

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS

#### NAB

*Note: we have provided a single response to NAB56QON and NAB57QON*

#### NAB56QON:

**Mr BANDT:** I guess I'm thinking specifically about an instance. I appreciate and understand the commitment that's been made with respect to phasing out your exposure to existing mines and the time frame for how that might happen. I'm talking about the specific commitment that you've made around not financing new thermal coal mining projects. Moving from a general question to a more specific question—without identifying any clients, because I imagine you'd be reluctant to do so—have you been involved this year in refinancing for any of your clients where one of the clients or one of the client's subsidiary companies wants to engage in new thermal coalmining in Australia?

**Mr Dooley:** We have refinanced some of our clients' facilities this year, so the answer to your question is yes. Some of their activities will include coal—some will be metallurgical and some will be thermal. The notion of a refinancing is actually an extension of an existing commitment, and part of our—

**Mr BANDT:** Sorry to interrupt, but I'm not talking about refinancing with respect to existing mines; I'm talking about refinancing where there's a new coalmine being proposed. Have you done that?

**Mr Dooley:** I'd have to understand the particular circumstance to be able to answer that question.

**Mr BANDT:** There's an instance where Whitehaven Coal is proposing to establish the Vickery coalmine, and from that mine there will be thermal coal extracted. It's my understanding that NAB participated in the refinancing of Whitehaven earlier this year in a context where part of the reason they're seeking that refinancing is to open up a new thermal coalmine. So I'm asking: what does your policy actually mean? If it's easy to just circumvent it by saying, 'We're refinancing a group, and if one company in that groups wants to open up a new coalmine then there's nothing we can do about that,' doesn't that suggest there's a big hole in the policy?

**Mr McEwan:** Can we take the example on notice? My understanding was that it was just a straight-out refinancing, a rolling over of existing funding, and it wasn't to do with any new funding or new facilities. I'd have to check on that, but my understanding was that it was just a straight-out refinancing of existing funding.

**Mr BANDT:** Yes, if you could, because it might be that you're continuing the existing arrangements you have with the company but that part of the reason the company wants that refinancing is so that it can engage in the opening up of new mines. If that's part of the reason for the refinancing then it would seem to me to be inconsistent with your stated policy from December 2017. So if you could take that on notice I'd appreciate it.

**Mr McEwan:** Yes, thank you. Can I just reiterate our policy: 50 per cent down by 2028 and out by 2035. So I wouldn't be expecting us to be doing any new new or looking to fund any new coalmining of a thermal nature.

**NAB57QON:**

**Mr BANDT:** You can take it on notice with respect to Whitehaven. I also asked you some questions on notice previously about New Hope Coal and Coronado Global Resources, and the answer you provided, with respect, didn't answer the question directly. I'll ask it again, and maybe you'll need to take it on notice again. I don't understand how these loans are consistent with a ban on financing new thermal coal mining projects, when you have companies that are talking about new or expansion at a time when you're saying that you want to contract. If you can respond to either of those two now, that would be great, but you can take them on notice if you need to.

**Mr McEwan:** I'll have to take those on notice, but I go back to our policy. I'd find it strange to be doing new and new new when we're coming out and working into that position with our customers as well. I could see it if we were funding them for other alternative sources of energy as they themselves transition. But we'll certainly take that on notice.

**Answer:**

As acknowledged in the discussion between Mr Bandt, Mr Dooley and Mr McEwan, NAB does not discuss the details of individual customers. However, in response to Mr Bandt's questions, we firstly confirm the accuracy of Mr McEwan's statement that the case referred to was a refinancing of existing facilities. In response to Mr Bandt's further questions on this issue, we have also again assessed our lending portfolio and can confirm that we consider it is consistent with all our commitments, including our policy to no longer finance new thermal coal mining projects. NAB reviews all applications for finance (including new lending facilities and refinancing) on a case-by case basis, taking into account all relevant information, to ensure our lending aligns with our commitments. As Mr McEwan reiterated, we also remain firmly committed to our policy of not onboarding new-to-bank thermal coal mining customers, as announced in November 2019, and to our commitment to cap our thermal coal mining exposure, and reduce our financing by 50% by 2028 and intending to be effectively zero by 2035 (apart from residual performance guarantees to rehabilitate existing coal assets). NAB is reporting six-monthly on the progress towards these commitments and will release the 30 September 2020 exposure numbers as part of its annual reporting in the near future. We are committed to a clear direction for our portfolio and continue to review our policies over time.