

4<sup>th</sup> May 2026

## NAB HY Results 2026 – media transcript

**Andrew Irvine (AI):** Thank you, and good morning everyone. Thank you for dialling in.

Given what's happening globally, I know you are all focused on the economy and what that means for Australia, so I'll start there before turning to NAB's performance over the half.

Conflict in the Middle East has created a far more volatile environment, and we expect that to continue for some time to come.

As Australia's largest business bank, every day we're out talking to businesses across the economy.

These conversations are giving us a real time view of what's happening on the ground.

We are certainly hearing that businesses are challenged. They're challenged by higher fuel costs, by supply disruptions, inflationary pressures, and higher interest rates.

These challenges create uncertainty for our business and for personal customers, who tell us they worry about how bad things will get and how long things will last.

They're certainly thinking about protecting cash, about spending wisely and planning for the short term.

The impacts today vary across the economy, with logistics and transport customers feeling the effects most acutely.

But what is also coming through is that Australians are resilient. Businesses are experienced in managing input cost volatility and seasonality, and they're making the required adjustments. Consumers are certainly more cautious, but they have built strong buffers coming into this. You'll see that in both increases to our savings as well as to our offset balances.

The vast majority of our customers are well positioned to manage these impacts, but we do know that some will need help.

NAB has supported customers through tough times before, and we will do it again.

Two weeks ago, we made decisions to strengthen our balance sheet. These were sensible, precautionary moves, that ensure we can continue to grow our business and help our customers through more uncertain times.

NAB comes into this more uncertain period in good shape. Our foundations are strong, and we have good underlying momentum across our businesses.

This takes me to our performance. I'm pleased to say NAB's customer-centric strategy has momentum.

For the half, cash earnings were up, excluding the impact of our software capitalisation policy changes. Revenue grew 3.1%. Total costs were down slightly and NIM improved.

NAB's interim dividends of 85 cents per share gives \$2.6 billion back to our 500,000 shareholders and the millions of Australians that own our shares through their superannuation funds.

We delivered underlying profit growth across each of our core divisions during the first half.

Our focus on our three business priorities is delivering results. These are growing business banking, driving deposit growth, and strengthening proprietary home lending.

Business and Private Banking had a very strong half, with a 5.4% increase in underlying profit, together with a stable margin outcome.

This was particularly pleasing in a highly competitive environment and reflects our deep expertise, the quality of our bankers and the strong relationships we have with our customers.

Corporate and Institutional Banking delivered underlying profit growth of 1.7% due to continued disciplined approach to both lending and to deposit gathering.

Personal Banking increased underlying profit by 3.7%. In home lending, outside of our Advantage runoff, we grew above system and our share of drawdowns from proprietary channels improved from 41.4% to 47.7% in the first half. In March, that grew to 50%, a major milestone for our bank.

We have also grown in broker through a more targeted approach. These improvements across Personal Banking are significant and shows our strategy is working.

The discipline we have in executing our customer-centric strategy is delivering better experiences for customers. We now have positive NPS across four segments for the very first time.

We continue to modernise the bank through investment in technology to make NAB simpler, faster, and more resilient.

AI represents a significant opportunity and our investment is focused on three strategic outcomes: to grow the bank, to be more productive, and to build the skills for the future.

Looking ahead, while the near-term outlook is more challenging, we are well positioned to navigate this uncertainty, with a stronger balance sheet and good underlying momentum across our business.

We are clear on our strategy and priorities, with an experienced leadership team that's focused on execution.

Thank you again for joining us. I'm now happy to take your questions.

**Journalist:** Thank you and good morning, Andrew. I was going to ask a little bit more colour on small business conditions, given the economic volatility and cash flow pressures that you've called out.

I noticed in the slides you talked about some support being provided to customers, including zero interest loans as part of the government economic resilience program. Could you talk a little bit about demand for that program? And also in terms of other support you're providing, like working capital lift, increase in working capital facilities and overdrafts. Is that sort of a good thing for the bank in that you think this crisis might increase overall lending? Or do you think you'll see more negatives in possibly bad debts coming through in the coming periods?

**AI:** I would say in our SME business, conditions have continued to be robust, surprisingly robust. When we look at things like our pipeline or our velocity to settlement, or our weekly numbers, they look pretty good. But you have to contrast the conditions that we're still seeing with the confidence indicators.

As you all have seen through our latest economic commentary, confidence has fallen pretty sharply in the month of April. I think the question for all of us is, what happens to those business conditions and when you have a drop in confidence that's that significant? Our view is that it has to, over time, impact activity.

We have yet to see it, but we believe that it will happen over the coming weeks and months.

On your comment around will that improve credit growth, I don't think so. Credit growth has been very strong in the past 12 months, low double digits in business and higher single digits in housing. We would expect that credit growth to moderate a little bit as people take a more cautious view in the upcoming economic cycle.

But we'll absolutely help our customers. As I said, NAB's good at this. We're really good at SME banking and we'll be there for our customers. If they were a good business at the start of this economic crisis, they're still a good business, and we'll back them.

**Journalist:** Hi Andrew, can I ask a more macro question? How difficult is it for you at the moment managing a financial institution like NAB, given what's happening in the world, and you know, it's so topsy-turvy. You've got a cease fire, you don't have a cease fire. The Strait of Hormuz is open, it's not open. How difficult is it for you to

make sure you're settings are right at a time like now when so many factors are changing?

**AI:** It's a great question, and it certainly is challenging for us, but it's also very challenging for all the business people out there, large and small. And I have a lot of empathy for our customers having to manage a business as they go through this.

What I would say is, we're a relationship bank and we'll stay close to our customers as they run their businesses. That's what we're trying to do. We took a prudent approach to our balance sheet, fortifying some of our settings, and we plan on raising a little bit of capital. That's just because we don't know necessarily what's coming. It's very hard to forecast in these times. We have all sorts of scenarios that are rewinding. Some are more bullish, some are more bearish, and we'll just have to see how it all transpires. But you know, at the end of the day, through it all, we're focused on executing our strategy. It's a good strategy. It's a straightforward strategy focused on customers, and that's what we try and do every single day.

**Journalist:** The Reserve Bank's expected to raise interest rates again tomorrow for the third time this year. What will a third consecutive RBA meeting interest rate increase do to the home lending side of your business and also the business side of NAB?

**AI:** The Reserve Bank has a definitionally difficult job ahead of them. Inflation is running too high and we've got to get it under control. Inflation is bad for households, inflation is bad for businesses. And so, we do need to try and manage that problem. That's something that the Reserve Bank is acutely focused on.

The challenge that we have is that the fuel crisis from the Middle East has also taken a chunk out of demand in the economy. So, the question is, is demand still running hotter than supply? I think it is.

Our house view is that there's one more interest rate rise to come, and we believe it's likely going to come tomorrow. So, what does that mean for our customers? If I start with housing first and foremost, as I said in my opening remarks, buffers are very good. 80% of NAB's customers chose not to reduce their payments when rates came down. And so, if rates do go up, tomorrow or at some point in the future, this will be the first time that their payments are actually going to be adjusted for the 80% of our customers.

When we look at our customer portfolio, many have strong offset balances and strong deposit levels. I'd say for most households, they'll be able to manage through this. The challenge, of course, is on the margins and there will be households that are entering hardship and will be there for those customers. It's important that we are and we intend to continue to call them, look after them, and help them through this likely more challenging time.

I think similarly with businesses, most businesses are in good shape with strong cash positions. But again, there will be businesses likely in certain sectors that will need more help. That's where we took certain sector overlays because there's a likelihood that we may see some stress in those sectors. And again, our intention is to help our customers manage through this.

**Journalist:** I wanted to see if I could draw you on Australia's economic outlook. Do you think that there's a risk that the country is now facing a stagflation risk? And if so, do you think there's anything the federal government should do to combat this?

**AI:** Stagflation is a big word. We certainly have an inflation problem, and we're compounding that with a requirement to actually bring demand down a little bit to match supply. The issue in our country is that we don't have enough supply across the economy to grow at levels that we have in the past.

What's incredibly important for our country is that we have policy settings that enable growth and productivity.

I welcome the fact that the Treasurer has said that he's looking to do an ambitious budget and a budget that is going to drive for reform. I think that's sorely needed in our country. Obviously, I don't know what the actual specific policies are that are going to be announced later and I'll comment on those once we've seen them.

I think volatility is a reason for more reform, not less reform. I've said that we can't waste the crisis. This is a massive opportunity for us, and I hope that that's what we do as the policy announcements are made.

**Journalist:** Just wanting to get a few specifics on the bank's AI use. The tech charge today that was guided for was quite significant. It sounds like you're getting rid of antiquated systems. It was 500 applications that have been shuffled off and released. But where are you seeing value from AI, and what does that spend look like now and in the future?

**AI:** AI is going to be a very significant part of how we run our business going forward. As it's going to be for many businesses, not just in Australia, but globally. This is one of the most significant technological revolutions of our time, and it's going to be as significant as the airplane, the motor car, electricity, you name it - it's right up there. We bucket the opportunities for AI through three broad categories. One would be AI for growth. The second category would be AI for productivity and finally, AI for all our colleagues to simplify their jobs and to make them more effective and more productive. That's how we're thinking about things.

We have a number of specific use cases that are either deployed or in the process of being deployed across those three categories and we're really bullish about what this means for our bank and how it will improve the lives of our bankers and experiences for our customers.

**Journalist:** Just a quick question about the broker strategy. I noticed you mentioned earlier about price flows increasing in March in the past talking about a targeted broker strategy for being a partner employee to target brokers. Could you give me more detail on what that is defined as and what it looks like and why NAB's taking that strategy please?

**AI:** I think what we want to do is to focus on a smaller cohort of brokers that we have good relationships with that we can essentially more effectively service and we'll be focusing on those brokers where we believe that we'll get flows that are closer to our appetite in terms of above cost of capital lending. We really don't want to be doing business where the returns are below our cost of capital and so that's where we've been pulling away from, slowly and purposefully.

But it's really important that everybody is aware that there's lots of broker flow out there that we like. There's lots of brokers out there that we want to do more with, and we're going to continue to push into that.

**Journalist:** In your opening remarks, you talked about, when you were discussing cautious consumers, I think you referred to their deposits and their offset account balances. Were you saying customers are starting to draw down on those buffers or that they had it there if they needed it?

**AI:** Not yet, I would say, but they have it there if they need it. I think it's still very much the case that you see a big dichotomy between conditions and confidence, so when you look at the conditions and the numbers, you'd be probably still hard-pressed to see the economic crisis and stress in the numbers. They're not showing up yet.

But then when you talk to our customers, and we do, you can hear the concern and the kind of falling levels of confidence. And so that's, I think, what I was referring to.

**Journalist:** I wanted to talk about inflation. Do you think it's good for the health of your business customers that they pass on price rises to customers?

**AI:** Businesses have to make an economic profit. They can't trade insolvent or have any issues with regards to their margins. So, you get to the point that inflation hurts everybody. It hurts businesses large and small. It hurts consumers. And so, I think every business has to make a decision on whether or not they can take the input cost pressure in their business or if they have to pass that on and what their ability to pass price rises on is. I think that's going to be a very specific decision for different businesses.

As I said, we continue to be here to support our customers as needed. But when I talk to our customers, what I do hear is that margins are under pressure. Top lines are still relatively robust, but because of input costs rising, that's hurting margins and I think that's worrying many.

**Journalist:** The business confidence for March, it was a minus 29 points. That was the biggest fall since the GFC and the start of COVID and Roy Morgan, ANZ, record low consumer confidence. How much of a risk is a recession in Australia?

**AI:** Our central forecast is that we don't see a recession. But I would say that we all need to have lots of humility in how we think about forecasting right now, because the volatility and uncertainty is very, very high. I would say the margin of error in forecasting right now is very meaningful. So, while I don't think it's probable, it certainly is possible. We'll just have to see. I think the duration and intensity of this liquid fuels crisis is going to be significant. And then we'll also need to see how our customers respond to the possibility of interest rate rise at the same time.

**Operator:** There are no further questions at this time. I'll now hand back over to Mr. Irvine for any closing remarks.

**AI:** Thank you all for your interest and for your questions today. Despite the immediate volatility, I continue to be excited about the bank and the opportunities ahead for us and for Australia.

**Operator:** That does conclude our conference for today. Thank you for participating.