

REPORT ON UTILIZATION OF IPO FUNDS BY “GOLOMT BANK” JSC

/As of March 31, 2023/

IPO fund utilization plan

The issuer plans to finance the bank loan with the net amount which deducted direct cost from the MNT 103,317,524,755 to be collected through the offering of shares to the public and the utilization plan includes the following :

- Direct expenses related to the issuance of securities will be covered using the collected funds;
- By increasing the bank's equity, the capital adequacy ratio will improve. This will allow for an expansion of risk-weighted assets or the loan portfolio by over MNT 790 billion. The expansion plan will serve as the primary foundation for achieving sustainable business growth in the future.

IPO fund utilization

Golomt Bank offered 10.09 percent of its shares equivalent to 80,402,743 shares, to the public at a price of MNT 1,285 per share from November 23, 2022 to November 30, 2022. Due to high subscription demands, an additional 12,060,411 shares, equivalent to 15 percent of the shares offered were issued. Total MNT 118,815,152,890 (11.43 percent of the total shares) was successfully raised from the public.

The utilization of the collected funds amounting to MNT 118,815,152,890 as follows:

1. Direct issuance cost: MNT 2.1 billion

On 8 December 2022, a total of MNT 118,815,152,890 was raised from the public through the Securities Central Savings Center with the permission of the Financial Regulatory Commission No. 1/4659 dated 6 December 2022. After deducting MNT 2,103,028,206 to cover the cost of issuing securities in accordance with IFRS and netting the corporate income tax, the bank's equity was increased by MNT 116,712,124,684.

2. Loan disbursement: MNT 31.0 billion

Capital adequacy indicators /BOM based/

Indicators (mln MNT)	11/30/2022	12/31/2022	3/31/2023	Difference (3/31/2023-11/30/2022)	
Tier-1 capital	673,839	811,978	845,640	171,801	25%
Total capital	673,839	811,978	845,640	171,801	25%
Risk weighted assets	4,600,320	4,601,535	4,833,930	233,610	5%
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Tier-1 ratio (>9.0% buffer 4.0%)	14.65%	17.65%	17.49%	2.85%	
Capital adequacy ratio (>12.0%)	14.65%	17.65%	17.49%	2.85%	

Based on the bank's Capital Adequacy Ratio (CAR) indicators the total equity of the bank increased by MNT 171.8 billion (including raised funds from IPO and net profit) or 25 percent, reaching MNT 845.6 billion compared to November 30, 2022. This increase in equity resulted in a 2.85 percentage point improvement in the capital adequacy ratio, enhancing the bank's risk weighted capacity which allowed the increase in the amount of loan portfolio.

The bank disbursed a total worth of MNT 2,087.3 billion in loans to customers between 2022/12/09 and 2023/03/31. Accordance to the "Regulation on setting and monitoring prudential ratios of banking operation", a minimum of 13% of the risky assets shall be financed through equity. 11.43 percent of the total equity capital was collected through IPO, MNT 31.0 billion of the loan granted since then were financed with IPO fund.

According to the plan, total of MNT 31.0 billion in loans were financed from the raised fund as follows:

- Business loans for large enterprises - MNT 11.5 billion /37.3 percent/
- Business loans for SME - MNT 8.1 billion MNT /26.0 percent/
- Consumer loans - MNT 6.4 billion /20.7 percent/
- Mortgage loans - MNT 5.0 billion /16.0 percent/

3. Unutilized funds: MNT 85.7 billion

The remaining MNT 85.7 billion, which has not been utilized, has been placed in the securities issued by the Bank of Mongolia. According to the plan, these funds will be disbursed as loans in the future.