

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

NAB

NAB39QW: In December 2017, NAB stated it will "[no longer finance new thermal coal mining projects.](#)" However, since making that statement NAB has reportedly provided funds to the largest pure play coal mining companies on the ASX, New Hope Group and Whitehaven Coal, both of which are currently pursuing new thermal coal mining projects. The funds provided to New Hope were explicitly for the purpose of (among other things) funding [New Acland Stage 3](#), a new thermal coal mining project.

Further, NAB funded Coronado Global Resources at least twice since October 2018, on both occasions supporting Coronado to expand or extend the life of the Curragh coal mine which has a significant thermal component and supplies the Stanwell coal-fired power station. Shortly after lending to Coronado in October 2018, the company stated it had extended — by a decade, to 2038 — its contract to supply thermal coal to the Stanwell coal-fired power station, a decision that was "[expected to materially extend mine life until around 2038.](#)" In September 2019, NAB refinanced that loan and at the same time provided [additional debt](#) intended to [expand](#) the Curragh coal mine.

(a) Can NAB explain how these loans are consistent with its ban on financing new thermal coal mining projects?

(b) What assurances can NAB provide that none of the funds loaned to Whitehaven in February have been or will be used to fund new thermal coal mining projects?

Answer: (a) We reiterate our commitment with respect to the financing of new thermal coal mining projects. In line with our announcement in December 2017, while we continue to support our existing customers across the mining and energy sectors, we will no longer finance new thermal coal mining projects. In November 2019, we also capped our thermal coal mining exposures at current levels and announced we would reduce thermal coal mining financing by 50% by 2028, intended to be effectively zero by 2035, apart from residual performance guarantees to rehabilitate existing coal assets. We also announced we will not take on new-to-bank thermal coal mining customers. While we do not discuss the details of individual customers, our lending profile is consistent with these policies.

(b) We assess all thermal coal-related transactions against our policy commitments. While we do not discuss the details of individual customers, our credit risk assessment and due diligence processes are designed to ensure that our lending profile is consistent with our policies. Any new lending facilities or refinancing to customers across the mining and energy sectors will be assessed to ensure continuing compliance with our policy commitments.