

Financing the Transition

Bus Industry Summit
Commonwealth Bank of Australia

March | 2023



LI-ION BATTERY

ENERGY

STOP



Commonwealth Bank
of Australia

Agenda



Intro to CBA and SAF



Supporting our clients' in their transition



The Ask



Which funding options are available



CBA market leading position in EV transition



How can CBA help

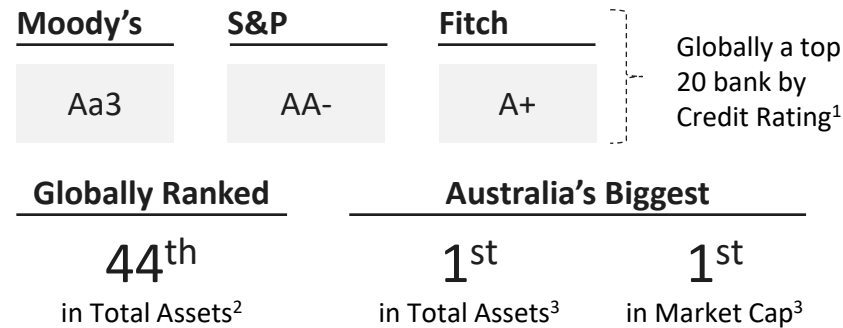


Commonwealth Bank of Australia

CBA is Australia's largest bank, with market leading expertise

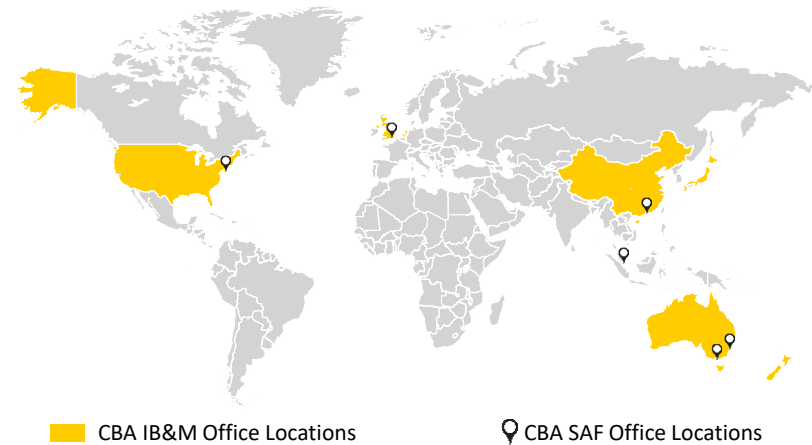
Structured Asset Finance (SAF) supports CBA's Institutional Banking & Markets and Business Banking (IB&M) clients with an extensive suite of products and experience across industries.

As Australia's largest financial institution, CBA and IB&M are well placed to finance the ZEB transition...

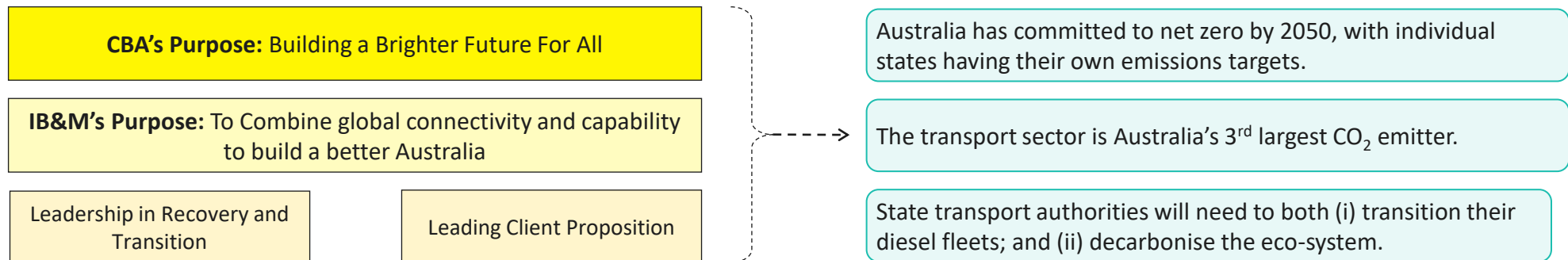


Source: ¹www.relbanks.com; ²S&P Global Rankings (2021); ³Various financial reports (CBA, ANZ, NAB, WBC) (FY: 2021).

...with a global footprint allowing us to utilise those perspectives to bring learnings to Australia.



CBA's purpose is to Build a Brighter Future for All, and with IB&M committed to utilising its global connectivity and capability to help enable that brighter – our purpose and objectives are aligned to help finance and bank the transition.

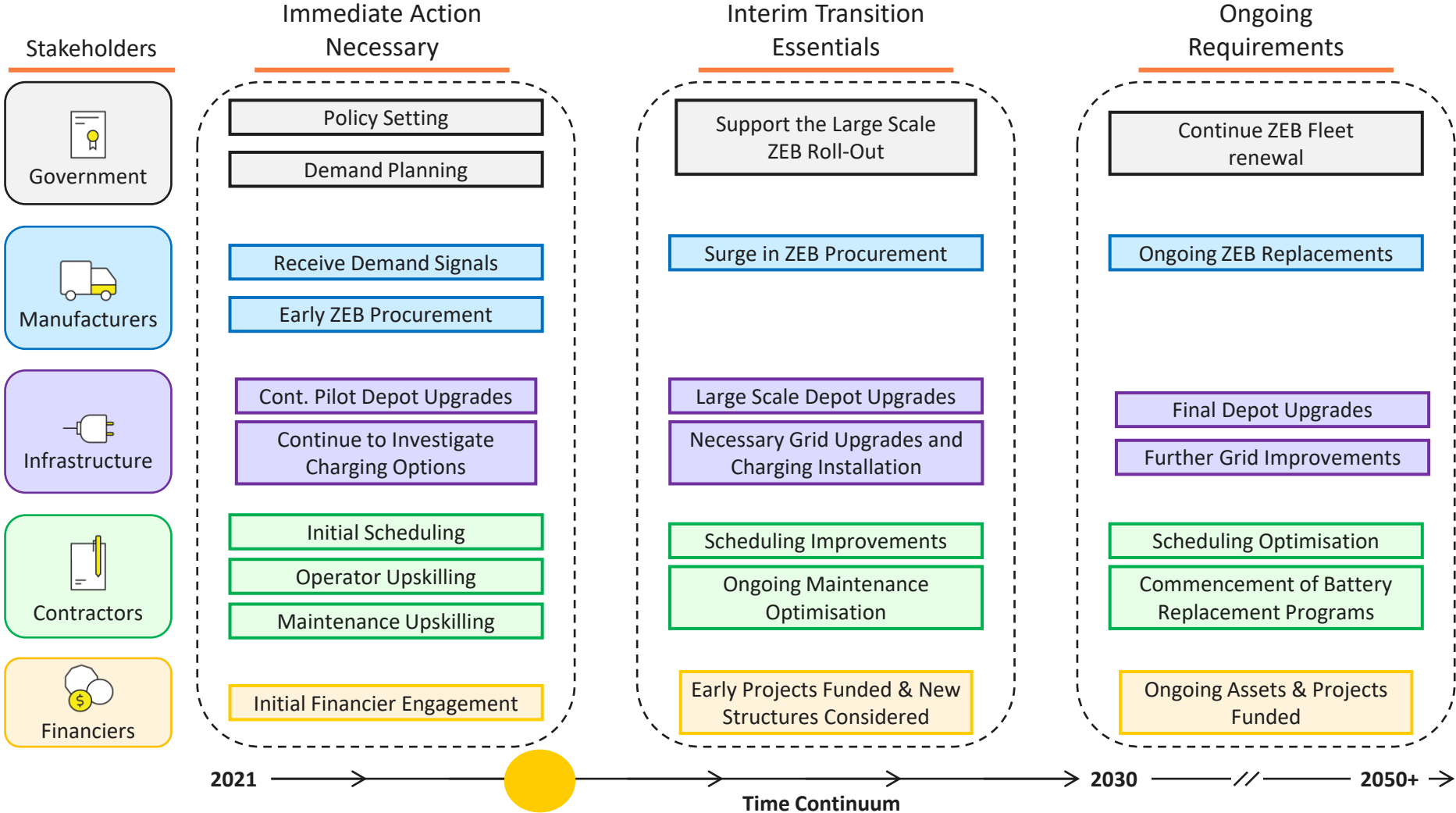


Source: Extracts from CBA's and IB&M's purpose and division objectives, not a complete list.

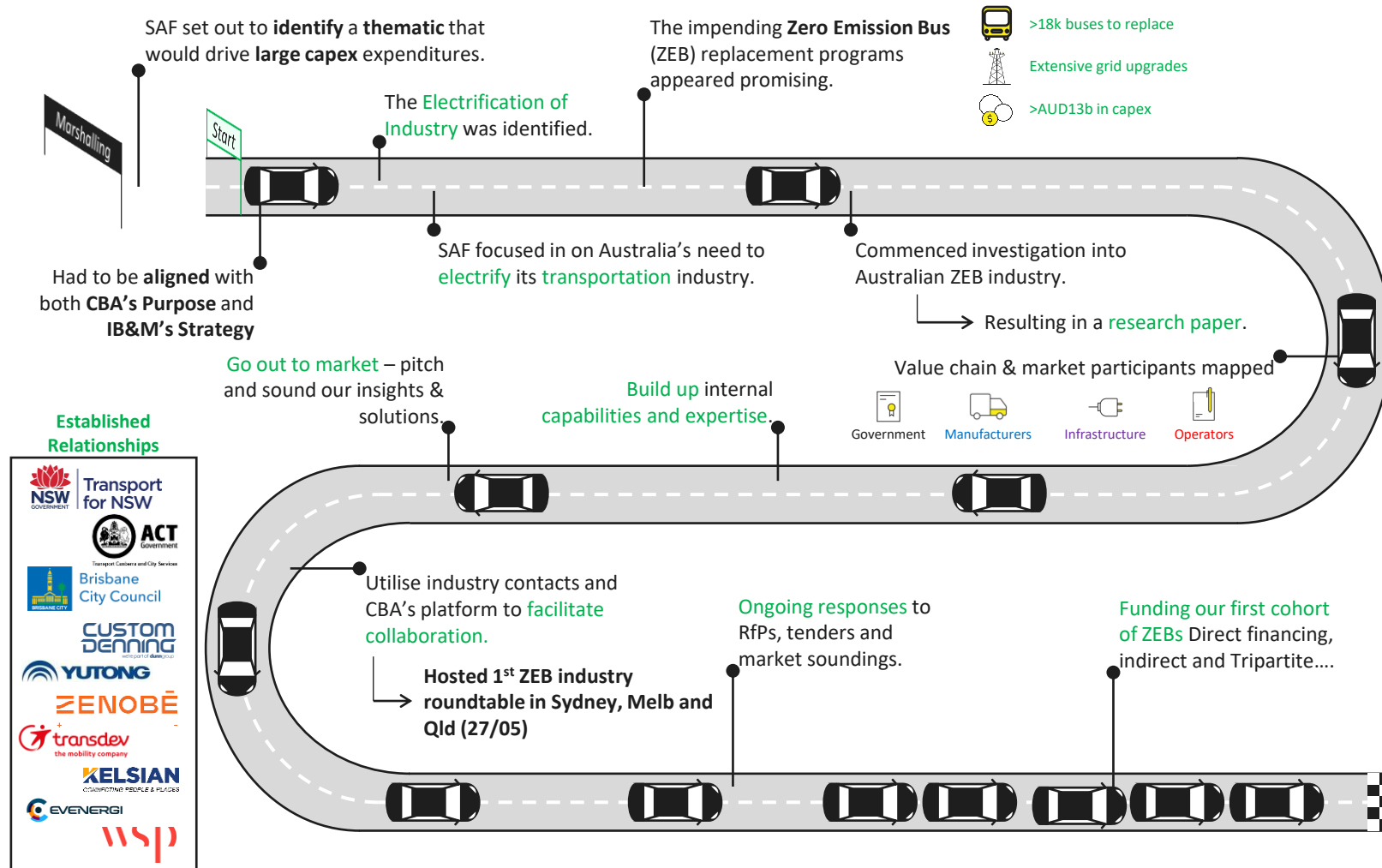
Our clients are featured across the supply chain



The transition plan to ZEBs must be considered along a time continuum to understand the inherent interdependencies of the critical milestones in achieving a ZEB outcome

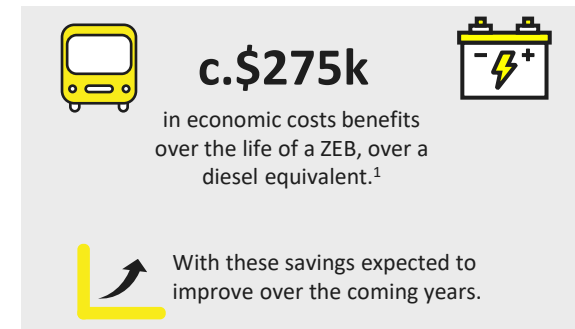
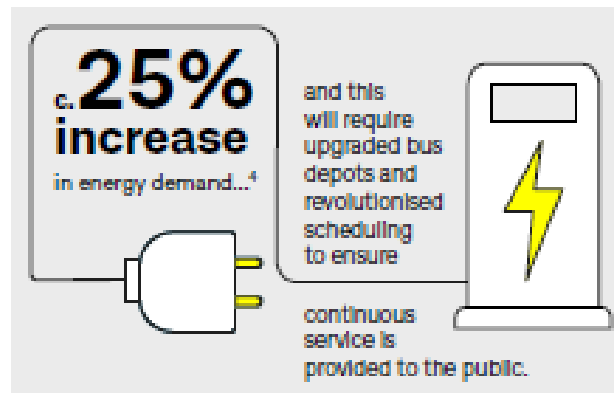
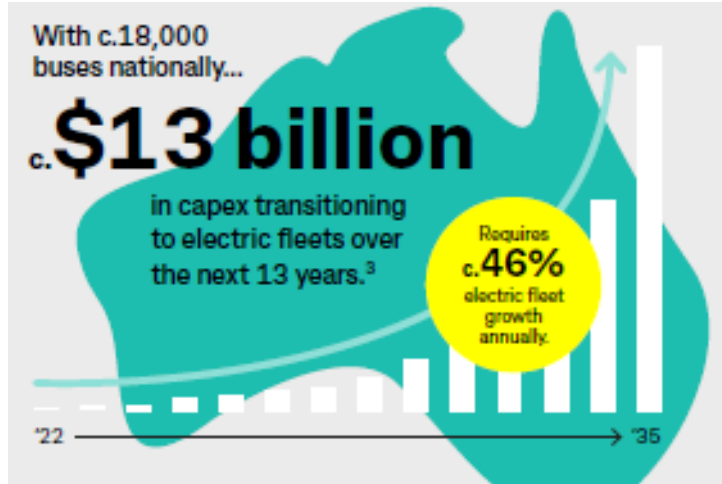


The Zero Emission Bus Thematic Roadmap



The Transition Involves More Than Just ZEBs

As fleets transition away from being primarily diesel powered, the entire public transportation eco-system will need to be modernised, requiring significant capital expenditure across multiple asset classes.

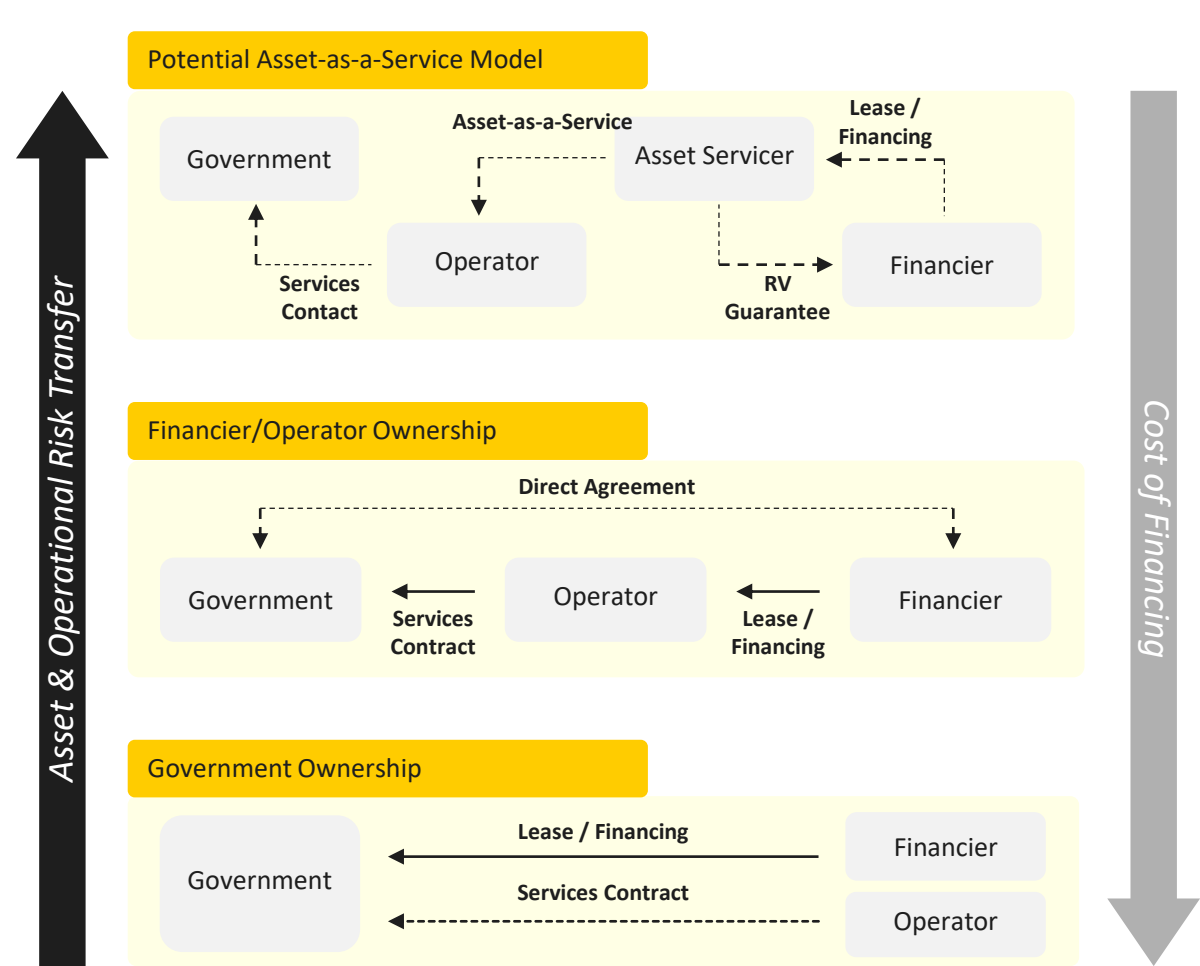


Source: The Australia Institute "Next Step: Zero Emission Buses by 2030" (2022), assuming ZEB cost of A\$750,000 per bus, base of 130 ZEBs in 2022 assuming all replaced by 2035, graphical increase is for illustrative purposes only, not reflective of uptake modelling; BNEF "Electric Vehicles Public Charging Overview" (2021); ACT Govt. "Electric Bus trial results released" (2019).

Financing the Transition

These large capital expenditures across buses, batteries, depots and grid improvements may require an evolved view of risk sharing, which traditional financing models don't provide for.

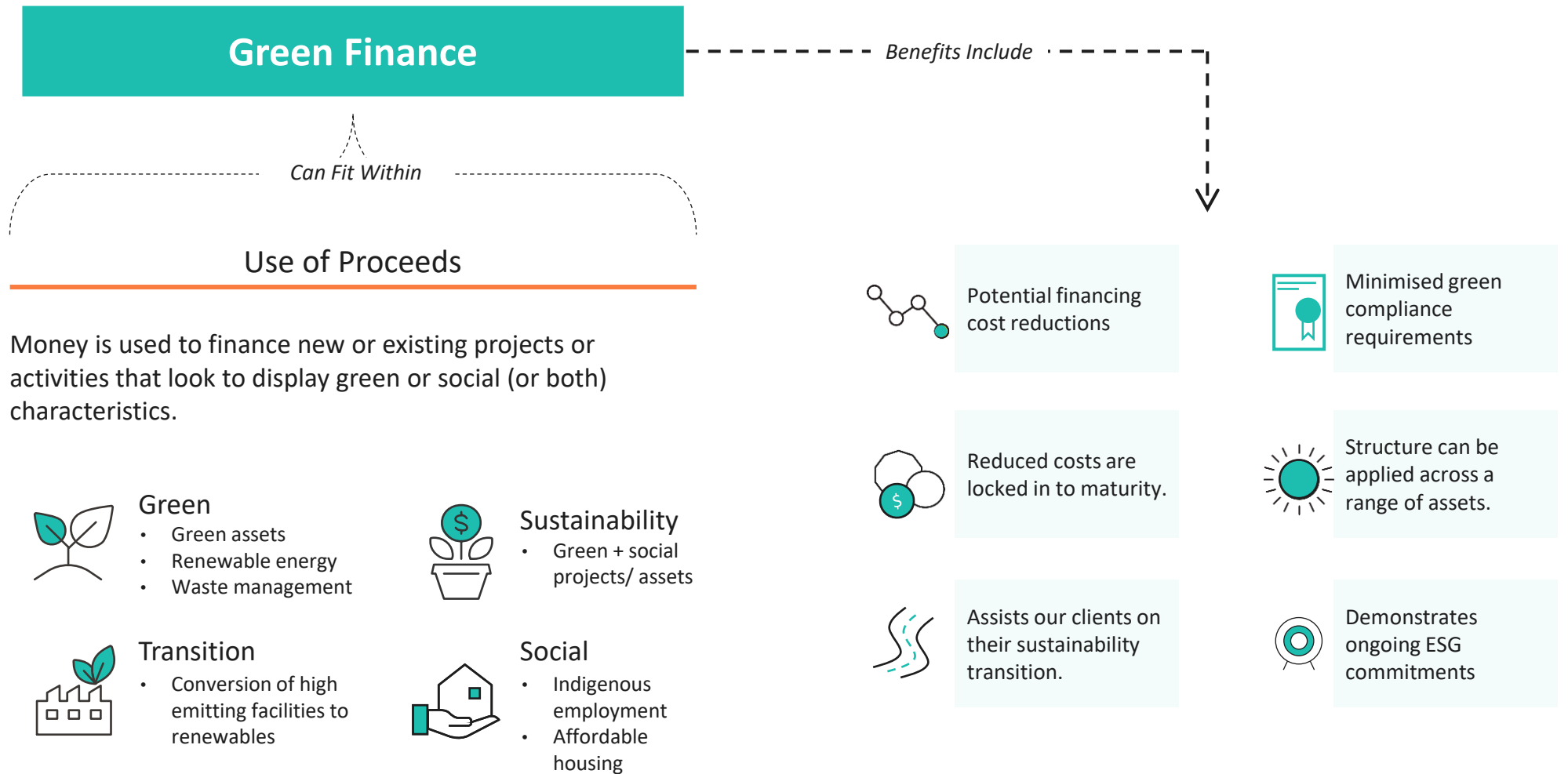
- The financing and ownership structure, needs to balance the objectives of the government with balance/assign the risks of the project to the appropriate party
- Some of the key risks that will need to be considered under any structure are:
 - Pre-Commissioning Risk
 - Technological Obsolescence Risk
 - Performance Risk
 - Residual Value Risk
- A financing structure to appropriately transfers the above risks, and minimises upfront capital costs is not yet widely employed, and may require innovation to be broadly rolled out.



Source: Internal SAF creation.





CBA's Green Financing Capability

CBA has a broad range of Sustainable and Green financing options, in particular SAF has developed a Green, Use of Proceeds, financing product that can provide asset specific Green labelled financing.





Concluding Remarks & Next Steps

Concluding Remarks

-  Public transport should be more than just a point to point mode of transport; if revolutionised it has the power to connect communities, and improve the lives of all Australians
-  However it also contributes to Australia's transport sector emissions and this is leading the states and territories to transition to Zero Emission Buses ("**ZEBs**")
-  Commonwealth Bank of Australia ("**CBA**") and Structured Asset Finance ("**SAF**") have committed to supporting our clients in their transition, and has a deep history in partnering with Commonwealth, and state, governments in delivering innovative ownership and financing structures for critical capital expenditure in the transition to zero emission transport
-  CBA bring financial, structuring and industry expertise to support clients navigating the journey to electrify Australia's fleet. Our dedicated relationship executives, ESG specialists, asset management and advisory experts are ready to help industry stakeholders seamlessly transition to a net zero economy.

Next Steps

-  Please Reach out to your CBA/SAF contact to discuss how CBA may be able to support your organisation or your clients
-  Stay tuned for further CBA ESG & ZEB correspondence, including invitations to forums and working groups

Key Contacts

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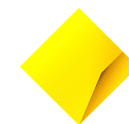
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Thank You

John Anasis



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