

**House of Representatives Standing Committee on Economics
Review of the Four Major Banks (Second Report)
National Australia Bank (NAB)**

NAB21QW:

Does the bank consider it consistent with your commitment to the two degree target to finance:

- a) New fossil fuel projects; or
- b) Expansion of fossil fuel projects; or
- c) New coal fired power generation; or
- d) Existing coal fired power generation?

Answer

NAB assesses applications for finance on a case-by-case basis, taking into account a range of factors. In addition to traditional credit risk assessments, this includes assessing environmental, social and governance (ESG) risks. More information on NAB's approach to ESG risk management, including at origination and during the evaluation process, is available on p17, p40 and p42 in the 2016 NAB Dig Deeper Paper (Annexure S).

As outlined in NAB's 2016 full year financial results, NAB's exposure at default (EAD) for the resources sector is \$10.5 billion, approximately 1% of NAB Group's total EAD. Of this \$10.5 billion resources exposure, only 9% relates to coal mining (equating to approx. 0.1% of total Group EAD).