liabilities	4 550	4 550	963	1 900	1 678	9
Total non-interest-bearing liabilities	**6 134**	**6 134**	**2 547**	**1 900**	**1 678**	**9**
Total	**75 322**	**74 063**	**21 385**	**25 401**	**19 474**	**7 803**
Future interest payments	-	5 805	1 058	2 594	2 043	110
Total including future interest payments	**75 322**	**79 868**	**22 443**	**27 995**	**21 517**	**7 913**

2014

NOK in millions	Carrying amount	Total as of 31 December 2014	2015	2016-2018	2019-2023	2024->
Interest-bearing liabilities						
Bonds and Commercial Paper	45 602	43 869	-	17 271	15 302	11 296
Other interest-bearing liabilities	1 251	1 251	14	1 237	-	-
Total interest-bearing liabilities external	**46 853**	**45 120**	**14**	**18 509**	**15 302**	**11 296**
Other interest-bearing liabilities Group companies	14 410	14 410	14 410	-	-	-
Drawing on Group cash pools	1 341	1 341	1 341	-	-	-
Interest-bearing liabilities Telenor Group	**15 751**	**15 751**	**15 751**	**-**	**-**	**-**
Non-interest-bearing liabilities						
Trade and other payables external	927	927	927	-	-	-
Trade and other payables Group companies	141	141	141	-	-	-
Derivative financial instruments non-current liabilities	2 814	2 814	1 200	842	729	44
Other non-current non-interest-bearing liabilities	189	189	189	-	-	-
Total non-interest-bearing liabilities	**4 071**	**4 071**	**2 457**	**842**	**729**	**44**
Total	**66 675**	**64 942**	**18 222**	**19 351**	**16 030**	**11 339**
Future interest payments	-	6 368	929	2 856	2 228	356
Total including future interest payments	**66 675**	**71 310**	**19 043**	**22 206**	**18 259**	**11 695**

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 27 in the consolidated financial statements.

NOTE 12 Current non-interest-bearing liabilities

NOK in millions	Category	2015	2014
Trade payables to Group companies	FLAC[1)]	136	141
Financial derivatives Group companies	FVTPL[2)]	5	-
Current non-interest-bearing liabilities within the Group		**141**	**141**
Trade payables external	FLAC	1 002	927
Government taxes, tax deductions, holiday pay etc.	NF[3)]	106	107
Income taxes payable	NF	-	39
Financial derivatives	FVTPL	958	1 200
Other current liabilities[4)]	FLAC	340	82
Current non-interest-bearing external liabilities		**2 406**	**2 355**

1) FLAC: Financial liabilities at amortised cost.
2) FVTPL: Fair value through profit and loss.
3) NF: Non-financial assets and liabilities.
4) Other current liabilities include NOK 235 million in withholding tax on dividends paid in January 2016.

NOTE 13 Guarantees

NOK in millions	2015	2014 Restated
Guarantee liabilities	**4 603**	4 083

The table above does not include purchased bank guarantees. The guarantee liabilities mainly consist of guarantees issued by the parent company Telenor ASA on behalf of subsidiaries.

NOTE 14 Contractual obligations

In 2015, Telenor ASA terminated car lease agreements and has no future obligations per end of 2015.

As of 31 December 2014, Telenor ASA had committed purchase obligations. These obligations are primarily car lease agreements that Telenor ASA had entered into on behalf of other Group companies.

NOTE 15 Related parties

Telenor ASA's transactions with its major shareholder, the Norwegian State represented by the Ministry of Trade, Industry and Fisheries, are discussed in note 32 to the consolidated financial statements.

Telenor ASA's other related parties consist mainly of subsidiaries of the Group. Telenor ASA sells and buys services from these companies, see note 1 for further description, and provides loans and receives deposits from the companies. When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash pool systems and the internal bank in Group Treasury. Through the internal bank, the subsidiaries can get loans, place excess liquidity and make currency exchanges.

In addition, Telenor ASA receives dividends that are recognised as financial income, see note 6. Group contributions and dividends recognised in 2015 and 2014 of NOK 8.3 billion and NOK 17.8 billion, respectively, are received from companies within Other units.

Sales and purchases of services, receivables and liabilities

	2015				2014			
NOK in million	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	178	32	57	7	180	28	101	6
Sweden	56	9	17	7	41	1	17	-
Denmark	32	5	13	1	31	2	16	-
Hungary	29	4	10	2	24	2	11	2
Serbia	24	1	32	1	19	1	17	2
Bulgaria	26	1	15	-	19	-	9	-
Montenegro	4	-	5	-	2	1	2	-
dtac – Thailand	54	-	98	14	40	-	45	11
Digi – Malaysia	31	2	104	1	30	3	63	1
Grameenphone – Bangladesh	8	-	108	1	28	-	144	1
Pakistan	38	-	13	4	32	(1)	73	6
India	24	2	63	2	9	2	21	1
Broadcast	20	-	7	-	28	-	35	-
Myanmar	17	1	21	5	11	-	19	1
Other units	28	456	478	91	17	487	423	114
Total	**569**	**513**	**1 041**	**136**	511	526	996	145

Financial transactions, receivables and liabilties

	2015				2014			
NOK in million	Interest income	Interest expense	Receivables	Liabilities	Interest income	Interest expense	Receivables	Liabilities
Subsidiaries								
Norway	84	97	3 693	10 168	190	132	6 930	6 329
Sweden	18	-	952	1 527	27	8	1 016	2 416
Denmark	43	-	4 582	102	44	-	4 280	217
Hungary	7	10	1 537	2 069	4	-	599	9
Montenegro	-	-	-	849	-	1	-	797
Broadcast	36	35	1 519	2 444	34	49	888	2 697
India	60	16	-	-	52	4	1 844	-
Myanmar	12	-	-	-	9	-	11	-
Other units	-	1	-	1 665	2	1	15	1 945
Total	**261**	**160**	**12 282**	**18 824**	362	195	15 583	14 410

NOTE 16 Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual financial statements.

Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

NOK in millions	Office	Ownership interest in % 2015	Ownership interest in % 2014	Carrying amount as of 31 December 2015	Carrying amount as of 31 December 2014
Telenor Networks Holding AS	Norway	**100.0**	100.0	**13 124**	13 124
Telenor International Centre AS	Norway	**100.0**	100.0	**-**	-
Telenor Intercom Holding AS[1]	Norway	**100.0**	100.0	**-**	1 279
Telenor Global Shared Services AS	Norway	**100.0**	100.0	**626**	626
Telenor Communication II AS[1]	Norway	**100.0**	100.0	**3 571**	1 732
Telenor Mobile Holding AS	Norway	**100.0**	100.0	**69 824**	69 824
Telenor Business Partner Invest AS[2]	Norway	**100.0**	100.0	**1 150**	1 150
Telenor Broadcast Holding AS	Norway	**100.0**	100.0	**4 429**	4 429
Telenor Eiendom Holding AS	Norway	**100.0**	100.0	**4 159**	4 159
Telenor KB AS	Norway	**100.0**	100.0	**-**	-
Telenor Forsikring AS	Norway	**100.0**	100.0	**300**	300
Maritime Communications Partner AS[4]	Norway	**98.9**	98.9	**172**	172
Telenor Services 1 AS	Norway	**100.0**	100.0	**2**	2
Telenor GTI AS[3]	Norway	**100.0**	100.0	**2 400**	1 600
Aeromobile Holding AS[1]	Norway	**100.0**	100.0	**-**	65
Cinclus Technology AS	Norway	**100.0**	100.0	**-**	-
Telenor Digital AS	Norway	**100.0**	100.0	**360**	360
Total				**100 117**	**98 822**

[1] In 2015, Telenor Communications II AS received in total NOK 495 million in capital increase. The increase was used for investments in new businesses and strengthening the equity in existing subsidiaries. Companies Telenor Intercom Holding AS and Aeromobile Holding AS were merged with Telenor Communication II AS effective as of 1 January 2015.

[2] Telenor Business Partner Invest AS owned 30,24% of the shares in Evry ASA. Agreement regarding the sale of the shareholdings in Evry ASA was entered into in December 2014 and executed in March 2015.

[3] Telenor GTI AS has allocated NOK 800 million in new equity.

[4] The remaining 1,1% of the shares in Maritime Communications Partner AS are owned by Telenor Communication II AS.

Shares in subsidiaries owned through subsidiaries

	Office	Ownership interest in % 2015	Ownership interest in % 2014
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	44.5	44.5
Datametrix AS	Norway	100.0	100.0
Canal Digital Kabel TV AS	Norway	100.0	100.0
Telenor International Centre AS			
Telenor Russia AS	Norway	100.0	100.0
Telenor India Private Ltd	India	99.9	99.9
Telenor Intercom Holding AS[1]			
Nye Telenor Mobile Communications 1 AS[1]	Norway	-	100.0
Telenor Communication II AS			
Telenor Venture VI AS[2]	Norway	-	100.0
Telenor Next Holding AS[2]	Norway	-	100.0
Telenor Kapitalforvaltning AS	Norway	100.0	100.0
Telenor Media Invest AS	Norway	100.0	100.0
TMMH AS	Norway	100.0	100.0
Telenor Traxion AS[2]	Norway	-	100.0
Telenor Cloud Services AS (earlier Telenor Business Internet Services AS)	Norway	100.0	100.0
Telenor Online Partner AS	Norway	100.0	100.0

Telenor Common Operation Zrt	Hungary	100.0	100.0
Telenor Financial Services	Norway	100.0	100.0
Telenor Media Partner AS	Norway	100.0	100.0
Telenor GO Pte	Singapore	100.0	100.0
Oter Invest AS[3)]	Norway	91.4	-
Telenor Mobile Holding AS			
Nye Telenor Mobile Communications III AS	Norway	100.0	100.0
Telenor Mobile Communications AS	Norway	100.0	100.0
Telenor East Invest AS	Norway	100.0	100.0
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Norge AS	Norway	55.5	55.5
Telenor Danmark Holding A/S	Denmark	100.0	100.0
Telenor Sverige Holding AB	Sweden	100.0	100.0
Telenor East Holding II AS	Norway	100.0	100.0
Telenor Connexion Holding AB	Sweden	100.0	100.0
Telenor Broadcast Holding AS			
Telenor Satellite Broadcasting AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Canal Digital AS	Norway	100.0	100.0
Norkring AS	Norway	100.0	100.0
Premium Sports AS	Norway	100.0	100.0
Telenor Eiendom Holding AS			
Telenor Eiendom Fornebu Kvartal 1 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 2 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS	Norway	100.0	100.0
Telenor Eiendom Hareløkken AS	Norway	100.0	100.0
Telenor Real Estate Hungary	Hungary	100.0	100.0
Frognerseterveien 23 AS	Norway	100.0	100.0
Grønnegata 55 AS	Norway	100.0	100.0
Ilderveien 9 AS	Norway	100.0	100.0
Kirkegata 45 Lillehammer AS	Norway	100.0	100.0
Kirkegata 59 AS	Norway	100.0	100.0
Kongens gate 8 / Kirkegaten 9 AS	Norway	100.0	100.0
Kongens gate 21 AS	Norway	100.0	100.0
Nordbyveien 1 AS	Norway	100.0	100.0
Nygaten 4 AS	Norway	100.0	100.0
Skolegata 8 AS	Norway	100.0	100.0
Sælidveien 40 AS	Norway	100.0	100.0
Telenor Digital AS			
Telenor Digital TSM AS	Norway	100.0	100.0
Telenor Health AS[4)]	Norway	100.0	-
Netlife Backup Solutions AS[5)]	Norway	100.0	-

1) Merged with Telenor Communication II AS in 2015.
2) Merged with TMMH AS in 2015.
3) The entity was transferred from a subsidiary of Telenor Communication II AS to Telenor Communication II AS in 2015. No change in ownership.
4) Established in 2015.
5) Bought in 2015.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor Sverige AB	Sweden
Telenor A/S	Denmark
DiGi.Com Bhd	Malaysia
Telenor Magyarország Zrt	Hungary
Telenor d.o.o.	Serbia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (DTAC)	Thailand
GrameenPhone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
Telewings Communications Services Private Ltd.	India
Telenor Bulgaria EAD	Bulgaria
Telenor Myanmar Ltd.	Myanmar

Responsibility Statement

"We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with IFRS as adopted by the EU, and that the financial statements for the parent company for the year ended 31 December 2015 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group, and includes a description of the principal risks and uncertainties that they face."

Fornebu, 15 March 2016

Gunn Wærsted Chair			**Frank Dangeard** Deputy Chair	
Jon Erik Reinhardsen Board member	**Marit Vaagen** Board member	**Dr. Burckhard Bergmann** Board member	**Sally Davis** Board member	**Dag J. Opedal** Board member
Regi Aalstad Board member	**Per Gunnar Salomonsen** Board member	**Åse Selfjord** Board member	**Harald Stavn** Board member	**Sigve Brekke** President & CEO

Statement from the Corporate Assembly of Telenor ASA

On 16 March 2016, the Corporate Assembly of Telenor ASA passed the following resolution.

The Corporate Assembly recommends that the Annual General Meeting approves the Board's proposal for Financial Statements for Telenor Group and Telenor ASA for 2015 as presented to the Corporate Assembly by transfer of NOK 424 million to retained earnings and a dividend payment of NOK 4.00 per share as dividend in May 2016, and for the authority to resolve further dividends, pursuant to which the Board intends to resolve a dividend of NOK 3.50 per share to be paid in November 2016.

Auditor's Report 2015

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Statsautoriserte revisorer
Ernst & Young AS

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To the Annual Shareholders' Meeting of
Telenor ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Telenor ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2015, the income statement, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as 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 these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 on the financial statements for the Parent Company and the Group.

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Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Telenor ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and 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 financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on 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 Directors' report and in the statements on corporate governance and sustainability concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 15 March 2016
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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group

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