

KHAN BANK JSC 2023Q4 REPORT ON DISBURSEMENT OF FUNDS RAISED FROM IPO

Khan Bank has raised a total of MNT 183,379,788,200 (one hundred eighty three billion three hundred seventy nine million seven hundred eighty eight thousand two hundred tugruqs) by offering 191,219,800 pcs of ordinary shares with par value of MNT 959 each to the public between April 13-19, 2023.

The Bank planned to invest 16 percent of its proceeds in information technology investment, 19 percent in digital product development and innovation to accelerate the digital transition of banking products and services, 34 percent in green projects and the remaining 31 percent in long-term investment loans and mortgages.

Also, in the medium term, the Bank aims to increase customer satisfaction, expand the range of remote delivery services, implement its digital transformation goals to improve its competitiveness and maintain and expand its market position.

The disbursement of funds raised from IPO as of December 31, 2023, is as follows:

(MNT)

No	Use of proceeds	Percentage	Total amount	Total disbursement (2023.II - 2023.IV)	Available funding
1	IT investment	16%	29.3 bln	28.1 bln	1.2 bln
2	Digital products development and innovation	19%	34.8 bln	29.2 bln	5.6 bln
3	Financing for green projects and programs	34%	62.4 bln	51.3 bln	11.1 bln
4	Long-term loans /Mortgage and investment loans/	31%	56.9 bln	56.9 bln	0
	Total	100%	183.4 bln	165.5 bln	17.9 bln

1. Khan Bank has been actively investing in information technology to improve various aspects of our operation since our IPO back in April 2023. Since then, the Bank has invested MNT 28.1 billion in IT, including MNT 4.3 billion for Cloud transformation, MNT 4.8 billion for Data backup and storage extension works and MNT 13.9 billion for the Bank's digital transformation. Moreover, to enhance our IT capabilities, MNT 5.1 billion has been invested to the projects and initiatives towards the Bank's cyber security and its internal process automation.
2. The Bank provides its customers and cardholders with easy, fast, and highly secure non-cash payment services based on modern technology. Moreover, constant and continued improvement thereof and increase in customer satisfaction are the main focal points in development of investment plan. As of 31 December, the Bank has spent MNT 29.2 billion on digital product development and innovation, out of total budget of MNT 34.8 billion.
3. It is planned to spend MNT 62.4 billion from the IPO to finance green projects and programs. Within the funds, Khan Bank is introducing particular loan products to the market to contribute to the reduction of heat loss in buildings and greenhouse gas emissions caused by energy consumption and is working to finance those loans. We currently offer long-term soft green loan products to finance energy-efficient constructions and to those who live in ger districts and summer camping zones to improve their living environments. So far, we have disbursed MNT 51,254,872,215.00 for this purpose.
4. We planned to spend MNT 56.9 billion from the IPO to finance mortgage loans and long-term business investment loans and the amount is fully spent in 2023Q2.