

## Note 25 - Income tax

Parent bank			Group	
2015	2016	(NOK million)	2016	2015
1,796	1,945	Result before tax	1,983	1,787
-492	-858	+/- permanent differences *)	-703	-359
251	-24	+/- change in temporary differences as per specification	236	218
-	-	+ deficit to be brought forward	-	55
<b>1,556</b>	<b>1,063</b>	<b>Year's tax base/taxable income</b>	<b>1,516</b>	<b>1,700</b>
420	266	Tax payable on profit for the year	319	459
-30	-	Tax effect of issue cost reflected in equity	0	-29
-65	25	+/- change in deferred tax	22	-60
<b>325</b>	<b>290</b>	<b>Tax charge for the year</b>	<b>341</b>	<b>370</b>
<b>Change in net deferred tax liability</b>				
95	25	Deferred tax shown through profit/loss	22	-60
-30	-19	Deferred tax shown through equity	-19	-29
-	-	Deferred tax assets acquired in business combination	1	-121
-	-	Correction payable tax/deferred tax, previous years *	-	-59
<b>65</b>	<b>6</b>	<b>Total change in net deferred tax liability</b>	<b>4</b>	<b>-269</b>

\*) Due to changes in temporary differences between presented annual accounts and final tax assessment papers

Parent bank Deferred tax in balance sheet		Composition of deferred tax carried in the balance sheet and deferred tax recognised in the income statement (NOK Million)	Group Deferred tax in balance sheet	
2015	2016		2016	2015
-	-	Temporary differences:		
-	-	- Business assets	212	51
99	172	- Leasing items	198	149
125	24	- Pension liability	186	103
584	359	- Securities	24	125
		- Hedge derivatives	359	584
		- Other temporary differences	1	1
<b>809</b>	<b>556</b>	<b>Total tax-increasing temporary differences</b>	<b>979</b>	<b>1,013</b>
<b>202</b>	<b>139</b>	<b>Deferred tax</b>	<b>245</b>	<b>253</b>
-3	-6	Temporary differences:		
-	-	- Business assets	-16	-20
-124	-107	- Pension liability	-	-6
-789	-494	- Securities	-111	-124
-27	-58	- Hedge derivatives	-494	-789
-	-	- Other temporary differences	-454	-233
		- Deficit carried forward	-561	-507
<b>-942</b>	<b>-665</b>	<b>Total tax-decreasing temporary differences</b>	<b>-1,636</b>	<b>-1,679</b>
<b>-236</b>	<b>-166</b>	<b>Deferred tax asset</b>	<b>-408</b>	<b>-420</b>
<b>-33</b>	<b>-27</b>	<b>Net deferred tax (-asset)</b>	<b>-162</b>	<b>-167</b>

The above table comprises temporary differences from all consolidated companies shown gross. At the company level tax-increasing and tax-reducing temporary differences are shown net. At the group level recognition is on a gross basis in conformity with IAS 12 with each company being presented separately in the calculation of the Group's tax benefit and deferred tax:

	2016	2015
Tax benefit recorded 31.12	196	188
Deferred tax recorded 31.12	-33	-21

Parent bank Recognised in income statement		Composition of deferred tax carried in the balance sheet and deferred tax recognised in the income statement (NOK Million)	Group Recognised in income statement	
2015	2016		2016	2015
-7	4	Temporary differences:		
-	-	- Business assets	-161	18
-	-	- Leasing items	-49	-36
-	-148	- Pension liability	-157	16
120	-17	- Securities	101	-4
-195	-295	- Hedge derivatives	225	459
-2	31	- Other temporary differences	0	2
<b>-85</b>	<b>-424</b>	<b>Total tax-increasing temporary differences</b>	<b>-40</b>	<b>455</b>
<b>-23</b>	<b>-106</b>	<b>Deferred tax</b>	<b>-10</b>	<b>123</b>
		Temporary differences:		
-	-	- Business assets	-4	4
-8	-	- Pension liability	-6	-20
-4	101	- Securities	-13	29
459	225	- Hedge derivatives	-295	-195
-	-	- Other temporary differences	221	66
-	-	- Deficit carried forward	53	-60
<b>447</b>	<b>326</b>	<b>Total tax-decreasing temporary differences</b>	<b>-43</b>	<b>-176</b>
<b>121</b>	<b>82</b>	<b>Deferred tax asset</b>	<b>-11</b>	<b>-48</b>
-3	-	Change in tax rate from 28 % to 27 %	-1	14
<b>95</b>	<b>-25</b>	<b>Net</b>	<b>-22</b>	<b>90</b>

2015	2016	Reconciliation of tax charge for the period recognised against profit and loss to profit before tax	2015	2015
485	486	25 % of profit before tax	496	482
-133	-215	Non-taxable profit and loss items (permanent differences) *)	-176	-97
30	19	Tax effect of issue cost reflected in equity	20	-29
3	-	Change in tax rate from 25 % to 24 %	1	14
<b>385</b>	<b>290</b>	<b>Tax for the period recognised in the income statement</b>	<b>341</b>	<b>370</b>
<b>21 %</b>	<b>15 %</b>	<b>Effective tax rate</b>	<b>17 %</b>	<b>21 %</b>

\*) Includes non-deductible costs and and deduction for profit share related to associates and joint ventures (profit shares are taken out having already been taxed at the respective companies).