

Note 23 - Income tax

Accounting Policy

Tax recorded in the income statement comprises tax in the period (payable tax) and deferred tax. Period tax is tax calculated on the taxable profit for the year. Deferred tax is accounted for by the liability method under IAS 12. Calculation of deferred tax is done using the tax rate in effect at any time. Liabilities or assets are calculated on temporary differences i.e. the difference between balance-sheet value and tax-related value of assets and liabilities. However, liabilities or assets are not calculated in the case of deferred tax on goodwill for which there is no deduction for tax purposes, nor on first-time-recognised items which affect neither the accounting nor the taxable profit.

A deferred tax asset is calculated on a tax loss carryforward. Deferred tax assets are recognised only to the extent that there is expectation of future taxable profits that enable use of the tax asset. Withholding tax is presented as period tax. Wealth tax is presented as an operating expense in the group accounts under IAS 12.

Parent Bank			Group	
2022	2023	(NOK million)	2023	2022
3,125	4,498	Result before tax	3,688	3,353
-456	-1,099	+/- permanent differences	-632	-722
-315	-216	+/- change in temporary differences as per specification	-227	-313
-	-	+ deficit carried forward	-0	-4
2,354	3,183	Year's tax base/taxable income	2,829	2,313
612	803	Tax payable on profit for the year	885	699
-15	-30	Taxes on interest hybrid capital	-31	-15
15	8	Excess/too little tax accrued previous year	14	21
612	781	Total taxes payable in statement of financial position	868	705
612	803	Tax payable on profit for the year	885	699
34	47	+/- change in deferred tax	50	35
-15	-30	Taxes on interest hybrid capital	-31	-15
631	820	Tax charge for the year	904	718
		Change in net deferred tax liability		
-34	47	Deferred tax shown through profit/loss	50	-35
-44	7	Deferred tax shown through equity	7	-44
-	41	Change in deferred tax arising from business combination	41	-81
3	11	Too little taxes accrued previous year	-9	3
76	106	Total change in net deferred tax liability	89	-156

* Due to changes in temporary differences between annual accounts and final tax papers.

2022	2023	Composition of deferred tax carried in the balance sheet (NOK Million)	2023	2022
		Temporary differences:		
-	13	- Business assets	44	27
-	-	- Leasing items	310	273
234	212	- Pension liability	216	236
202	544	- Securities	544	202
2,154	1,337	- Hedge derivatives	1,337	2,154
-	128	- Other temporary differences	128	4
2,590	2,233	Total tax-increasing temporary differences	2,578	2,896
648	558	Deferred tax	644	723
		Temporary differences:		
-27	-	- Business assets	-12	-38
-	-	- Pension liability	-	-
-75	-48	- Securities	-48	-75
-2,185	-1,471	- Hedge derivatives	-1,471	-2,185
-13	-2	- Other temporary differences	-117	-107
-	-	- Deficit carried forward	-	-1
-2,301	-1,521	Total tax-decreasing temporary differences	-1,648	-2,407
-575	-380	Deferred tax asset	-411	-602
72	178	Net deferred tax (-asset)	231	122

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:

	2023	2022
Tax benefit recorded 31 Dec	6	5
Deferred tax recorded 31 Dec	-236	-127

2022	2023	Reconciliation of tax charge for the period recognised against profit and loss to profit before tax	2023	2022
781	1,125	25 % of profit before tax	1,190	882
-114	-275	Non-taxable profit and loss items (permanent differences)	-257	-129
-44	-30	Tax effect of costs reflected in equity	-31	-44
8	-	Too little taxes accrued previous year	2	8
631	820	Tax for the period recognised in the income statement	904	718
20 %	18 %	Effective tax rate	25 %	21 %