

Summary of key financial information
ANZ New Zealand

Profit	Half year	Half year	Sep 20 v	Sep 20 v	Full year	Full year	Sep 20 v	Sep 20 v
	Sep 20	Mar 20	Mar 20	Mar 20	Sep 20	Sep 19	Sep 19	Sep 19
	NZ\$m	NZ\$m	NZ\$m	%	NZ\$m	NZ\$m	NZ\$m	%
Net interest income	1,581	1,648	(67)	-4%	3,229	3,232	(3)	0%
Other operating income	476	344	132	38%	820	1,094	(274)	-25%
Operating income	2,057	1,992	65	3%	4,049	4,326	(277)	-6%
Operating expenses	908	828	80	10%	1,736	1,585	151	10%
Profit before credit impairment and income tax	1,149	1,164	(15)	-1%	2,313	2,741	(428)	-16%
Credit impairment charge	169	232	(63)	-27%	401	99	302	large
Profit before income tax	980	932	48	5%	1,912	2,642	(730)	-28%
Income tax expense	286	255	31	12%	541	709	(168)	-24%
Cash profit¹	694	677	17	3%	1,371	1,933	(562)	-29%
Reconciliation of cash profit to statutory profit								
Cash profit	694	677	17	3%	1,371	1,933	(562)	-29%
Reconciling items (net of tax):								
Economic and revenue hedges ²	(147)	112	(259)	large	(35)	(27)	(8)	30%
Revaluation of insurance policies ³	-	-	-	large	-	(81)	81	-100%
Statutory profit	547	789	(242)	-31%	1,336	1,825	(489)	-27%
Comprising:								
Retail	299	374	(75)	-20%	673	934	(261)	-28%
Commercial	185	217	(32)	-15%	402	542	(140)	-26%
Central Functions	1	3	(2)	-67%	4	3	1	33%
New Zealand Division	485	594	(109)	-18%	1,079	1,479	(400)	-27%
Institutional	268	84	184	large	352	267	85	32%
Technology and Group Centre ¹	(59)	(1)	(58)	large	(60)	187	(247)	large
Cash profit¹	694	677	17	3%	1,371	1,933	(562)	-29%
Reconciling items	(147)	112	(259)		(35)	(108)	73	
Statutory profit¹	547	789	(242)	-31%	1,336	1,825	(489)	-27%

1. Loss on sale of UDC Finance Ltd and gains on sale of OnePath Life (NZ) Ltd and Paymark Ltd

Statutory profit for the year ended 30 September 2020 includes a \$32m loss on sale of UDC Finance Ltd (UDC). Cash profit also includes an after tax loss of \$23m on the unwind of economic hedges of UDC loans and advances. Statutory profit for the year ended 30 September 2019 includes a \$66m gain on sale of OnePath Life (NZ) Ltd (OPL NZ) and a \$39m gain on sale of Paymark Ltd. Cash profit also includes an after tax gain of \$86 million on the reversal of the life-to-date cash profit adjustments on the revaluation of OPL NZ insurance policies sold. The cash profit impact of these items is included in Technology and Group Centre.

2. Economic and revenue hedges

Fair value gains and losses are recognised in the Income Statement on economic and revenue hedges used to manage interest rate and foreign exchange risk. The mark to market adjustments on these derivatives, not designated in an accounting hedge, are removed from cash profit as the fair value gains or losses will reverse over time to match the profit or loss on the hedged item. Included in economic hedges are funding related swaps and specialised leasing transactions.

3. Revaluation of insurance policies

To calculate certain policy liabilities, projected future cash flows on insurance contracts are discounted at a market discount rate to the present value of the obligation. Any change is reflected in the Income Statement each period. The volatility from changes in market discount rates is removed from cash profit each year as the impact reverts to zero over the life of the insurance contract. In the year ended 30 September 2019, accumulated gains of \$86m after tax were returned to cash profit upon the sale of OPL NZ as noted in point 1 above.