

“Peak greenwashing”

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Following up on our recent piece “[Lipstick on a pig: NAB’s sustainability loan to coal](#)”, we would like to further highlight the message around Port of Newcastle funding through the pen of Myriam Robin:

“You can almost pity the marketers and financiers at NAB, tying themselves in knots to make it seem their employer wasn’t the bank that stepped in to fund the world’s largest thermal coal terminal when ANZ [pulled out](#).”

The case she makes in “[NAB’s Port of Newcastle loan is peak greenwashing](#)”, AFR, 6 May 2021, is well worth reading. Again, for avoidance of doubt, we believe this greenwashing should mean a removal of the green status of NAB’s green bonds.¹

Furthermore, after the publication of our piece, Citigroup decided to take on the task of getting more capital for the Port of Newcastle through issuing bonds for funding entity Newcastle Coal Infrastructure (NCIAU). The deal was originally slated to be benchmark size,² but eventually only printed USD450mn, which normally would be considered sub-benchmark. The new NCIAU USD4.7 05/2031 trades under ISINs USQ66345AB78 (REGS) and US65106WAB19 (144a). We will monitor who the eventual investors are as such data comes through.

Figure 1. Newcastle Coal Infrastructure [webpage](#).



It is noteworthy that Citi was the only real investment bank syndicating the deal, with SMBC Nikko and NAB as joint leads. We believe it is likely that other global investment banks refrained to participate in the deal: engagements such as in Figure 1 are likely to be frowned upon for banks seeking any form of climate alignment or wanting to issue green bonds in the future³ or joining climate alliances. Note that banks syndicating a bond deal usually take on bonds on their own balance sheet as well – especially when the size of the book does not reach intended levels - so Citi is likely to directly have lent money to NCIAU in this transaction.

¹ Affected “green” bonds are NAB EUR0.35 09/2022 (EUR500mn, XS1575474371), EUR0.625 08/2023 (EUR750mn, XS1872032369), USD3.625 06/2023 (USD750mn, US63254ABA51), and AUD4 12/2021 (AUD300mn, AU3CB0226090). Note the short maturities. Please refer to [original article](#) for a further discussion,

² Deal announcement here: <https://blinks.bloomberg.com/news/stories/QSKUJVGNSW0>.

³ Citi is also a “green” bond issuer, with C EUR0.5 01/2022 (EUR1bn, issued 2019, XS1939355753) and C USD1.678 05/2024 (USD1bn, issued 2020, US172967MR94). We estimate that negative climate effects of the efforts to fund NCIAU effectively exceeds all of the climate mitigation effort throughs the green bonds of Citi.

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