

# First Quarter Trading Update 2026

**national  
australia  
bank**



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The December 2025 quarter results are compared with the quarterly average of the September 2025 half year results for continuing operations unless otherwise stated. Revenue, expenses and asset quality are expressed on a cash earnings basis.

## 1Q26 FINANCIAL HIGHLIGHTS

**\$2.21bn**

Unaudited statutory net profit

**\$2.02bn**

Unaudited cash earnings<sup>(i)</sup>

Up 15% v 2H25 qrtly avg

Up 16% v 1Q25

**12%**

Underlying profit growth<sup>(i)</sup>

v 2H25 qrtly avg

11% growth v 1Q25

**11.48%**

Group Common Equity

Tier 1 ratio (CET1)<sup>(ii)</sup>

"We have started FY26 strongly. Underlying profit rose 12% compared with the 2H25 quarterly average, driven by increases across each of our customer facing divisions and a supportive Australian economic environment. Pleasingly, asset quality outcomes also improved over 1Q26 and we have maintained appropriate balance sheet settings.

Disciplined execution of our strategy has delivered further progress this quarter across our key priorities of growing business banking, driving deposit growth and strengthening proprietary home lending. Australian business lending rose 2% including 3% growth from Business & Private Banking (B&PB), with market share gains in SME and total business lending<sup>(1)</sup>. Australian home lending grew 1.1x system excluding Advantedge run-off<sup>(2)</sup>, with drawdowns via proprietary channels improving from 41% in 2H25 to 46% in 1Q26<sup>(3)</sup>. Deposit balances in B&PB and Personal Banking (PB) increased 3% including 6% growth in transaction accounts excluding offsets. We also completed the migration of Citi Consumer Business customers onto NAB systems in 1Q26.

Delivering simpler, faster outcomes to materially improve customer experiences has supported further productivity benefits this period, allowing us to manage costs while investing. We continue to target productivity savings of more than \$450 million for FY26 and for FY26 operating expense growth to be less than FY25 growth of 4.6%<sup>(4)</sup>.

NAB is well placed to manage our bank for the long term and to support our customers, while delivering sustainable growth and returns for shareholders." - **Andrew Irvine NAB CEO**

(i) Refer note on cash earnings and underlying profit on page 5.

(ii) CET1 capital ratio is on a Level 2 basis.

## Operating performance

Cash earnings were 15% higher compared with the 2H25 quarterly average, mainly reflecting underlying profit growth of 12% and lower credit impairment charges. Key drivers of underlying profit growth include:

- Revenue rose 6%. Excluding Markets & Treasury (M&T) income, revenue increased 4% primarily reflecting volume growth, higher fees and commissions and lower customer-related remediation;
- Net interest margin (NIM) increased 2 basis points (bps) to 1.80%. Excluding M&T and the impact of liquid assets, NIM was stable reflecting improved deposit outcomes including higher earnings on deposit replicating portfolios, offset by lending competition;
- Expenses were broadly flat. Technology spend rose and personnel-related costs were higher mostly reflecting bankers and operations staff added in FY25. These increases were offset by productivity benefits, lower restructuring expense, and lower payroll review and remediation costs.

## Supporting our customers & communities

- Improving access to financial solutions with NAB's appointment tool now letting customers book a time to discuss everyday banking needs in branches or via zoom, and new NAB Financial Centres (initially in Chatswood) bringing together premier, private banking and proprietary home lending specialists in a single location to offer tailored, holistic support.
- Better addressing customer feedback with the NAB Customer Voices program delivering more than 2,000 improved customer experiences and resolution of more than 300 elevated issues since November 2024.
- Helping customers impacted by severe weather events over the four months to January 2026 with more than \$280,000 in Disaster Relief grants and approximately \$725,000 in NAB Foundation grants for projects helping communities withstand and recover from natural disasters.

(1) Australian business lending refers to business lending in B&PB and Corporate & Institutional Banking (C&IB) divisions. SME business lending market share derived from latest RBA statistics as at Dec 25 excluding financial business and including business lending relating to both B&PB and some C&IB customers. Total business lending market share based on business lending to non-financial businesses and community service organisations under APRA Monthly Authorised Deposit-taking Institution Statistics definitions using latest data as at Dec 25.

(2) System refers to APRA Monthly Authorised Deposit-taking Institution statistics. Latest data as at Dec 2025. Including Advantedge, 1Q26 growth versus system was 0.8x.

(3) Refers to proprietary home lending drawdowns in PB and B&PB divisions. Excludes ubank.

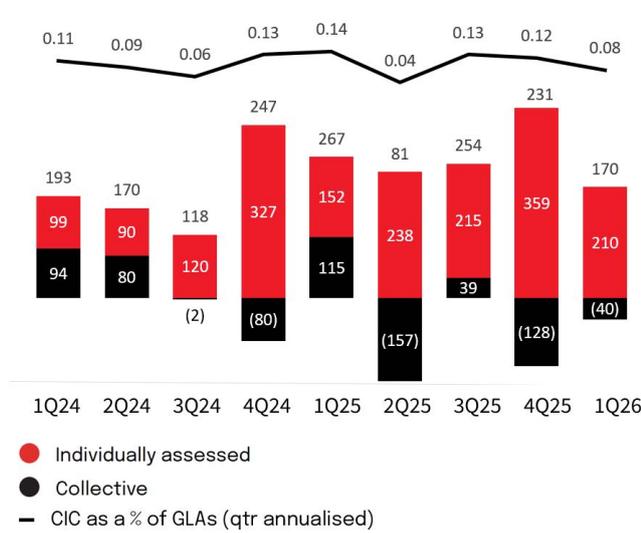
(4) Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 5. FY26 guidance excluding any large notable items.

**Asset quality**

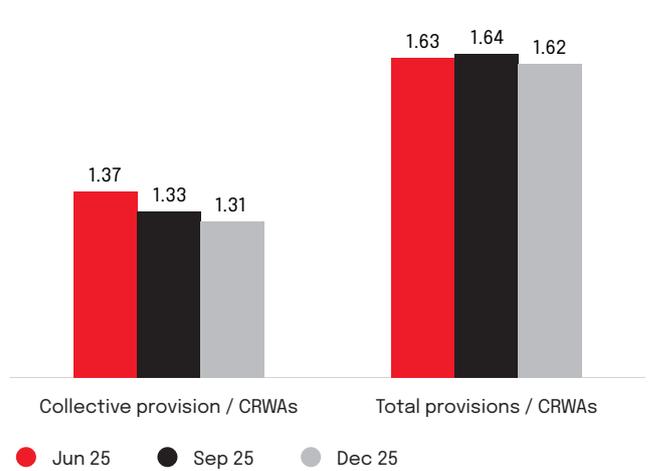
- Credit impairment charge (CIC) of \$170 million in 1Q26 primarily reflects individually assessed charges of \$210 million mainly relating to the Australian business lending and unsecured retail portfolios.
- Net Collective Provision (CP) release of \$40 million in 1Q26 was driven by transfers to individually assessed provisions and data refinements, partly offset by business lending volume growth. There have been no changes to the economic assumptions or scenario weightings used in the Economic Adjustment or the sector specific assumptions used in the Forward Looking Adjustments during 1Q26; 4Q25 included a refresh of forward looking assumptions relating to the Economic Adjustment and Forward Looking Adjustments.

- Compared with September 2025, the ratio of CP to credit risk weighted assets (CRWA) decreased by 2 bps to 1.31%.
- The ratio of non-performing exposures to gross loans and acceptances (GLAs) decreased by 8 bps from September 2025 to 1.47% driven by a decrease in the ratio of default but not impaired assets to GLAs reflecting improved outcomes in the B&PB business lending and Australian mortgage portfolios. The ratio of impaired assets to GLAs was stable compared with September 2025.

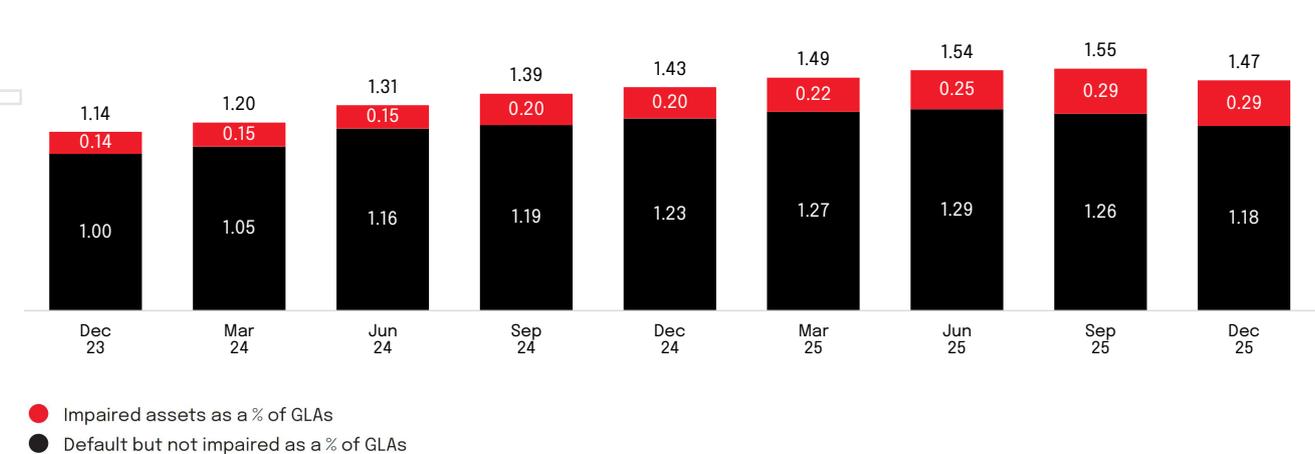
**Credit impairment charges (\$m)**



**Provision coverage (%)**



**Non-performing exposures / gross loans and acceptances (%)<sup>(1)</sup>**



(1) Default but not impaired includes loans that have been classified as restructured in accordance with APS 220 Credit Risk Management which are assessed as no loss based on security held.

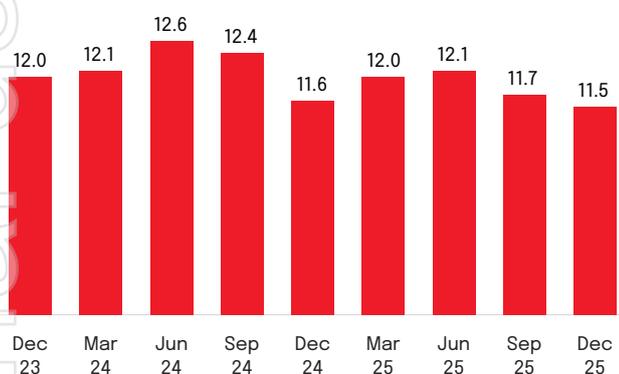
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### Capital, funding and liquidity

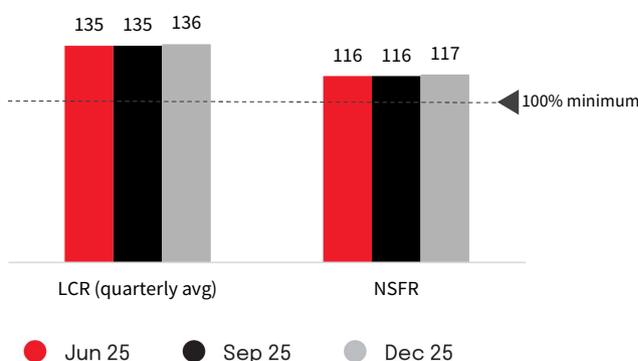
- Group CET1 ratio on a Level 2 basis of 11.48% at December 2025 compared with 11.70% at September 2025. Key drivers of the reduction over the period include payment of the 2025 final dividend and RWA growth of \$6.0 billion, partly offset by cash earnings and the impact of the sale of the Group's remaining 20% stake in MLC Life (11 bps)<sup>(1)</sup>.
- Level 1 CET1 ratio at December 2025 of 11.50% compared with 11.60% at September 2025.
- Key drivers of RWA growth over 1Q26 were CRWA growth (+\$2.4 billion) and an increase in the standardised capital floor adjustment (+\$3.0 billion). There were also small movements over the quarter in Market Risk RWA (+\$0.4 billion), Operational Risk RWA (+\$1.1 billion) and Interest Rate Risk in the Banking Book (IRRBB) RWA (-\$0.9 billion).

- CRWA increase of \$2.4 billion primarily reflects volume growth of \$6.4 billion mainly as a result of business lending. This was partly offset by model & methodology benefits of \$2.3 billion<sup>(2)</sup>.
- IRRBB RWA decrease of \$0.9 billion includes a benefit of \$3.9 billion related to adoption of the revised APS 117 Capital Adequacy standard on 1 October 2025, partially offset by the impact of an increase in market interest rates over the quarter.
- Leverage ratio of 4.9%.
- The Group has raised \$15.8 billion of term wholesale funding over the four months to January 2026.

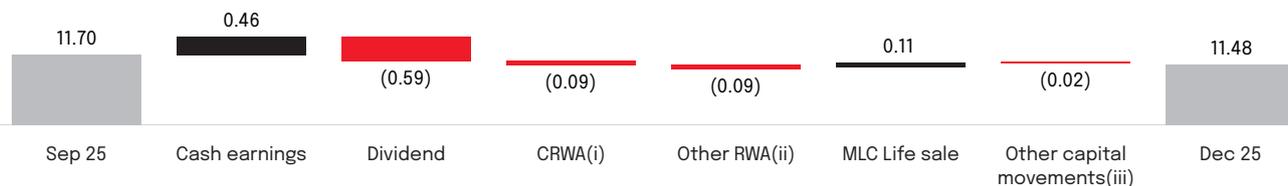
Level 2 Group CET1 ratio (%)



Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

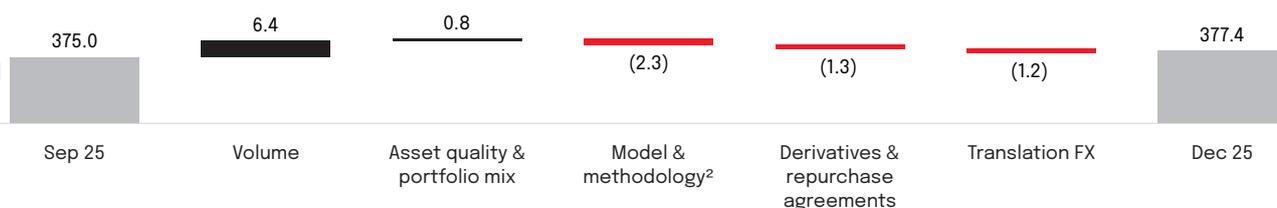


Level 2 Group CET1 ratio Sep 25 - Dec 25 (%)



(i) CRWA excludes foreign exchange translation.  
 (ii) Other RWA includes an increase in the standardised capital floor adjustment which has reduced the Level 2 CET1 ratio by 8 bps over 1Q26.  
 (iii) Other capital movements relate to net foreign exchange translation, non-cash earnings, capitalised software, capitalised expenses, reserves and other miscellaneous items.

Credit Risk Weighted Assets Sep 25 - Dec 25 (\$bn)



(1) Sale of the Group's remaining 20% stake in MLC Life to Nippon Life Insurance Company for \$497 million which completed on 31 October 2025. Impact on Level 1 CET1 ratio of 8 bps. A reference to "MLC Life" in this update means Nippon Life Insurance Australia and New Zealand Limited (formerly MLC Limited).  
 (2) Model & methodology benefits include implementation of internal ratings-based approaches (previously standardised approach) for a portfolio of mortgages related to the Citi consumer business and NAB Europe exposures, and implementation of a new probability of default model for Bank of New Zealand residential mortgages. Further details available in the Group's Pillar 3 Report as at 31 December 2025.

Appendix 1: Key financial information<sup>(1)</sup>

|  |                         |              | Movement                    |                     |
|--|-------------------------|--------------|-----------------------------|---------------------|
|  | 2H25<br>Qtr avg<br>\$bn | 1Q26<br>\$bn | 1Q26 v 2H25<br>Qtr avg<br>% | 1Q26<br>v 1Q25<br>% |
| <b>Group performance results</b>       |                         |              |                             |                     |
| Net interest income                    | 4.5                     | 4.6          | 3                           | 10                  |
| Other operating income                 | 0.8                     | 1.0          | 22                          | 1                   |
| <b>Net operating income</b>            | <b>5.3</b>              | <b>5.6</b>   | <b>6</b>                    | <b>8</b>            |
| Operating expenses                     | (2.5)                   | (2.5)        | 0                           | 5                   |
| <b>Underlying profit</b>               | <b>2.8</b>              | <b>3.1</b>   | <b>12</b>                   | <b>11</b>           |
| Credit impairment charge               | (0.2)                   | (0.2)        | (30)                        | (36)                |
| <b>Cash earnings before income tax</b> | <b>2.5</b>              | <b>2.9</b>   | <b>16</b>                   | <b>16</b>           |
| Income tax expense                     | (0.7)                   | (0.9)        | 17                          | 15                  |
| Non-controlling interests              | (0.0)                   | (0.0)        | (5)                         | (4)                 |
| <b>Cash earnings</b>                   | <b>1.8</b>              | <b>2.0</b>   | <b>15</b>                   | <b>16</b>           |
| <b>Statutory net profit</b>            | <b>1.7</b>              | <b>2.2</b>   | <b>32</b>                   | <b>30</b>           |

|                                   |                |                | Movement                |                         |
|-----------------------------------|----------------|----------------|-------------------------|-------------------------|
|                                   | Sep 25<br>\$bn | Dec 25<br>\$bn | Dec 25<br>v Sep 25<br>% | Dec 25<br>v Dec 24<br>% |
| <b>Volumes</b>                    |                |                |                         |                         |
| Total gross loans and acceptances | 781.5          | 792.5          | 1                       | 6                       |
| Housing                           | 436.6          | 442.4          | 1                       | 5                       |
| Business                          | 330.9          | 336.2          | 2                       | 7                       |
| Other                             | 14.1           | 13.9           | (1)                     | (1)                     |
| Total customer deposits           | 658.4          | 667.5          | 1                       | 6                       |

(1) Dollar billion values have been rounded to one decimal point. Totals may not add due to rounding. Growth rates are based on actual underlying dollar values (not rounded values).

## For further information

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This announcement has been authorised for release by Shaun Dooley, Group Chief Financial Officer.

## Disclaimer – forward looking statements

This announcement contains statements that are, or may be deemed to be, forward looking statements. These forward looking statements may be identified by the use of forward looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", "goal", "target", "intend", "likely", "may", "will", "could" or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. You are cautioned not to place undue reliance on such forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements.

There are a number of other important factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) a significant change in the Group's financial performance or operating environment; a material change to law or regulation or changes to regulatory policy or interpretation; and risks and uncertainties associated with the ongoing impacts of the Russia-Ukraine and Israeli-Palestinian conflicts and other geopolitical tensions, the Australian and global economic environment, capital market conditions and changes in global trade policies. Further information is contained in the Group's Annual Report for the 2025 financial year, available at [nab.com.au](http://nab.com.au).

## Note on cash earnings and underlying profit

The Group's results are presented on a cash earnings basis unless otherwise stated. Cash earnings is a key financial performance measure used by the Group and the investment community. The Group also uses cash earnings for its internal management reporting, as it better reflects what NAB considers to be the underlying performance of the Group. Underlying profit represents cash earnings before credit impairment charges, income tax expense and non-controlling interests. Cash earnings and underlying profit are not statutory financial measures, are not presented in accordance with Australian Accounting Standards, and are not audited or reviewed in accordance with Australian Auditing Standards. The 2025 Full Year Results - Management Discussion and Analysis provides details of how cash earnings is defined on page 10 and a discussion of non-cash earnings items and a full reconciliation of cash earnings and underlying profit to statutory net profit attributable to owners of the Company on pages 72 to 74. The Group's financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, and audited (full year) or reviewed (half year) by the Group's auditors in accordance with Australian Auditing Standards, are made available on the Group's website. The 2026 Half Year Results are expected to be made available on or around 4 May 2026.