

## Note 26 - Income tax

The following is a specification of the difference between the accounting profit before tax, the year's tax base and the year's tax charge. Wealth tax is classified as other operating expenses in conformity with IAS 12.

Parent Bank			Group	
2013	2014	(NOK million)	2014	2013
1,701	1,777	Result before tax	2,143	1,758
-426	-566	+/- permanent differences *	-813	-375
290	133	+/- change in temporary differences as per specification	161	379
-	-	+ correction income to be brought forward	-	-46
-	-	+ deficit to be brought forward	-15	-14
<b>1,566</b>	<b>1,344</b>	<b>Year's tax base/taxable income</b>	<b>1,476</b>	<b>1,701</b>
438	363	Of which payable tax	398	476
<b>438</b>	<b>363</b>	<b>Payable tax in the balance sheet</b>	<b>398</b>	<b>476</b>
0	-22	(Excess)/short tax provision last year	-22	0
439	341	Year' change in payable tax	377	477
438	363	Tax payable on profit for the year	398	476
-	27	Tax effect of issue cost reflected in equity	28	-
-78	-36	+/- change in deferred tax	-40	-86
0	-22	+/- too much/too little set aside for payable tax in previous years	-23	-1
-2	-1	+ withholding tax	-1	-2
<b>358</b>	<b>330</b>	<b>Tax charge for the year</b>	<b>362</b>	<b>388</b>
		<b>Change in net deferred tax liability</b>		
-78	-36	Deferred tax shown through profit/loss	-40	-86
12	-27	Deferred tax shown through equity	-28	12
-	78	Correction payable tax/deferred tax, previous years *	73	-
<b>-66</b>	<b>15</b>	<b>Total change in net deferred tax liability</b>	<b>5</b>	<b>-74</b>

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

Deferred tax in balance sheet		Composition of deferred tax carried in the balance sheet and deferred tax recognised in the income statement	Deferred tax in balance sheet	
2013	2014		2014	2013
-	-	Temporary differences:		
-	-	- Business assets	69	94
82	-	- Leasing items	113	74
195	122	- Pension liability	3	84
488	1,043	- Securities	122	195
56	1	- Hedge derivatives	1,043	488
		- Other temporary differences	3	56
<b>820</b>	<b>1,166</b>	<b>Total tax-increasing temporary differences</b>	<b>1,353</b>	<b>991</b>
<b>221</b>	<b>315</b>	<b>Deferred tax</b>	<b>365</b>	<b>269</b>
		Temporary differences:		
-20	-11	- Business assets	-16	-24
-	-19	- Pension liability	-26	-2
-263	-4	- Securities	-95	-263
-474	-984	- Hedge derivatives	-984	-474
-	-30	- Other temporary differences	-168	-136
-	-	- Deficit carried forward	-62	-74
<b>-757</b>	<b>-1,048</b>	<b>Total tax-decreasing temporary differences</b>	<b>-1,350</b>	<b>-974</b>
<b>-204</b>	<b>-283</b>	<b>Deferred tax asset</b>	<b>-365</b>	<b>-263</b>
<b>17</b>	<b>32</b>	<b>Net</b>	<b>1</b>	<b>6</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:

			2014	2013
<b>Tax benefit recorded 31.12</b>			<b>44</b>	18
<b>Deferred tax recorded 31.12</b>			<b>45</b>	23

  

Recognised in income statement		Composition of deferred tax carried in the balance sheet and deferred tax recognised in the income statement	Recognised in income statement	
2013	2014		2014	2013
		Temporary differences:		
-	-9	- Business assets	25	22
-	-	- Leasing items	-39	46
-61	-	- Pension liability	-32	-60
-34	-67	- Securities	73	48
-92	-555	- Hedge derivatives	-555	129
-	-	- Other temporary differences	-1	2
<b>-187</b>	<b>-631</b>	<b>Total tax-increasing temporary differences</b>	<b>-529</b>	<b>187</b>
<b>-52</b>	<b>-170</b>	<b>Deferred tax</b>	<b>-143</b>	<b>52</b>
		Temporary differences:		
5	-	- Business assets	-8	6
-	101	- Pension liability	24	-3
343	124	- Securities	22	262
129	510	- Hedge derivatives	510	-92
-	30	- Other temporary differences	41	81
-	-	- Deficit carried forward	-12	-118
<b>477</b>	<b>765</b>	<b>Total tax-decreasing temporary differences</b>	<b>575</b>	<b>134</b>
<b>134</b>	<b>206</b>	<b>Deferred tax asset</b>	<b>155</b>	<b>38</b>
-3	-	Change in tax rate from 28 % to 27 %	-	-4
<b>78</b>	<b>36</b>	<b>Net</b>	<b>13</b>	<b>86</b>
		<b>Reconciliation of tax charge for the period recognised against profit and loss to profit before tax</b>		
<b>2013</b>	<b>2014</b>		<b>2014</b>	<b>2013</b>
476	480	27 (28 last year) % of profit before tax	579	492
-119	-153	Non-taxable profit and loss items (permanent differences) *	-220	-105
-	-	Recognised deferred tax previous years	0	-1
-	27	Tax effect of issue cost reflected in equity	28	-
3	-	Change in tax rate from 28 % to 27 %	-	4
-2	-1	Withholding tax	-1	-2
0	-22	Too much/little tax provision previous years	-23	-1
<b>358</b>	<b>330</b>	<b>Tax for the period recognised in the income statement</b>	<b>363</b>	<b>388</b>
<b>21 %</b>	<b>19 %</b>	<b>Effective tax rate</b>	<b>17 %</b>	<b>22 %</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).