

## Note 25 - Income tax

Parent Bank			Group	
2017	2018	(NOK million)	2018	2017
2,236	2,379	Result before tax	2,382	2,269
-630	-535	+/- permanent differences *	-443	-242
-215	-228	+/- change in temporary differences as per specification	-205	-
-	-	+ deficit to be brought forward	0	45
<b>1,391</b>	<b>1,615</b>	<b>Year's tax base/taxable income</b>	<b>1,733</b>	<b>2,073</b>
348	404	Tax payable on profit for the year	462	378
-11	-14	Reduced tax payable due to hybrid capital dividends	-14	-11
<b>337</b>	<b>389</b>	<b>Taxes payable in balance sheet</b>	<b>448</b>	<b>367</b>
348	404	Tax payable on profit for the year	462	378
55	52	+/- change in deferred tax	47	72
<b>403</b>	<b>456</b>	<b>Tax charge for the year</b>	<b>509</b>	<b>450</b>
		<b>Change in net deferred tax liability</b>		
55	52	Deferred tax shown through profit/loss	47	72
-2	5	Deferred tax shown through equity	4	1
		Reclassification tax payable/deferred tax*	12	
<b>54</b>	<b>57</b>	<b>Total change in net deferred tax liability</b>	<b>63</b>	<b>72</b>

\* Due to group contribution

Deferred tax in balance sheet			Deferred tax in balance sheet	
2017	2018	Composition of deferred tax carried in the balance sheet (NOK million)	2018	2017
		Temporary differences:		
6	-	- Business assets	194	199
-	-	- Leasing items	288	250
134	158	- Pension liability	161	148
221	188	- Securities	189	225
79	219	- Hedge derivatives	219	79
-	-	- Other temporary differences	4	5
<b>440</b>	<b>565</b>	<b>Total tax-increasing temporary differences</b>	<b>1,055</b>	<b>906</b>
<b>110</b>	<b>141</b>	<b>Deferred tax</b>	<b>263</b>	<b>226</b>
		Temporary differences:		
-2	-2	- Business assets	-16	-14
-	-	- Pension liability	-	-
-28	-	- Securities	-	-28
-267	-209	- Hedge derivatives	-209	-267
-38	-21	- Other temporary differences	-117	-94
		- Deficit carried forward	-840	-867
<b>-335</b>	<b>-232</b>	<b>Total tax-decreasing temporary differences</b>	<b>-1,182</b>	<b>-1,271</b>
<b>-84</b>	<b>-58</b>	<b>Deferred tax asset</b>	<b>-292</b>	<b>-317</b>
<b>25</b>	<b>82</b>	<b>Net deferred tax (-asset)</b>	<b>-28</b>	<b>-92</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:

	2018	2017
Tax benefit recorded 31.12	175	155
Deferred tax recorded 31.12	-147	-85

Recognised in income statement		Composition of deferred tax recognised in the income statement (NOK million)	Recognised in income statement	
2017	2018		2018	2017
-12	7	Temporary differences:		
-	-	- Business assets	5	13
37	-6	- Leasing items	-38	-52
-280	48	- Pension liability	6	10
-236	-51	- Securities	36	-200
-20	-17	- Hedge derivatives	-58	280
		- Other temporary differences	0	-4
<b>-511</b>	<b>-18</b>	<b>Total tax-increasing temporary differences</b>	<b>-49</b>	<b>47</b>
<b>-128</b>	<b>-5</b>	<b>Deferred tax</b>	<b>-12</b>	<b>11</b>
		Temporary differences:		
-	-	- Business assets	2	
-	-0	- Pension liability	-	-
4	-42	- Securities	-28	-83
288	-149	- Hedge derivatives	-140	-227
		- Other temporary differences	-7	-158
-	-	- Deficit carried forward	28	124
<b>293</b>	<b>-191</b>	<b>Total tax-decreasing temporary differences</b>	<b>-145</b>	<b>-344</b>
<b>73</b>	<b>-48</b>	<b>Deferred tax asset</b>	<b>-36</b>	<b>-83</b>
-	-	Change in tax rate	2	0
<b>-55</b>	<b>-52</b>	<b>Net</b>	<b>-47</b>	<b>-72</b>

2017	2018	Reconciliation of tax charge for the period recognised against profit and loss to profit before tax	2018	2017
559	595	25 % of profit before tax	659	639
-158	-134	Non-taxable profit and loss items (permanent differences) *	-158	-191
2	-5	Tax effect of costs reflected in equity	-1	-
		Change in tax rate	1	1
		Change in tax assets not recognised	7	-
<b>403</b>	<b>456</b>	<b>Tax for the period recognised in the income statement</b>	<b>509</b>	<b>450</b>
<b>18 %</b>	<b>19 %</b>	<b>Effective tax rate</b>	<b>21 %</b>	<b>20 %</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).