

Danamon Green Banking Implementation & Sustainability Finance Investment

Decarbonization Initiatives and Solutions for Industry Sectors with MHI

September 29th, 2022

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Danamon as a member of MUFG Group commit to create sustainable value and growth for our customers, employees, and communities



- In 2021, **MUFG issued Carbon Neutrality Declaration** to commit net-zero Co2 emissions by 2050
- MUFG has been **the market leader in finance for carbon neutrality initiatives** e.g. Project Financing for Renewable energy, ESG bond



Government regulation related to **"Implementation of Sustainable Finance for Financial Service Institution, Issuers and Public Company"** required bank to provide Sustainable Finance Action Plan (SFAP)

Governance and Process

To govern the responsibilities and commitment in implementing Sustainable Finance Action Plan



Internal Awareness & Capacity Building

To increase staff awareness and engagement on sustainability



Sustainable Finance Implementation in Danamon



Sustainable Finance

- To provide financing to Sustainable Business Activities
- To strengthen credit policies align with the implementation of Sustainable Finance



Corporate Social Responsibility

To create share values to connect the business activity and social impact



Responsible Workplace Management

To incorporate sustainable practices in Danamon's internal activities related to conservation of natural resources consumption, employee health and safety, business continuity and productivity.

Comprehensive Solutions are needed to realize the needs of Sustainable Ecosystem in all industry sectors, and Danamon commits to support the industry needs.

Cover all industries; for **Corporates, Distributors & Suppliers**



Solutions



- Project Financing
- Investment Financing (CAPEX)



- OPEX based financing – Sharia Leasing (IMBT)*



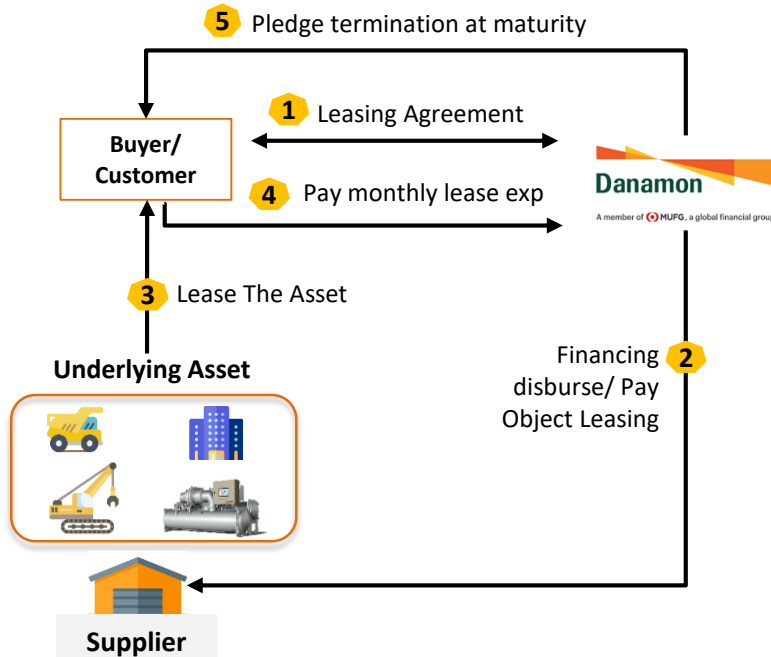
**Cost Savings through decarbonization solutions*

Aims to
CARBON NEUTRAL



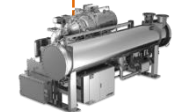
Sharia Leasing agreement between beneficial owner of IMBT object (Bank/lessor) and lessee (Customer) in return of a profit (rental fee) from the IMBT object and ended with transfer of asset benefit through pledged termination at the end of leasing period.

Sharia Leasing (IMBT) Scheme



Benefit of Sharia Leasing (IMBT)

- 1 Off Balance Sheet in the customer book^{*)}**
 - ✓ No asset & liabilities recorded by customer, only lease expense.
- 2 Better financial ratios**
 - ✓ Better Leverage Ratio
 - ✓ Better ROA
- 3 Easy to transfer the asset ownership**
 - ✓ Investment of asset using Operating Expense (OPEX).
- 4 Tax Planning**
 - ✓ Rental payment as deductible tax expense.
 - ✓ Advantage from accelerated depreciation if financing period is shorter than depreciation period policy.
- 5 Flexible purpose**
 - ✓ New asset or Refinancing (Sale & Leaseback).



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THANK YOU