

## National Australia Bank Faces \$85 Million Expense Rise from Staff Underpayments

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— Categories: Finance



National Australia Bank (NAB) has revealed that its full-year operating costs could increase by up to A\$130 million (around USD 85 million) due to previously undisclosed staff underpayments. The bank said its ongoing payroll review and remediation efforts aim to ensure employees receive correct compensation, though final costs remain uncertain. The

provision represents roughly a 4.5% rise in NAB's annual operating expenses.

The underpayments were first identified during a payroll review that began in 2019. NAB has since expanded the audit to examine benefits and allowances provided to employees under current and historical agreements. The bank has not disclosed the total number of affected staff or the exact amount owed. CEO Andrew Irvine described the situation as “disappointing” and emphasized that correcting the errors is a priority.

NAB is working closely with the Finance Sector Union (FSU) and the Fair Work Ombudsman to resolve the matter. Wendy Streets, FSU National President, highlighted the union's commitment to ensuring all impacted employees receive their due wages and benefits. Meetings are ongoing to agree on remediation and prevent similar issues in the future.

The underpayment disclosure comes as NAB reported solid third-quarter results. The bank posted cash earnings of A\$1.77 billion, slightly higher than A\$1.75 billion in the same period last year. Operating costs totaled A\$2.48 billion, slightly below analyst expectations. NAB noted a credit impairment charge related to lending exposures in Australia and New Zealand, but its underlying financial position remains robust, supported by business and home lending growth, improved net interest margins, and lower short-term funding costs.

Financial analysts say the payroll remediation represents a one-off cost unlikely to materially affect NAB's long-term profitability. The incident underscores the importance of accurate payroll systems, internal audits,

and compliance with employment regulations in large financial institutions.

NAB's disclosure and ongoing consultations with the union and regulators demonstrate its focus on addressing the issue promptly. Timely remediation and strengthened internal controls will be crucial to preventing similar discrepancies in the future and maintaining trust with staff, investors, and regulatory bodies.

In conclusion, while the staff underpayments have caused a significant rise in operating costs, NAB's strong financial results indicate resilience. Addressing the issue transparently and ensuring fair compensation for employees remains a key priority for the bank.