

Third Quarter Trading Update 2025

**national
australia
bank**



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

3Q25 FINANCIAL HIGHLIGHTS

\$1.66bn

Unaudited statutory net profit

\$1.77bn

Unaudited cash earnings⁽ⁱ⁾
Down 1% v 1H25 qrtly avg
Flat v 3Q24

2%

Underlying profit growth⁽ⁱ⁾
v 1H25 qrtly avg
4% growth v 3Q24

12.14%

Group Common Equity
Tier 1 ratio (CET1)⁽ⁱⁱ⁾

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

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

"Execution of NAB's strategy and focus on our key priorities has supported a 2% lift in underlying profit this quarter.

Over the three months to 30 June 2025, Business & Private Banking (B&PB) business lending grew 4% and we achieved our highest ever June monthly business lending balance growth of \$4.6bn⁽¹⁾. Australian home lending grew 2% representing 1x system⁽²⁾ with gradual improvement in the percentage of drawdowns via proprietary channels⁽³⁾. Deposits⁽⁴⁾ were broadly stable over the quarter but increased 6% over the nine months to 30 June 2025 representing 1x system⁽²⁾ and reflecting our long term focus on improving deposit performance.

We have delivered further efficiency benefits this quarter and we continue to target productivity savings in excess of \$400 million in FY25⁽⁵⁾. However, we now expect FY25 operating expense growth of approximately 4.5%⁽⁵⁾. This includes costs associated with a program to identify, rectify and remediate payroll issues currently estimated at \$130 million in FY25⁽⁵⁾, which is disappointing and must be fixed.

Balance sheet settings remained prudent over 3Q25 consistent with a focus on safety and sustainability. In addition, our actions to improve compliance with Australia's anti-money laundering and counter-terrorism financing laws and transform our approach to managing financial crime has seen AUSTRAC cancel our Enforceable Undertaking (EU).

We remain optimistic about the outlook and are well placed to manage NAB for the long term and deliver sustainable growth and returns for shareholders."

- **Andrew Irvine NAB CEO**

Operating performance

Cash earnings were 1% lower compared with the 1H25 quarterly average, mainly reflecting underlying profit growth of 2% offset by higher credit impairment charges. Key drivers of underlying profit growth include:

- Revenue grew 3%. Revenue excluding Markets & Treasury (M&T) income rose 4% primarily reflecting higher margins and volume growth;
- Net interest margin (NIM) increased 8 basis points (bps). Excluding M&T and the impact of lower volumes of liquid assets, NIM rose 4 bps, primarily benefitting from higher earnings on replicating portfolios together with lower short term funding costs;
- Expenses rose 3% mainly reflecting higher personnel-related costs (including payroll remediation costs incurred in 3Q25), along with increased technology spend. These were partly offset by productivity benefits and lower costs relating to customer remediation and the Group's EU with AUSTRAC.

Supporting our customers & communities

- Making banking easier, more personal, and more connected to our communities, with 100 branches refurbished since October 2024, (including 82 in regional locations), delivering modern, welcoming hubs with improved accessibility and spaces designed for meaningful customer conversations.
- Streamlining and simplifying payments for businesses and their customers with the launch of PayID Receivables - a new account-to-account solution with unique PayIDs as a readily identifiable digital billing address for each customer, allowing them to action payments in their digital banking channel and watch as the transaction settles in real time.
- Supporting communities with close to \$6 million in disaster relief grants and additional financial relief provided between 1 October 2024 to 1 June 2025 to help more than 5,000 customers and 400 colleagues cover emergency expenses.

(1) Refers to domestic business lending to non-financial and community services organisations under APRA monthly ADI definitions.

(2) System refers to APRA Monthly Authorised Deposit-taking Institution statistics. Latest data as at June 2025.

(3) Refers to proprietary home lending drawdowns in Personal Banking and Business & Private Banking divisions 3Q25 compared with 1H25.

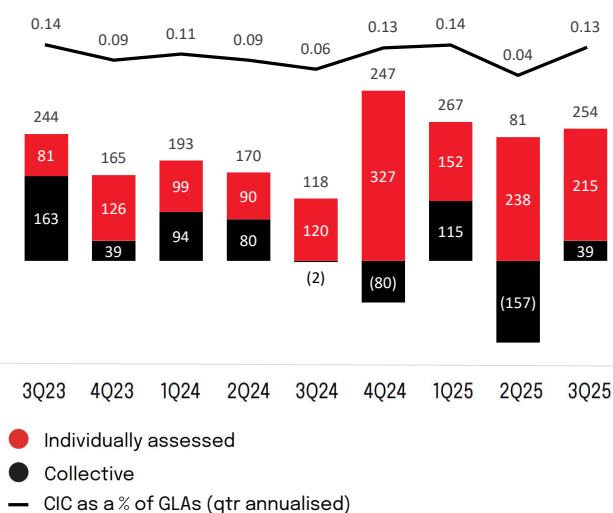
(4) Deposits based on Household Deposits and Business Deposits to non-financial businesses and community service organisations under APRA monthly ADI definitions.

(5) Refer to key risks, qualifications and assumptions in relation to forward looking statements on page 5. FY25 guidance excluding any large notable items. NAB's payroll investigations are ongoing, so total costs associated with the program remain uncertain.

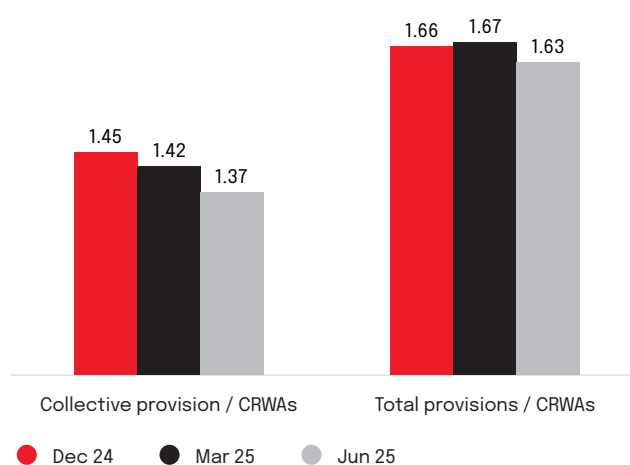
Asset quality

- Credit impairment charge (CIC) of \$254 million in 3Q25 primarily reflects individually assessed charges of \$215 million mainly relating to business lending in Australia and New Zealand and unsecured Australian retail portfolios.
- The increase in CICs from \$81 million in 2Q25 to \$254 million in 3Q25 primarily reflects a net Collective Provision (CP) release in 2Q25 which has not repeated in 3Q25. The net CP release in 2Q25 was due to the refresh of forward looking assumptions relating to the Economic Adjustment and Forward Looking Adjustments.
- 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 3Q25.
- Compared with March 2025, the ratio of CP to credit risk weighted assets (CRWA) decreased by 5 bps to 1.37% as a result of CRWA growth, including 2 bps related to the impact of a new RWA overlay⁽¹⁾.
- The ratio of non-performing exposures to gross loans and acceptances (GLAs) increased by 5 bps from March 2025 to 1.54%. This includes a 3 bps increase in the ratio of impaired assets to GLAs mainly related to the downgrade from watch⁽²⁾ status of a small number of New Zealand business lending customers. The ratio of default but not impaired assets to GLAs rose 2 bps reflecting flattening arrears in the Australian mortgage portfolio and early signs of stabilising ratio trends in the B&PB business lending portfolio.

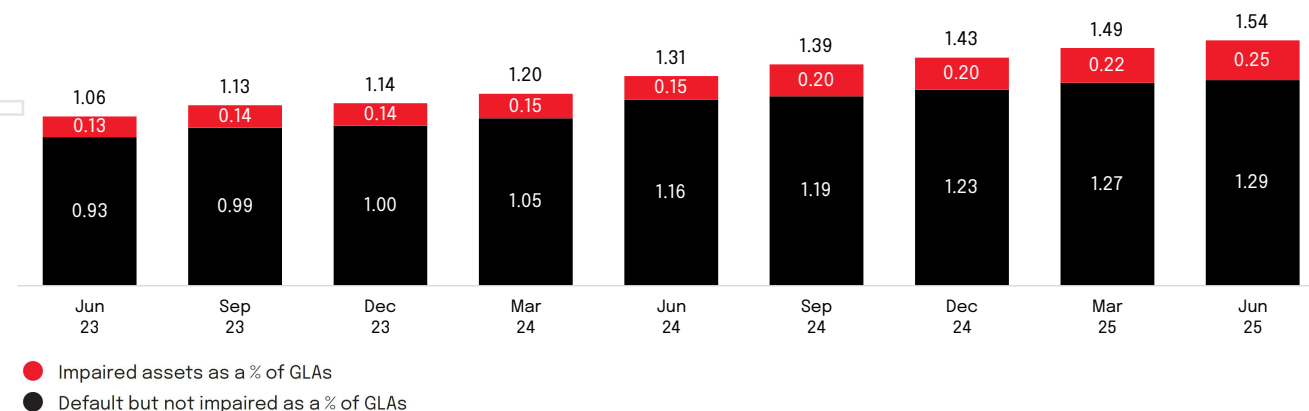
Credit impairment charges (\$m)



Provision coverage (%)



Non-performing exposures / gross loans and acceptances (%)⁽³⁾



(1) CRWA includes a RWA overlay of \$4.8 billion related to the measurement of certain off balance sheet exposures. This overlay forms part of the Model & methodology driver of the CRWA change over Mar 25 - Jun 25.

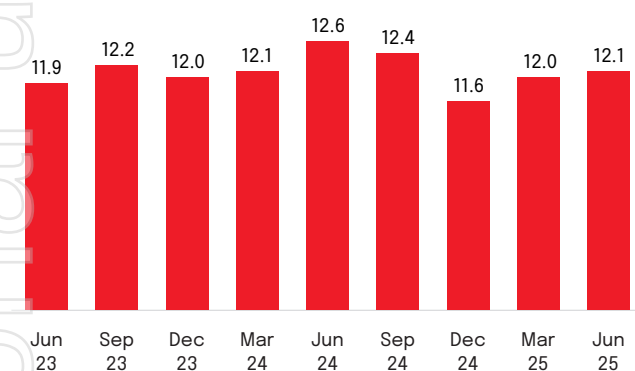
(2) Watch loans are generally triggered by banker referrals or manual downgrades of customer ratings as part of reviews throughout the year.

(3) 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.

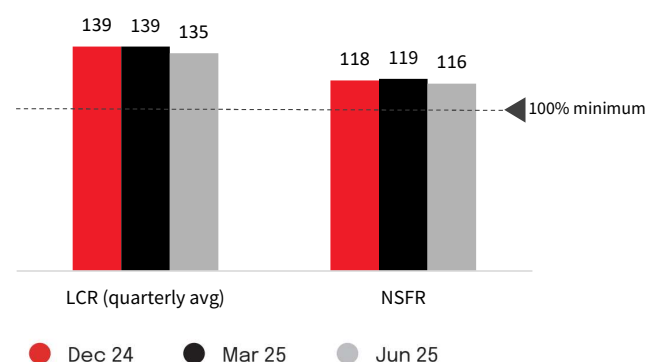
Capital, funding and liquidity

- Group CET1 ratio on a Level 2 basis of 12.14% at June 2025 compared with 12.01% at March 2025, with cash earnings growth partly offset by RWA growth of \$10.4 billion in 3Q25. There has been no impact from the 2025 interim dividend in 3Q25 as this impacts the CET1 ratio when paid in July.
- Proforma Level 2 CET1 ratio of 12.25% reflecting 11 bps impact from the sale of the Group's remaining 20% stake in MLC Life Insurance⁽¹⁾.
- Level 1 CET1 ratio at June 2025 of 11.97% compared with 11.84% at March 2025.
- The key driver of RWA growth in 3Q25 was CRWA (+\$16.1 billion), partly offset by small reductions across Interest Rate Risk in the Banking Book RWA (-\$2.2 billion), Market Risk RWA (-\$1.8 billion) and Operational Risk RWA (-\$0.4 billion). There has been no impact on RWA from APRA's capital floor at 30 June 2025 (compared with a \$1.3 billion addition to RWA at March 2025).
- CRWA increase of \$16.1 billion includes:
 - Volume growth of \$6.5 billion reflecting strong GLA growth primarily driven by B&PB;
 - Asset quality & portfolio mix of \$3.8 billion relating to the business lending portfolio, and primarily reflecting mix impacts combined with the downgrade of some performing exposures in Corporate & Institutional Banking; and
 - Model & methodology of \$5.1 billion, of which \$4.8 billion reflects a new overlay related to off balance sheet exposures⁽²⁾.
- Leverage ratio of 5.1%.
- The Group has raised \$30.5 billion of term wholesale funding over the nine months to June 2025.

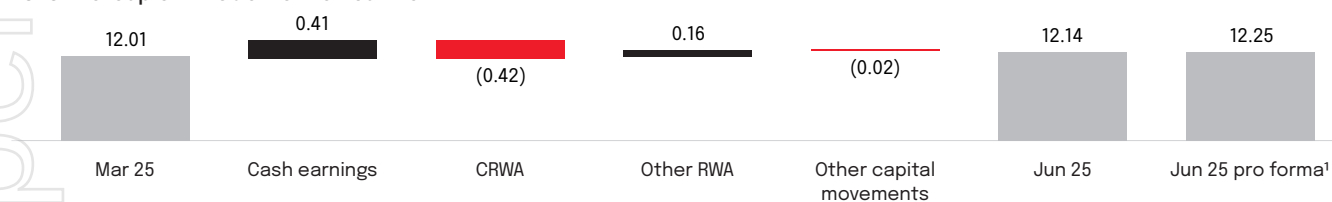
Level 2 Group CET1 ratio (%)



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



Level 2 Group CET1 ratio Mar 25 – Jun 25⁽ⁱ⁾⁻⁽ⁱⁱ⁾



(i) CRWA excludes foreign exchange translation.

(ii) 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 Mar 25 – Jun 25 (\$bn)



(1) On 11 December 2024 the Group announced it had entered into an agreement to sell its remaining 20% stake in MLC Life Insurance to Nippon Life Insurance Company for \$500 million. The proposed sale is expected to complete in the second half of calendar year 2025 and is subject to satisfaction of certain conditions including completion of the acquisition of the Resolution Life Group by Nippon Life Insurance Company, and regulatory approvals.

(2) CRWA includes a RWA overlay of \$4.8 billion related to the measurement of certain off balance sheet exposures. This overlay forms part of the Model & methodology driver of the CRWA change over Mar 25 – Jun 25.

Appendix 1: Key financial information⁽¹⁾

	Movement			
	1H25	3Q25	3Q25 v 1H25	3Q25
	Qtr avg		Qtr avg	v 3Q24
	\$bn	\$bn	%	%
Group performance results				
Net interest income	4.2	4.4	5	6
Other operating income	0.9	0.8	(10)	(2)
Net operating income	5.1	5.3	3	5
Operating expenses	(2.4)	(2.5)	3	6
Underlying profit	2.7	2.8	2	4
Credit impairment charge	(0.2)	(0.3)	46	large
Cash earnings before income tax	2.6	2.5	(1)	(1)
Income tax expense	(0.8)	(0.7)	(1)	(3)
Non-controlling interests	(0.0)	(0.0)	2	large
Cash earnings	1.8	1.8	(1)	-
Statutory net profit	1.7	1.7	(3)	(13)
	Movement			
	Mar 25	Jun 25	Jun 25	Jun 25
			v Mar 25	v Jun 24
	\$bn	\$bn	%	%
Volumes				
Total gross loans and acceptances	756.3	773.2	2	5
Housing	426.3	435.2	2	5
Business	316.2	323.9	2	7
Other	13.8	14.1	2	(3)
Total customer deposits	637.9	640.2	-	7

(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 Half Year 2025 Risk Factor Report released to ASX on 7 May 2025 and the Group's Annual Report for the 2024 financial year, available at 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 Half Year Result 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 96 to 98. 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 2025 Full Year Results – Management Discussion and Analysis is expected to be made available on or around 6 November 2025.