

GX BANK BERHAD

(Registration No. 202101014409 (1414709-A))

(Incorporated in Malaysia)

**Financial Statements
For the Financial Year Ended
31 December 2024**

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

CONTENTS	PAGE
Directors' report	1
Statement of corporate governance	6
Business plan and outlook for next financial year	29
Statement of financial position	32
Statement of profit and loss and other comprehensive income	33
Statement of changes in equity	34
Statement of cash flows	35
Notes to the financial statements	37
Statement by Directors	92
Statutory declaration	93
Independent auditors' report	94

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of GX Bank Berhad ("Bank") for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are to carry out digital banking and related services.

HOLDING AND ULTIMATE HOLDING COMPANIES

The Directors regard GX Bank Pte. Ltd., a company incorporated in Singapore as the holding company and Grab Holdings Limited, a company incorporated in Cayman Islands and listed on NASDAQ as the ultimate holding company, during the financial year and until the date of this report.

FINANCIAL RESULTS

Loss for the year

RM'000234,602**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or allowances during the financial year, other than those as disclosed in the financial statements.

DIVIDENDS

No dividend was paid and declared during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE BANK

Directors who served during the financial year until the date of this report are:

Datuk Zaiton Binti Mohd Hassan

Datuk Maimoonah Binti Mohamed Hussain

Mohamad Reza Bin Abdul Mutalib

Lim Kell Jay

Muthukrishnan Ramaswami

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**DIRECTORS' INTERESTS IN SHARES**

The interests and deemed interests in the shares of the Bank and of its related companies of those who were Directors at the financial year end (including the interests of the spouses and children of the Directors who themselves are not Directors of the Bank) as recorded in the Register of Directors' Shareholdings are as follows:

Interest in the ultimate holding company

	Number of ordinary shares of USD0.000001 each			
	As at	Bought	Sold	As at
	1 January 2024			31 December 2024
Grab Holdings Limited				
Datuk Zaiton Binti Mohd Hassan	10,530	-	-	10,530
Datuk Maimoonah Binti Mohamed Hussain	10,530	-	-	10,530
Mohamad Reza Bin Abdul Mutalib	10,530	-	-	10,530
Lim Kell Jay	1,064,471	277,443	(192,775)	1,149,139
Muthukrishnan Ramaswami	6,660	-	-	6,660

	Employee Stock Purchase Plan			
	As at	Bought	Sold	As at
	1 January 2024			31 December 2024
Grab Holdings Limited				
Lim Kell Jay	7,225	7,488	(7,225)	7,488

	Options to Purchase Ordinary Shares			
	As at	Granted	Exercised	As at
	1 January 2024			31 December 2024
Grab Holdings Limited				
Lim Kell Jay	530,489	-	-	530,489

	Number of Restricted Stocks Units ("RSU")			
	As at	Granted	Exercised	As at
	1 January 2024			31 December 2024
Grab Holdings Limited				
Lim Kell Jay	556,028	653,189	(277,443)	931,774

	Non-Qualified Stock Options			
	As at	Granted	Exercised	As at
	1 January 2024			31 December 2024
Grab Holdings Limited				
Datuk Maimoonah Binti Mohamed Hussain	7,489	-	-	7,489

GX Bank Berhad
Registration No. 202101014409 (1414709-A)
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Interest in the immediate holding company

	Number of options over ordinary shares				As at 31 December 2024
	As at 1 January 2024	Granted	Exercised	Forfeited/ Cancelled	
GXS Bank Pte. Ltd.					
Datuk Zaiton Binti Mohd Hassan	76,489	147,293	-	-	223,782
Datuk Maimoonah Binti Mohamed Hussain	50,958	94,541	-	-	145,499
Mohamad Reza Bin Abdul Mutalib	45,342	84,121	-	-	129,463

Interest in the related companies

	Number of ordinary shares			As at 31 December 2024
	As at 1 January 2024	Bought	Sold	
GrabInsure Insurance Agency PH, Inc.				
Lim Kell Jay	1	-	-	1

	Number of ordinary shares			As at 31 December 2024
	As at 1 January 2024	Bought	Sold	
Grab Financial Services Philippines, Inc.				
Lim Kell Jay	1	-	-	1

	Number of ordinary shares			As at 31 December 2024
	As at 1 January 2024	Bought	Sold	
GrabLink PH Inc.				
Lim Kell Jay	1	-	-	1

None of the other Directors holding office at 31 December 2024 had any interest in the shares and options over shares of the Bank and its related companies during the financial year.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**DIRECTOR'S BENEFITS**

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Bank or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2024 are as follows:

	From the Bank RM'000
Directors of the Bank:	
Fees	721
Share-based payments	<u>480</u>

There were no arrangements made during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate, other than options over the ordinary shares or restricted stock units of the ultimate and immediate holding company as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Bank issued 224,900,000 ordinary shares at RM1.00 per share for cash, totaling RM224,900,000, to finance its business operations.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Bank during the financial year.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)**INDEMNITY AND INSURANCE COSTS**

During the financial year, Grab Holdings Limited and its subsidiaries (hereinafter referred to as Grab Group) including the Bank, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act 2016. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of Grab Group was USD100,000,000 (equivalent to RM447,180,000). The insurance premium is borne by the ultimate holding company. There is no indemnity given to statutory auditors during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that:

- i) there were no bad debts to be written off and adequate provision had been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to a realisable amount.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Bank inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Bank misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Bank misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Bank misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Bank that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Bank that has arisen since the end of the financial year.

No contingent liability or other liability of the Bank has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Bank for the financial year ended 31 December 2024 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE**1. BOARD OF DIRECTORS****Board Responsibility**

The Board is accountable for the sustainable growth and financial soundness of the institution, ensuring fair dealing without undue influence, and considering long-term implications for all stakeholders.

Decision-Making

The Board identifies matters requiring its approval (Board Reserved Matters) and communicates these to management in writing. These matters are disclosed in financial statements or the annual report.

Key Areas of Responsibility, among others:**(a) Strategy**

- Provide leadership and oversee the implementation of strategic direction and business objectives.
- Ensure alignment of the Bank's purpose, strategy, and values with its culture and standards.
- Oversee senior management performance and ESG strategy.
- Facilitate effective communication with regulatory bodies.

(b) Finance

- Approve annual business plans, budgets, credit strategies, and policies.
- Monitor financial performance and approve financial statements.
- Ensure proper maintenance of financial records.
- Determine capital and debt structure, dividend policy, and approve major acquisitions.
- Ensure compliance with MFRS 9 – Classification and Measurement standards.

(c) Risk Management, Compliance, and Internal Audit

- Foster a risk-aware culture and approve risk management frameworks.
- Oversee ICAAP and ensure adequate capital for risks.
- Approve capital strategies, exit plans, and business continuity plans.
- Ensure the effectiveness of risk management and internal control systems.
- Address significant incidents of non-compliance and internal control deficiencies.
- Oversee climate-related risk strategies.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

Key Areas of Responsibility, among others (continued):

(d) Human Resources

- Approve key appointments and removals for Board of Directors, and note the senior management appointments approved by the Board Nomination Committee.
- Oversee continuous development programs for Directors.
- Ensure alignment of remuneration with prudent risk-taking.
- Approve succession plans for key positions.

(e) Corporate Governance

- Approve organisational structure and corporate governance frameworks.
- Promote ethical and professional behaviour.
- Establish accountability for the CEO and management.
- Prevent conflicts of interest.
- Evaluate Board and committee performance.

(f) Connected & Related Party Transactions

- Approve transactions to ensure they are on an arm's length basis.

(g) Responsibility Mapping

- Implement BNM Responsibility Mapping principles.
- Approve individual areas of responsibility and reporting lines.

Delegation of Duties

The Board may delegate duties to appropriate Board Committees, where permissible by regulations, subject to full Board approval.

Compliance and Governance

The Board ensures adherence to the Financial Services Act 2013, Companies Act 2016, and Bank Negara Malaysia Guidelines. It follows best practices in corporate governance and approves major funding decisions, outsourcing arrangements, and related party transactions.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**1. BOARD OF DIRECTORS (CONTINUED)****Division of Responsibilities**

A clear division of responsibilities exists between the Chairman and the CEO to maintain a balance of power and independent decision-making. The Chairman leads the Board, promotes integrity, and ensures effective communication with management, shareholders, and stakeholders.

Independent Non-Executive Directors (INEDs)

The tenure limits for INEDs should generally not exceed nine (9) years.

INEDs provide independent oversight, advice, and judgement, ensuring effective checks and balances on the Board. They act impartially and in the best interest of the Bank and its shareholders.

Board Composition

As of the end of 2024, the Board consisted of five (5) members, including the Chairman. The Board's size and composition ensure diverse views and effective decision-making, with a balance of Executive, Non-Executive, Independent, and Non-Independent Directors. All the Board members have complied with the requirement of serving on the Board of not more than five (5) listed companies and fifteen (15) non-listed companies.

Board Meetings

During the financial year 31 December 2024, the Board held (13) thirteen meetings to discuss objectives, strategies, and reserved matters. All Directors attended over 75% of the meetings, meeting the attendance requirements set by Bank Negara Malaysia (BNM) Policy Document on Corporate Governance.

Director	Attendance
Datuk Zaiton Binti Mohd Hassan	13/13
Datuk Maimoonah Binti Mohamed Hussain	12/13
Mohamad Reza Bin Abdul Mutalib	11/13
Lim Kell Jay	13/13
Muthukrishnan Ramaswami	12/13

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**1. BOARD OF DIRECTORS (CONTINUED)****Access to Records and Advisors**

Directors have unrestricted access to the Bank's information to fulfill their responsibilities effectively. They must ensure the information is comprehensive, accurate, complete, and timely for decision-making on strategy and risk management.

Support is provided to the Directors by the Bank Company Secretary and Corporate Secretarial team. Directors also have access to the independent professional advice at the Bank's expense when they judge it necessary to discharge their responsibilities as Directors. The Board ensures these consultants maintain independence to avoid conflicts of interest.

Training and Development of Directors

The Bank emphasizes continuous professional development for its Directors. As a member of the Financial Institutions Directors' Education ("FIDE") Forum, Directors benefit from its resources, and the Bank allocates an additional training budget for further development. Two (2) Directors have completed the mandatory FIDE Core Program.

Directors are encouraged to participate in training programs to update their knowledge and skills. The Board is regularly informed about updates to Bank Negara Malaysia Policy Documents and other regulatory requirements relevant to their duties and responsibilities.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS:

(i) Datuk Zaiton Binti Mohd Hassan

Chairman, Independent Non-Executive Director

Age 68, Female, Malaysian

Datuk Zaiton was appointed as Independent Non-Executive Director and Chairman of GX Bank Berhad effective from 1 July 2022. She is also a member of Board Audit Committee, Board Risk and Compliance Committee, Board Remuneration Committee and Board Nomination Committee of the Bank.

Datuk Zaiton is a Fellow and Council Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and was Deputy Chair of the International Federation of Accountants (IFAC) and Professional Accountants in Business (PAIB) Advisory Group.

Datuk Zaiton started her career in PriceWaterhouse (now known as PricewaterhouseCoopers). She then moved into banking, including serving Malaysia's largest bank, Maybank for 12 years in various senior positions in Treasury, International Operations and Group Strategic Planning.

She was selected by the Central Bank of Malaysia to set up the country's second ratings agency, Malaysian Rating Corporation Berhad where she was President for eight years.

She is a career professional who has served as a Chairman and Board Member in the banking and plantation sectors namely, Bank Islam Malaysia Berhad, Bank Pembangunan Malaysia Berhad and Sime Darby Plantation Berhad respectively.

She had led the Board and Management of Bank Pembangunan Malaysia Berhad, assisted by the World Bank, to a new direction and strategic business model to assess projects applying for funding from the Bank using an Impact Assessment Framework, measuring impact to national development on one dimension and contribution to the achievement of the UNDP Sustainable Development Goals (SDGs) on another dimension.

She is an active member in Malaysia's accounting fraternity. She is currently the Chief Executive Officer of a not-for-profit institution, the Malaysia Professional Accountancy Centre (MyPAC), which focuses on giving the opportunity and funding for students from underprivileged B40 families to pursue professional accountancy qualifications.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(ii) Datuk Maimoonah Binti Mohamed Hussain

Independent Non-Executive Director

Age 66, Female, Singaporean

Datuk Maimoonah was appointed as Independent Non-Executive Director of GX Bank Berhad effective from 1 July 2022. She is currently the Chairman of the Board Audit Committee and Board Risk and Compliance Committee of the Bank.

Datuk Maimoonah is an accomplished banker with over 40 years of experience specialising in debt capital markets, structured finance, securities, asset management and investment banking. She had worked with leading global financial and banking institutions including Morgan Grenfell (Asia) Ltd, Standard Chartered Bank, Singapore and Malaysia, Affin Bank and Affin Hwang Investment Bank group, Malaysia.

Datuk Maimoonah joined the Affin Bank Group in 2003 and held various senior management positions with the latest being the Group Managing Director of Affin Hwang Investment Bank from 2014 until her retirement in 2019. She led the successful merger of Affin Investment Bank and Hwang DBS Investment Bank, exceeding all merger targets. She was instrumental in building the business and franchise, and transformed Affin Investment Bank to become one of the leading players in Malaysia, recognised as 'Overall Best Equities House' by Bursa Malaysia for five consecutive years. Her contributions have been recognised through various awards, notably Singapore Business Awards 'Outstanding Chief/Senior Executive (Overseas) 2014 and World HRD Congress' Asian CEO of the Year and Malaysian CEO with HR orientation 2019.

Datuk Maimoonah is a Chartered Banker and holds a Bachelor of Accountancy from the National University of Singapore.

She currently serves on the boards of Ekuiti Nasional Bhd and U Mobile Holdings Bhd in Malaysia, as well as the National Gallery Singapore, Hong Leong Asia Ltd, and the Singapore Exchange in Singapore.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(iii) Mohamad Reza Bin Abdul Mutalib

Independent Non-Executive Director

Age 52, Male, Malaysian

Encik Mohamad Reza ("Encik Reza") was appointed as Independent Non-Executive Director of GX Bank Berhad effective from 1 July 2022. He is currently the Chairman of the Board Remuneration Committee and Board Nomination Committee of the Bank. He is also a member of the Board Audit Committee.

Education and Qualification: -

- Encik Reza obtained his Bachelor's Degree in Science (Economics) from Northeastern University, Boston, USA in 1996.
- Encik Reza obtained his Master of Arts (Economics) from Northeastern University, Boston, USA in 1997.
- Encik Reza obtained his Master of Business from the University of Newcastle, Australia in year 2005.

Experience: -

- Encik Reza began his career in equities research at Peregrine Research and later moved onto Merrill Lynch covering the transport and automotive sector. He developed direct hands on experience in the Middle East region through his work as a Regional Executive for PROTON Berhad where he rose to become the Group Head of Marketing Communications.
- Moving in the early 2000s, Encik Reza subsequently became the General Manager of Renault Malaysia under the Tan Chong Group, wherein during his decade-long tenure there, he was also a Founder and Director of First Energy Network, laying the foundation of electric vehicle charging infrastructure in Malaysia.
- In 2015, Encik Reza moved to Singapore to head up Subaru's regional marketing communication activities and was also Country Head for Malaysia and Philippines for the Group.
- Encik Reza is currently the Founder and CEO of Karrus Automotive and Lotus Karz – the sole and exclusive franchisors for Subaru and Lotus cars respectively in Malaysia. He is also the CEO of Karrus Private Garage, an entity involved in the importation and sales of multi-brand range of vehicles.
- Encik Reza was appointed to the Board of Propel Global Berhad on 1 July 2022 as an Independent Non-Executive Director and was then further appointed as Executive Chairman on 9 January 2023.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(iv) Lim Kell Jay

Non-Independent Non-Executive Director

Age 42, Male, Malaysian

Encik Lim Kell Jay ("Encik Kell Jay") was appointed as Independent Non-Executive Director of GX Bank Berhad effective from 20 February 2023. He was a member of the Board Nomination Committee of the Bank until 23 December 2024. He is currently a member of the Board Remuneration Committee and Board Risk and Compliance Committee.

Encik Kell Jay currently is the Regional Head of GrabFin, the fintech arm of Grab. In this role, he is accountable for the development and execution of Grab's fintech vision of bringing financial inclusion to the 6 in 10 Southeast Asians who are under-served. GrabFin consists of payments, lending and insurance. His previously held positions in Grab include Head, Grab Financial Group Singapore, Regional Head of Merchants, Regional Head of Operations & Regional Head of GrabCar.

Prior to joining Grab, Encik Kell Jay led complex customer analytics projects for large multinational clients in his previous stint at Accenture. This experience has proven useful in equipping him with the knowledge and expertise to understand customers' needs in order to enhance the Grab experience.

Encik Kell Jay graduated from the University of Sheffield with an Honours degree in Electronic Engineering.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(v) Muthukrishnan Ramaswami

Non-Independent Executive Director

Age 67, Male, Singaporean

Encik Muthukrishnan Ramaswami ("Encik Ramaswami") was appointed as Non-Independent Executive Director of GX Bank Berhad effective from 2 May 2023. He was a member of the Board Risk and Compliance Committee of the Bank until 23 December 2024. He is currently a member of the Board Nomination Committee.

Encik Ramaswami is the Group Chief Executive Officer of GXS Bank Pte. Ltd.

Encik Ramaswami is a Finance, Technology & Operations professional with over 35 years of international experience, including 12 years at Singapore Exchange (SGX), 21 years at Citibank and 3 years at Nestle.

Encik Ramaswami retired as President of Singapore Exchange on 1 October 2019. In various roles at the Singapore Exchange, he had broad responsibilities and helmed Technology, Operations, Product Management and Marketing and International Coverage with responsibility for all regulated subsidiaries of the Exchange.

Encik Ramaswami joined SGX from Citigroup where he held senior positions across Operations, Technology and Transaction Banking in various locations including Mumbai, Singapore, Hong Kong, London and New York.

Encik Ramaswami serves on the Boards of JTC, Jurong Port, National University Health System (NUHS), Synapse and Temus – all in Singapore. He also previously served on the boards of Singapore's Accounting and Corporate Regulatory Authority (ACRA), Infocomm Development Authority (IDA) and several of SGX's subsidiaries including the Energy Market Company.

Encik Ramaswami holds a Master's Degree in Mathematics (Honours) from Birla Institute of Technology and Sciences, and a Post Graduate Diploma in Management Studies (Masters in Business Administration) from the Indian Institute of Management, Ahmedabad.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**2. BOARD RISK AND COMPLIANCE COMMITTEE ("BRCC")**

The BRCC of the Bank is accountable to the Board and assists the Board in overseeing the Bank's overall risk management and compliance framework, risk appetite and the identification, measurement, monitoring, and control of key risks facing the Bank. It shall also assist the Board to foster a risk culture and good conduct within the Bank.

The BRCC is chaired by an Independent Director and comprises:

Name	Designation
Datuk Maimoonah Binti Mohamed Hussain	Chairman, Independent Non-Executive Director
Datuk Zaiton Binti Mohd Hassan	Member, Independent Non-Executive Director
Muthukrishnan Ramaswami (resigned with effect from 23 December 2024)	Member, Non-Independent Executive Director
Lim Kell Jay (appointed with effect from 23 December 2024)	Member, Non-Independent Non-Executive Director

Secretary

The Company Secretary or such person as nominated by the Committee will be the Secretariat and will convene the meetings with invitations sent to the members and invitees.

(a) Meetings

The BRCC shall meet as and when appropriate but not less than four (4) times annually.

The BRCC Chairman, the Secretariat, the Chief Risk Officer or at least two other members of the Committee has the authority to call meetings of the Committee.

The quorum for a meeting is at least half of the total number of the Committee's members. If the Committee Chairman is not present at the meeting, members of the Committee shall appoint one of the Independent Directors to chair the meeting.

A member of BRCC shall not take part in the consideration of matters where the member has a material interest, whether directly or indirectly, which may conflict with the interests of the Bank. Where possible, this member shall recuse themselves from the meeting when the matter is discussed. A member shall not be counted in the quorum at a meeting for any resolution in which they are recused or barred from voting.

BRCC may, at its discretion, invite to its meetings, the Chairman of the Board, the CEO, other Directors, representatives of the Risk and Compliance function within the Bank and any other parties as it deems appropriate for carrying out its responsibilities. Such invited persons do not count towards the quorum.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

2. BOARD RISK AND COMPLIANCE COMMITTEE ("BRCC") (CONTINUED)

(b) Roles and Responsibilities of the BRCC

The roles and responsibilities of the BRCC amongst others, are as follows:

- (i) Risk Appetite
 - Annual Review: Review and recommend the Risk Appetite Statement, metrics, and thresholds to the Board annually.
 - Monitoring: Monitor the Bank's risk profile and exposures to ensure adherence to the Board-approved Risk Appetite.
- (ii) Risk Management
 - Risk System: Oversee the establishment and operation of an independent, enterprise-wide risk management system.
 - Function Adequacy: Ensure the risk management function is adequately resourced, independent, and effective.
 - Governance: Ensure appropriate governance structures and a strong risk-aware culture.
 - Framework Approval: Approve the Bank's Risk Management Frameworks and significant policies annually.
 - Risk Monitoring: Monitor adherence to risk limits and review the adequacy of risk management practices.
 - Capital Adequacy: Review and challenge the ICAAP, capital plan, and strategy to ensure alignment with the Bank's risk profile.
 - Risk Models: Approve all risk models and new product categories.
 - Emerging Risks: Review processes for identifying and managing new and emerging risks.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

2. BOARD RISK AND COMPLIANCE COMMITTEE ("BRCC") (CONTINUED)

(b) Roles and Responsibilities of the BRCC (continued)

The roles and responsibilities of the BRCC amongst others, are as follows (continued):

(iii) Technology Risk Management

- Framework Approval: Review and approve the technology risk management framework and strategy annually.
- Resource Allocation: Ensure adequate resources for technology risk management.
- Incident Review: Review significant technology risk developments and incidents.

(iv) Stress Testing

- Programme Approval: Approve policies, procedures, and scenarios for stress testing.
- Oversight: Oversee the design, execution, and results of stress tests.
- Regulatory Submissions: Review and approve stress test results for regulatory submissions.

(v) Compliance and Anti-Money Laundering / Counter Financing Terrorism ("AML/CFT")

- Policy Approval: Maintain accountability for AML/CFT policies and approve the compliance framework.
- Effectiveness Assessment: Assess the effectiveness of compliance and AML/CFT risk management.
- Risk Appetite: Approve Compliance & AML Risk Appetite.

(vi) Outsourcing

- Framework Approval: Review and approve the outsourcing framework and risk appetite annually.
- Governance: Ensure appropriate governance for outsourcing risk management.

(vii) Business Continuity Management ("BCM")

- Framework Approval: Review and endorse the BCM framework annually.
- Resource Allocation: Ensure adequate resources for effective BCM implementation.

(viii) Exit Plan

- Development and Review: Oversee the development and annual review of the exit plan.
- Threshold Breaches: Review and approve measures for breaches in the exit plan.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**2. BOARD RISK AND COMPLIANCE COMMITTEE ("BRCC") (CONTINUED)****(b) Roles and Responsibilities of the BRCC (continued)**

The roles and responsibilities of the BRCC amongst others, are as follows (continued):

(ix) Whistleblowing and Investigations

- Policy Review: Review policies and procedures for fraud detection and whistleblowing.
- Confidential Reporting: Ensure arrangements for confidential reporting of concerns are in place.

(x) Connected Party Transactions ("CPTs")

- Policy Approval: Review and approve the CPT policy regularly.
- Transaction Monitoring: Monitor and approve material CPTs and ensure proper disclosure and reporting.

(c) Activities

The BRCC carried out its duties in accordance with its Terms of Reference.

The BRCC met five (5) times during the financial year ended 31 December 2024 with timely notices of issues to be discussed. Details of the attendance of each BRCC member are as follows:

Director	Attendance
Datuk Maimoonah Binti Mohamed Hussain	5/5
Datuk Zaiton Binti Mohd Hassan	5/5
Muthukrishnan Ramaswami	
(resigned with effect from 23 December 2024)	4/5
Lim Kell Jay (appointed with effect from 23 December 2024)	Nil

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

3. BOARD AUDIT COMMITTEE ("BAC")

The BAC of the Bank assists the Board in overseeing the performance of the external auditor ("EA"), the performance of the Bank's internal audit function ("IA") and the integrity of the Bank's financial statements, and nominating the EA.

The BAC is chaired by an Independent Director and comprises:

Name	Designation
Datuk Maimoonah Binti Mohamed Hussain	Chairman, Independent Non-Executive Director
Datuk Zaiton Binti Mohd Hassan	Member, Independent Non-Executive Director
Mohamad Reza Bin Abdul Mutalib	Member, Independent Non-Executive Director

Secretary

The Company Secretary or such person as nominated by the Committee will be the Secretariat and will convene the meetings with invitations sent to the members and invitees.

(a) Meetings

The BAC Chairman, the Secretariat, the Head of Internal Audit or at least two other members of the Committee has the authority to call meetings of the Committee.

The quorum for a meeting is at least half of the total number of the BAC's members. If the Chairman is not present at the meeting, members of the Committee shall appoint one member to chair the meeting.

A member of BAC shall not take part in the consideration of matters where the member has material interest, whether directly or indirectly, which may conflict with the interests of the Bank. Where possible, this member shall recuse themselves from the meeting when the matter is discussed. A member shall not be counted in the quorum at a meeting for any resolution in which they are recused or barred from voting.

The BAC may, at its discretion, invite to its meetings, the Chairman of the Board, the CEO, other Directors, representatives of the Risk and Compliance functions within the Bank, and any other parties as it deems appropriate for carrying out its responsibilities. Such invited persons do not count towards the quorum.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

3. BOARD AUDIT COMMITTEE ("BAC") (CONTINUED)

(a) Meetings (continued)

The BAC will meet separately and periodically (at least annually) with the following:

- The EA, without the presence of Management and the IA.
- The IA, without the presence of Management and the EA.

The EA or IA may request for a separate meeting with the Committee whenever deemed necessary. Management may also request for a separate meeting with the Committee without the presence of the EA and/or IA.

The Company Secretary or any other person nominated by the BAC shall act as Secretary of the BAC and shall ensure that agenda and BAC papers are circulated in accordance with the terms of reference and the proceedings of the BAC are minuted, and that all BAC documents are retained in accordance with document retention policy.

After each meeting, the BAC shall report and update the Board on significant issues and concerns discussed during the BAC meetings and where appropriate, make the necessary recommendations to the Board.

(b) Roles and Responsibilities of the BAC

The roles and responsibilities of the BAC amongst others, are as follows:

(i) Financial Reporting

- Review Financial Statements: Ensure financial statements are prepared according to internationally accepted accounting policies and practices.
- Reporting Issues: Review significant financial reporting issues and judgements to ensure the integrity of financial statements.
- Management Assurance: Review assurances from the CEO and CFO regarding the accuracy and completeness of financial records and statements.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

3. BOARD AUDIT COMMITTEE ("BAC") (CONTINUED)

(b) Roles and Responsibilities of the BAC (continued)

The roles and responsibilities of the BAC amongst others, are as follows (continued):

(ii) External Audit

- Audit Approach: Assess the appropriateness of the external audit approach and scope.
- Fees and Engagement: Review audit fees and terms of engagement, ensuring they are commensurate with the scope of work.
- Appointment and Independence: Recommend the appointment, re-appointment, and removal of the External Auditor (EA), and assess their independence annually.
- Audit Findings: Review the EA's Management Letter and significant findings, ensuring timely rectification of internal control weaknesses.
- Audit Discussions: Engage with the EA on audit plans, reports, internal control assessments, and any significant issues or unresolved differences.

(iii) Internal Audit

- Internal Audit Reports: Review internal audit reports and ensure management takes necessary corrective actions.
- Internal Controls: Assess the adequacy and effectiveness of internal controls and risk management processes.
- Audit Plan: Approve the internal audit plan, scope, and frequency, ensuring alignment with the Bank's risk profile.
- Independence and Resources: Ensure the independence, adequacy, and effectiveness of the internal audit function, including staff qualifications and resources.
- Internal Audit Charter: Review and approve the Internal Audit Charter annually.

(iv) Internal Controls

- Annual Review: Annually review and comment on the adequacy and effectiveness of internal control systems, including financial, operational, compliance, and IT controls.
- Audit Recommendations: Ensure timely resolution of recommendations from internal and external audit reports.
- Management Assurance: Review assurances from the CEO and key management on the adequacy of internal controls and risk management systems.

(v) Connected and Related Party Transactions ("CPTs" and "RPTs")

- CPT Review: Ensure CPTs are undertaken on an arm's length basis and update the Board accordingly.
- RPT Review: Ensure RPTs are arm's length, not detrimental to minority shareholders, and in the Bank's best interest.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**3. BOARD AUDIT COMMITTEE ("BAC") (CONTINUED)****(b) Roles and Responsibilities of the BAC (continued)**

The roles and responsibilities of the BAC amongst others, are as follows (continued):

(vi) Compliance

- Corrective Actions: Ensure senior management addresses non-compliance issues promptly.

(vii) Whistleblowing

- Policy Review: Review whistleblowing policies and procedures.
- Case Oversight: Oversee whistleblowing cases, except those involving Committee members, which are presented directly to the Board.

(viii) Other Responsibilities

- Liaison with Risk Committee: Coordinate with the Board Risk and Compliance Committee on risk management and internal control matters.
- Accuracy Review: Review the accuracy and adequacy of the Chairperson's statement, corporate governance disclosures, and interim financial reports.
- Independent Assessments: Engage third parties for independent assessments of risk management and internal control frameworks if necessary.
- Delegated Functions: Perform additional functions as delegated by the Board.

(c) Activities

The BAC carried out its duties in accordance with its Terms of Reference.

The BAC met nine (9) times during the financial year ended 31 December 2024 with timely notices of issues to be discussed. Details of the attendance of each BAC member are as follows:

Director	Attendance
Datuk Maimoonah Binti Mohamed Hussain	9/9
Datuk Zaiton Binti Mohd Hassan	9/9
Mohamad Reza Bin Abdul Mutalib	9/9

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

4. BOARD REMUNERATION COMMITTEE ("BRC")

The BRC of the Bank is accountable to the Board and assists the Board in providing direction and overseeing the establishment, maintenance and administration of the Bank's remuneration framework and compensation program for Directors, Management and Material Risk Personnel.

The BRC is chaired by an Independent Director and comprises:

Name	Designation
Mohamad Reza Bin Abdul Mutalib	Chairman, Independent Non-Executive Director
Datuk Zaiton Binti Mohd Hassan	Member, Independent Non-Executive Director
Lim Kell Jay	Member, Non-Independent Non-Executive Director

Secretary

The Company Secretary or such person as nominated by the Committee will be the Secretariat and will convene the meetings with invitations sent to the members and invitees.

The Secretariat shall be responsible, on behalf of the BRC, for proper maintenance of the minutes for all meetings for record-keeping purposes and make them available for inspection by any Director of the Bank upon request with the consent of the BRC Chairman, and to maintain confidentiality on the affairs of the Bank and its officers at all times.

(a) Meetings

The BRC shall meet as and when appropriate but not less than two (2) times annually.

The BRC Chairman, the Secretariat or at least two other members of the Committee has the authority to call meetings of the Committee.

The quorum for a meeting is at least half of the total number of the Committee's members. If the Committee Chairman is not present at the meeting, members of the Committee shall appoint one of the Independent Directors to chair the meeting.

A member of BRC shall not take part in the consideration of matters where the member has a material interest, whether directly or indirectly, which may conflict with the interests of the Bank. Where possible, this member shall recuse themselves from the meeting when the matter is discussed. A member shall not be counted in the quorum at a meeting for any resolution in which they are recused or barred from voting.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

4. BOARD REMUNERATION COMMITTEE ("BRC") (CONTINUED)

(a) Meetings (continued)

BRC may, at its discretion, invite to its meetings, the Chairman of the Board, the CEO, other Directors, representatives of the People Department function within the Bank and any other parties as it deems appropriate for carrying out its responsibilities. Such invited persons do not count towards the quorum.

(b) Roles and Responsibilities of the BRC

The roles and responsibilities of the BRC amongst others, are as follows:

(i) Remuneration Framework

- Framework Development: Develop and recommend a remuneration framework for Directors, Management, and Other Material Risk Takers, ensuring alignment with prudent risk-taking and corporate culture as per BNM Corporate Governance policy.
- KPI Setting: Recommend appropriate Key Performance Indicators (KPIs) for Management and Other Material Risk Takers, aligning with the Bank's strategic goals and promoting good conduct.
- Risk Committee Collaboration: Collaborate with the Board Risk Committee to ensure remuneration policies do not incentivise excessive risk-taking.

(ii) Incentive Plans

- Incentive Design: Review and recommend long-term and short-term incentive plans, including performance targets and vesting criteria, subject to Board and shareholder approval.
- Annual Determinations: Annually determine whether awards will be made, set performance targets, and decide the proportion of awards to vest.

(iii) Performance and Remuneration Reviews

- Management Performance: Evaluate Management's oversight and effectiveness in implementing remuneration policies, ensuring alignment with the Bank's framework and objectives.
- Annual Reviews: Annually review remuneration packages for Management and Other Material Risk Takers, and oversee their professional development.
- Nominating Committee Collaboration: Work with the Nominating Committee on performance criteria and evaluation processes for Directors.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

4. BOARD REMUNERATION COMMITTEE ("BRC") (CONTINUED)

(b) Roles and Responsibilities of the BRC (continued)

The roles and responsibilities of the BRC amongst others, are as follows (continued):

(iv) Remuneration Practices and Compliance

- Practice Review: Ensure remuneration practices align with the approved framework, strategic objectives, and ethical standards, avoiding conflicts of interest.
- Independent Review: Conduct an independent annual review of remuneration policies to ensure regulatory compliance.
- Major Changes: Oversee any significant changes in remuneration structures.

(v) Disclosures

- Transparency: Maintain appropriate disclosures on the Bank's website or in the annual report regarding remuneration policies, criteria, and details of Directors, Management, and selected employees.

(vi) Other Responsibilities

- Committee Collaboration: Liaise with other Board Committees on remuneration-related matters.
- Delegated Functions: Perform additional functions as delegated by the Board.

(c) Activities

The BRC carried out its duties in accordance with its Terms of Reference.

The BRC met three (3) times during the financial year ended 31 December 2024 with timely notices of issues to be discussed. Details of the attendance of each BRC member are as follows:

Director	Attendance
Mohamad Reza Bin Abdul Mutalib	3/3
Datuk Zaiton Binti Mohd Hassan	3/3
Lim Kell Jay	3/3

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**5. BOARD NOMINATION COMMITTEE ("BNC")**

The BNC of the Bank is accountable to the Board and assist the Board in overseeing the appointment and succession planning for the Board and Management, reviewing the performance and effectiveness of the Board, Board Committees, Directors (including any Non-Directors appointed to the Board Risk Committee) and senior management, and reviewing the training and professional development programs for the Board and senior management.

The BNC is chaired by an Independent Director and comprises:

Name	Designation
Mohamad Reza Bin Abdul Mutalib	Chairman, Independent Non-Executive Director
Datuk Zaiton Binti Mohd Hassan	Member, Independent Non-Executive Director
Lim Kell Jay (resigned with effect from 23 December 2024)	Member, Non-Independent Non-Executive Director
Muthukrishnan Ramaswami (appointed with effect from 23 December 2024)	Member, Non-Independent Executive Director

Secretary

The Company Secretary or such person as nominated by the Committee will be the Secretariat and will convene the meetings with invitations sent to the members and invitees.

The Secretariat shall be responsible, on behalf of the BNC, for proper maintenance of the minutes for all meetings for record-keeping purposes and make them available for inspection by any Director of the Bank upon request with the consent of the BNC Chairman, and to maintain confidentiality on the affairs of the Bank and its officers at all times.

(a) Meetings

The BNC shall meet as and when appropriate but not less than two (2) times annually.

The BNC Chairman, the Secretariat or at least two other members of the Committee has the authority to call meetings of the Committee.

The quorum for a meeting is at least half of the total number of the Committee's members. If the Committee Chairman is not present at the meeting, members of the Committee shall appoint one of the Independent Directors to chair the meeting.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

5. BOARD NOMINATION COMMITTEE ("BNC") (CONTINUED)

(a) Meetings (continued)

A member of BNC shall not take part in the consideration of matters where the member has a material interest, whether directly or indirectly, which may conflict with the interests of the Bank. Where possible, this member shall recuse themselves from the meeting when the matter is discussed. A member shall not be counted in the quorum at a meeting for any resolution in which they are recused or barred from voting.

BNC may, at its discretion, invite to its meetings, the Chairman of the Board, the CEO, other Directors, representatives of the People Department function within the Bank and any other parties as it deems appropriate for carrying out its responsibilities. Such invited persons do not count towards the quorum.

(b) Roles and Responsibilities of the BNC

The roles and responsibilities of the BNC amongst others, are as follows:

- (i) Composition and Independence of Board.
 - Review and recommend the size and composition of the Board to ensure effective deliberation and diversity.
 - Ensure no more than one executive Director on the Board, and the Chairman must not be an executive or a former CEO of the Bank within the past 5 years.
 - Develop criteria for Director qualifications and independence, considering regulatory requirements and specific expertise needed.
- (ii) Appointment/Re-Appointment/Resignation of Directors and Key Responsible Persons.
 - Develop criteria and frameworks for identifying and recommending suitable candidates for key roles including Chairman, Board of Directors, Board Committees, CEO, and Company Secretary.
 - Ensure fit and proper assessments, conflict of interest checks, and regulatory compliance for appointees.
 - Send formal appointment letters outlining roles, responsibilities, and time commitments.
 - Recommend re-appointment and removal of Directors and key personnel, ensuring tenure limits and periodic re-nomination.
 - Disclose reasons for resignation or dismissal of key appointment holders and discuss with BNM.
- (iii) Succession Planning
 - Review and recommend succession plans for Directors and senior management, focusing on key positions like Chairman and CEO.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**5. BOARD NOMINATION COMMITTEE ("BNC") (CONTINUED)****(b) Roles and Responsibilities of the BNC (continued)**

The roles and responsibilities of the BNC amongst others, are as follows (continued):

(iv) Evaluation of Board, Committees, Directors and Senior Management.

- Recommend evaluation processes and criteria for the Board, Committees, Chairman, and individual Directors.
- Conduct annual performance evaluations and disclose assessment processes and any external facilitators involved.
- Assess Directors' independence and commitment, recommending guidelines for time commitments and disclosing directorships and principal commitments.

(v) Professional Development of Board.

- Oversee induction and ongoing professional development programs for Directors.
- Ensure Directors are informed about corporate governance, legislation changes, and industry developments.
- Disclose training attended by Directors in the Bank's annual report, including justifications for any non-attendance.

(vi) Others

- Review, approve, and disclose the Board diversity policy with measurable objectives.
- Oversee talent management and leadership development processes.
- Perform additional functions as delegated by the Board.

(c) Activities

The BNC carried out its duties in accordance with its Terms of Reference.

The BNC met five (5) times during the financial year ended 31 December 2024 with timely notices of issues to be discussed. Details of the attendance of each BNC member are as follows:

Director	Attendance
Mohamad Reza Bin Abdul Mutalib	5/5
Datuk Zaiton Binti Mohd Hassan	5/5
Lim Kell Jay (resigned with effect from 23 December 2024)	5/5
Muthukrishnan Ramaswami (appointed with effect from 23 December 2024)	Nil

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

BUSINESS PLAN AND OUTLOOK FOR NEXT FINANCIAL YEARPerformance for the financial year end 31 December 2024

GX Bank Berhad ("The Bank") received the licence to commence operations from Bank Negara Malaysia ("BNM") in September 2023, being the first digital bank to commence operations in Malaysia. For the financial year ended 31 December 2024, the Bank recorded customer deposit balances of RM1,319.2 million and successfully launched its customer lending program, achieving loans and advances totaling RM4.7 million.

The Bank registered a Loss before tax of RM234.6 million for the financial year ended 31 December 2024, compared to a loss before tax of RM192.9 million in the previous financial year ended 31 December 2023.

- Total operating income for the financial year ended 31 December 2024 closed at RM2.4 million compared to RM6.8 million in the previous financial year, a decrease of RM4.4 million. The decrease in 2024 is mainly due to higher fee expenses, offset by higher net interest income.
- Total operating expenses came in at RM235.9 million compared to RM199.5 million in the previous financial year, an increase of RM36.4 million. The increase in operating cost is mainly due to the increase in staff cost by RM13.4 million, depreciation of plant and equipment and amortisation of intangible assets by RM1.0 million and other operating expenses by RM22.0 million. The uptick noted across all the expenses is within the management's expectations as the Bank is investing in developing its technology platforms, products and capabilities and governance to build a sustainable and successful digital bank to serve the needs of the retail as well as micro, small and medium enterprises in Malaysia.

Total assets as at the financial year ended 31 December 2024 came in at RM1,676.5 million compared to RM530.3 million as at 31 December 2023. The increase of RM1,146.2 million is mainly due to the increase in deposits from customers and share capital resulting in the increase of RM389.9 million from placement with banks and RM702.4 million from purchases of financial investment at fair value through other comprehensive income ("FVOCI").

Total liabilities as at the financial year ended 31 December 2024 came in at RM1,396.9 million which is mainly coming from the higher customer deposits which increased from RM195.4 million to RM1,319.2 million.

Total equity increased from RM270.3 million as at 31 December 2023 to RM279.6 million as at 31 December 2024.

- The capital of RM224.9 million was infused for the purpose of financing the Bank's business operation.
- The accumulated losses increased by RM234.0 million during the financial year leading to reduction in the equity.
- Reserves of RM18.5 million relate to capital contribution from the immediate holding company in the form of equity incentive plans.

The Bank continues to be well capitalised for future investments and growth with the CET1 ratio as at 31 December 2024 of 103.571% (2023: 324.054%).

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

BUSINESS PLAN AND OUTLOOK FOR NEXT FINANCIAL YEAR (CONTINUED)Outlook for full year 2025

Looking to 2025, Malaysia's economy is expected to grow by 4.5% to 5.5%. Domestic demand and private investment will remain pivotal, driven by stable income growth and a strong labour market. Inflation is projected to be manageable, at 2.0% to 3.5%, aided by easing global supply constraints and moderating commodity prices. Private consumption, which constitutes roughly 60% of the economy, is expected to grow by 5.9%, supported by rising incomes and robust employment, while public expenditure is anticipated to expand by 4.1%.

The ringgit is forecasted to continue its upward trajectory, supported by solid economic fundamentals, policy stability, and narrowing yield differentials with the US. Although global uncertainties, such as the Fed's interest rate path and China's economic performance could influence the ringgit, Malaysia's fiscal and economic frameworks provide a degree of resilience.

Malaysia's economic landscape in 2025 will build on the foundations laid in 2024. Key initiatives such as the *Public-Private Partnership Master Plan 2030 (PIKAS 2030)* will drive national development by fostering shared responsibilities with the private sector. PIKAS 2030 aims to streamline coordination, diversify projects, and accelerate implementation, boosting public service outcomes.

Fiscal consolidation efforts will continue focusing on reducing the deficit and managing public debt. Targeted expenditure, subsidy rationalisation, and revenue optimisation reflect the government's fiscal responsibility, aligned with the Public Finance and Fiscal Responsibility Act. Bank Negara Malaysia's policy approach will emphasise balancing growth with price stability, maintaining confidence in the financial sector.

Labour market policies will aim to enhance workforce inclusivity, particularly through initiatives to increase female labour force participation and strengthen wage growth. Such programs are expected to bolster domestic demand and contribute to income equality.

With these strategic reforms and policies, Malaysia is positioned to remain a resilient and dynamic economy within the region. The structural foundation laid in 2024, combined with sectoral expansion and fiscal prudence, supports a positive economic outlook for 2025, ensuring Malaysia's ongoing progress towards its inclusive and sustainable growth goals.

In the previous year, GX Bank had successfully nurtured a financially viable retail business, and laid the foundation for Micro SME banking. In 2025, GX Bank will continue to scale revenues by leveraging existing product capabilities and new opportunities.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)
(Incorporated in Malaysia)

AUDITORS AND AUDITORS' REMUNERATION

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration during the year is RM290,000.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Datuk Maimoonah Binti Mohamed Hussain
Director



.....
Datuk Zaiton Binti Mohd Hassan
Director

Petaling Jaya, Selangor

Date: 27 March 2025

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	2024 RM'000	2023 RM'000
Assets			
Cash and short-term funds	4	410,852	450,958
Placement with banks	5	439,841	49,984
Financial investments at fair value through other comprehensive income ("FVOCI")	6	702,414	-
Loans and advances	7	4,730	-
Other assets	8	90,496	23,799
Statutory deposits with Bank Negara Malaysia	9	9,100	1,000
Plant and equipment	10	4,673	4,183
Tax recoverable		470	300
Intangible assets	11	13,929	108
Total Assets		1,676,505	530,332
Liabilities			
Deposits from customers	12	1,319,216	195,370
Other liabilities	13	77,680	64,707
Total Liabilities		1,396,896	260,077
Net Assets		279,609	270,255
Equity			
Share capital	14	720,000	495,100
Reserves	15	52,086	33,598
Accumulated losses		(492,477)	(258,443)
Total equity attributable to owners of the Bank		279,609	270,255
COMMITMENTS	23	44,311	-

The accompanying notes form an integral part of these financial statements.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

			(Restated)
		2024	2023
	Note	RM'000	RM'000
Interest income		53,137	7,094
Interest expense		(41,783)	(319)
Net Interest Income	16	11,354	6,775
Fee and commission	17	(9,874)	(262)
Other income	18	953	261
Non-Interest income		(8,921)	(1)
Total operating income		2,433	6,774
Expenses			
- Staff costs	19	(105,337)	(91,928)
- Depreciation of plant and equipment	10	(1,854)	(1,295)
- Amortisation of intangible assets	11	(450)	(18)
- Other operating expenses	20	(128,209)	(106,211)
Total operating expenses		(235,850)	(199,452)
Loss before allowances		(233,417)	(192,678)
Allowances for credit and other losses	21	(1,185)	(200)
Loss before tax		(234,602)	(192,878)
Income tax	22	-	(128)
Loss for the financial year		(234,602)	(193,006)
Other comprehensive income for the year, net of income tax			
Item that may be reclassified subsequently to statement of profit and loss			
Financial investments at FVOCI			
- net gain on change of fair value		131	-
Total other comprehensive income		131	-
Total comprehensive loss for the financial year		(234,471)	(193,006)

The accompanying notes form an integral part of these financial statements.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Share Capital RM'000	Fair value Reserves RM'000	Capital Contribution Reserves RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2024	495,100	-	33,598	(258,443)	270,255
Loss for the financial year	-	-	-	(234,602)	(234,602)
Other comprehensive income	-	131	-	-	131
Total comprehensive loss for the financial year	-	131	-	(234,602)	(234,471)
Transaction with owners, recorded directly in equity					
Issuance of ordinary shares (Note 14)	224,900	-	-	-	224,900
Shared-based payments	-	-	18,357	568	18,925
Total contributions by and distributions to owners	224,900	-	18,357	568 [*]	243,825
At 31 December 2024	720,000	131	51,955	(492,477)	279,609
At 1 January 2023	220,038	-	-	(65,437)	154,601
Loss and total comprehensive loss for the financial year	-	-	-	(193,006)	(193,006)
Transaction with owners, recorded directly in equity					
Issuance of ordinary shares (Note 14)	275,062	-	-	-	275,062
Share-based payments	-	-	33,598	-	33,598
Total contributions by and distributions to owners	275,062	-	33,598	-	308,660
At 31 December 2023	495,100	-	33,598	(258,443)	270,255

*The adjustment to the current year's retained earnings is due to the expiration of the option.

The accompanying notes form an integral part of these financial statements.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Loss before tax		(234,602)	(192,878)
Adjustments for:			
Amortisation of premium for financial investment at FVOCI		1,768	-
Depreciation of plant and equipment	10	1,854	1,295
Amortisation of intangible assets	11	450	18
Finance cost on lease liabilities	13(a)	83	91
Allowances for credit and other losses	21	1,185	200
Share-based payments	19	19,603	24,956
Plant and equipment written off	10	154	-
Unrealised foreign exchange losses	20	588	313
Interest income		(53,137)	(7,094)
Interest expense		41,783	319
Net loss on disposal of financial assets at FVOCI		99	-
Finance cost on provision for reinstatement cost	13(c)	18	14
Operating loss before working capital changes		(220,154)	(172,766)
Changes in working capital:			
Statutory deposits with Bank Negara Malaysia		(8,100)	(1,000)
Loans and advances		(4,937)	-
Other assets		(59,088)	(21,111)
Deposits from customers		1,123,846	195,370
Other liabilities		10,174	40,381
Cash generated from operating activities		841,741	40,874
Interest received		51,473	7,094
Interest paid		(41,783)	(319)
Income tax paid		(170)	(428)
Net cash generated from operating activities		851,261	47,221
Cash flows from investing activities			
Additions to plant and equipment		(436)	(3,225)
Additions to intangible assets	11	(14,271)	(126)
Acquisition of financial investments at FVOCI		(710,739)	-
Net cash used in investing activities		(725,446)	(3,351)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	14	224,900	275,062
Payment of lease liabilities	13(a)	(947)	(469)
Net cash generated from financing activities		223,953	274,593
Net increase in cash and cash equivalents		349,768	318,463
Cash and cash equivalents at beginning of the year		501,142	182,679
Cash and cash equivalents at end of the year		850,910	501,142

The accompanying notes form an integral part of these financial statements.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	Note	2024 RM'000	2023 RM'000
Cash and cash equivalents comprise:			
Cash and short-term funds	4	410,910	451,142
Placement with banks	5	440,000	50,000
		<u>850,910</u>	<u>501,142</u>

(a) Cash outflows for leases as a lessee

	Note	2024 RM'000	2023 RM'000
Included in net cash from operating activities:			
Payment relating to leases of low-value assets	20	2,132	492
Finance cost on lease liabilities	13(a)	83	91
		<u>2,215</u>	<u>583</u>
Included in net cash from financing activities:			
Payment of lease liabilities	13(a)	947	469
		<u>947</u>	<u>469</u>
Total cash outflows for leases		<u>3,162</u>	<u>1,052</u>

The accompanying notes form an integral part of these financial statements.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

GX Bank Berhad is a limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Bank are as follows:

Principal place of business

Level 5, 1 First Avenue

Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

Registered office

12th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13, 46200 Petaling Jaya

Selangor Darul Ehsan

The principal activities of the Bank are to carry on digital banking and related services.

The immediate and ultimate holding companies during the financial year are GXS Bank Pte. Ltd. and Grab Holdings Limited respectively. GXS Bank Pte. Ltd. is incorporated in Singapore and Grab Holdings Limited is incorporated in Cayman Islands and listed on NASDAQ.

The financial statements were authorised for issue by the Board of Directors on 27 March 2025.

2. BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements of the Bank have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Bank:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026 (continued)

- Amendments that are part of Annual Improvements — Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Bank plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027, except for MFRS 19 which is not applicable to the Bank.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Bank.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis other than as disclosed in Note 3.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The area involving significant judgement or complexity, or where assumptions and estimates affect the financial statements, is the estimation of the Bank's expected credit losses ("ECLs"), which is based on complex models with several underlying assumptions. Key judgements in determining the ECLs include the Bank's criteria for assessing significant increases in credit risk and the selection of macroeconomic variables for the models.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently by the Bank, unless otherwise stated.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Ringgit Malaysia at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period.

Foreign currency differences arising from retranslation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined at initial recognition and are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying an effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(f)(i)) the effective interest rate is applied to the amortised cost.

Financial assets measured at FVOCI

FVOCI category comprises debt investments that are held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest. The debt investments are not designated as fair value through profit or loss. These assets are subsequently measured at fair value. Any gain or loss arising from a change in the fair value is recognised in the fair value reserve through other comprehensive income except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in profit or loss. On derecognition or disposal, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment (continued)

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods for plant and equipment are 3 years. Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(d) Intangible assets

(i) Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses, except for software-in development which is not subject to amortisation until the development is completed and the asset is available for use.

(ii) Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset. Work-in-progress are not amortised until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (continued)

(ii) Amortisation (continued)

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

The estimated useful lives for the intangible assets are 3 years.

(e) Leases

(i) Definition of a lease

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Bank is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise;
- penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

The Bank excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

(f) Impairment

(i) Financial assets

The Bank recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at FVOCI, off-balance sheet loan commitments and other financial assets that are not measured at fair value through profit or loss. Expected credit losses are a probability-weighted estimate of credit losses.

The Bank measures loss allowances at an amount equal to lifetime expected credit loss, except for financial assets, for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Bank is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of financial assets measured at FVOCI is recognised in profit or loss, and the allowance account is recognised in the other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

(i) Financial assets (continued)

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt investments measured at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovering the amounts due.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (known as cash-generating unit).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating unit are allocated to reduce the carrying amount of the assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Bank's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Income and expenses

(i) Interest income and expense

Interest income and expense is recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(ii) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantially enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)****(i) Income tax (continued)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. CASH AND SHORT-TERM FUNDS

	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	135,910	166,142
Money at call and interbank placements maturing within one month	275,000	285,000
	<u>410,910</u>	<u>451,142</u>
Less: Allowance for expected credit loss ("ECL")	(58)	(184)
	<u>410,852</u>	<u>450,958</u>

Movement in allowances for ECL are as follows:

		2024 RM'000	2023 RM'000
Stage 1- 12 Month ECL	Note		
At 1 January		184	-
New financial assets originated		1,484	250
Financial assets derecognised		(1,958)	(142)
Transfer from placement with banks	5	393	76
Net remeasurement of allowances		(45)	-
Net (writeback of allowance)/allowance during the year	21	(126)	184
At 31 December		<u>58</u>	<u>184</u>

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5. PLACEMENT WITH BANKS**

	2024 RM'000	2023 RM'000
Money at call and interbank placements maturing after one month	440,000	50,000
Less: Allowance for ECL	(159)	(16)
	<u>439,841</u>	<u>49,984</u>

Movement in allowances for ECL are as follows:

Stage 1- 12 Month ECL	Note	2024 RM'000	2023 RM'000
At 1 January		16	-
New financial assets originated		529	152
Transfer to cash and short-term funds	4	(393)	(76)
Net remeasurement of allowances		7	(60)
Net allowance during the year	21	143	16
At 31 December		<u>159</u>	<u>16</u>

6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

At Fair Value	2024 RM'000	2023 RM'000
Malaysian Government Securities	702,414	-
	<u>702,414</u>	<u>-</u>

Included in financial investment above are financial assets amounting to RM30.0 million of the Bank pledged as Deferred Net Settlement ("DNS") collateral assets with Payment Network Malaysia ("PayNet").

7. LOANS AND ADVANCES

At Amortised Cost	Note	2024 RM'000	2023 RM'000
Unsecured loan		4,937	-
Gross loans and advances		<u>4,937</u>	<u>-</u>
Less: Allowance for ECL:			
- Stage 1 - 12 months ECL	7(f)	(207)	-
Net loans and advances		<u>4,730</u>	<u>-</u>

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. LOANS AND ADVANCES (CONTINUED)**

- (a) Gross loans and advances analysed by type of customer is as follows:

	2024 RM'000	2023 RM'000
Individuals	4,937	-
	<u>4,937</u>	<u>-</u>

- (b) Gross loans and advances analysed by geographical distribution is as follows:

	2024 RM'000	2023 RM'000
In Malaysia	4,937	-
	<u>4,937</u>	<u>-</u>

- (c) Gross loans and advances analysed by interest rate sensitivity is as follows:

	2024 RM'000	2023 RM'000
Fixed rate	4,937	-
	<u>4,937</u>	<u>-</u>

- (d) Gross loans and advances analysed by sector is as follows:

	2024 RM'000	2023 RM'000
Household	4,937	-
	<u>4,937</u>	<u>-</u>

- (e) Gross loans and advances analysed by residual contractual maturity is as follows:

	2024 RM'000	2023 RM'000
Maturing within one year	2,043	-
Over one year to three years	1,761	-
Over three years to five years	1,133	-
	<u>4,937</u>	<u>-</u>

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**7. LOANS AND ADVANCES (CONTINUED)**

(f) Movements in allowances for ECL is as follow:

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2024				
At 1 January	-	-	-	-
New financial asset originated (Note 21)	207	-	-	207
At 31 December	207	-	-	207

8. OTHER ASSETS

	Note	2024 RM'000	2023 RM'000
Interest receivables		8,491	237
Deposits and prepayments		45,989	18,226
Other receivables	(a)	34,715	1,615
Deferred expenses		-	3,721
Amount due from related companies	(b)	1,329	-
		90,524	23,799
Less: Allowance for ECL	21	(28)	-
		90,496	23,799

(a) Included in other receivables is cash collateral for Mastercard Services amounting to USD 6,500,000 (2023: USD 1,500,000), equivalent to RM 29,606,940 (2023: RM 6,932,552).

(b) The amounts due from related companies are non-trade in nature, unsecured, interest free and repayable on demand.

9. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**10. PLANT AND EQUIPMENT**

	Leasehold Improvements RM'000	Equipment and Hardware RM'000	Furniture and Fixtures RM'000	Right-of-use Assets RM'000	Total RM'000
2024					
Cost					
At 1 January	1,379	2,021	138	1,940	5,478
Additions	782	-	1	1,715	2,498
Written-off	-	(154)	-	-	(154)
At 31 December	2,161	1,867	139	3,655	7,822
Accumulated depreciation					
At 1 January	348	328	28	591	1,295
Depreciation for the year	472	623	50	709	1,854
At 31 December	820	951	78	1,300	3,149
Carrying amounts					
At 31 December	1,341	916	61	2,355	4,673
2023					
Cost					
At 1 January	42	-	-	-	42
Additions	1,337	2,021	138	1,940	5,436
At 31 December	1,379	2,021	138	1,940	5,478
Accumulated depreciation					
At 1 January	-	-	-	-	-
Depreciation for the year	348	328	28	591	1,295
At 31 December	348	328	28	591	1,295
Carrying amounts					
At 31 December	1,031	1,693	110	1,349	4,183

Right-of-use assets - Extension options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows on the extension option have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. INTANGIBLE ASSETS

	Computer Software RM'000	Work-in progress RM'000	Total RM'000
2024			
Cost			
At 1 January	126	-	126
Additions	12,466	1,805	14,271
At 31 December	12,592	1,805	14,397
Accumulated amortisation			
At 1 January	18	-	18
Amortisation for the year	450	-	450
At 31 December	468	-	468
Carrying amounts			
At 31 December	12,124	1,805	13,929
			Computer Software RM'000
2023			
Cost			
At 1 January			-
Additions			126
At 31 December			126
Accumulated amortisation			
At 1 January			-
Amortisation for the year			18
At 31 December			18
Carrying amounts			
At 31 December			108

12. DEPOSITS FROM CUSTOMERS

All customer deposits are non-term deposits from retails customers payable on demand.

	2024 RM'000	2023 RM'000
Individuals	1,319,216	195,370
	1,319,216	195,370

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**13. OTHER LIABILITIES**

		2024 RM'000	2023 RM'000
	Note		
Accruals		41,622	36,014
Lease liabilities	(a)	2,413	1,562
Amounts due to related companies	(b)	15,967	5,209
Provision for reinstatement cost	(c)	636	271
Other payables		13,505	21,651
Allowance for ECL on loan commitment	(d)	933	-
Deferred revenue		2,604	-
		<u>77,680</u>	<u>64,707</u>

(a) Lease liabilities

	2024 RM'000	2023 RM'000
At 1 January	1,562	-
Additions	1,715	1,940
Payment of lease liabilities	(947)	(469)
Interest on lease liabilities	83	91
At 31 December	<u>2,413</u>	<u>1,562</u>

The undiscounted maturity analysis of lease liabilities are as follow:

	2024 RM'000	2023 RM'000
Up to 1 month	112	234
> 1 month to 3 months	225	117
> 3 months to 6 months	337	176
> 6 months to 12 months	674	351
>1 year to 5 years	<u>1,283</u>	<u>761</u>
	<u>2,631</u>	<u>1,639</u>

The Bank leases office spaces under finance leases for an agreed term of 36 months. At the end of the lease term, the Bank has no option to acquire these assets at a nominal price. The lease agreement includes restrictive covenants, such as a covenant to restore, reinstate, make good, and deliver vacant possession of the demised premises in their original state and condition, along with a contingent restoration deposit. The leases are non-cancellable and are classified as right-of-use assets.

- (b) The amounts due to related companies are non-trade in nature, unsecured, interest free and repayable on demand.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**13. OTHER LIABILITIES (CONTINUED)**

- (c) Provision for reinstatement cost

	2024 RM'000	2023 RM'000
At 1 January	271	-
Provision made during the year	347	257
Unwinding of discount	18	14
At 31 December	636	271

The provision for reinstatement cost relates to the Bank's obligations from the lease of office buildings. In accordance with the lease agreement, the Bank is required to restore the leased premises to its original condition and restore all the fixtures and fittings to the reasonable satisfaction of the lessor. The provision for building restoration was calculated using a discount rate range from 5.5% to 7.8% (2023: 5.5%).

- (d) Movement in allowance for ECL on loan commitments which reflect the ECL model on impairment is as follows:

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2024				
At 1 January	-	-	-	-
New exposure originated (Note 21)	933	-	-	933
At 31 December	933	-	-	933

14. SHARE CAPITAL

	2024		2023	
	Number of shares 000	Amount RM'000	Number of shares 000	Amount RM'000
Issued and fully paid ordinary shares with no par value classified as equity instruments				
At 1 January	495,100	495,100	220,038	220,038
Issued for cash	224,900	224,900	275,062	275,062
At 31 December	720,000	720,000	495,100	495,100

During the financial year, the Bank issued 224,900,000 ordinary shares at RM1.00 per share for cash, totaling RM224,900,000, to finance its business operations. The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Bank.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**15. RESERVES**

The reserves of the Bank comprises as below:

	Note	2024 RM'000	2023 RM'000
Fair value reserve	(a)	131	-
Capital contribution reserve	(b)	51,955	33,598
		<u>52,086</u>	<u>33,598</u>

Note:

- (a) The fair value reserve comprises the cumulative net change in the fair value of debt securities designated at FVOCI until the assets are derecognised or impaired.
- (b) The capital contribution reserve relates to capital contribution provided by the immediate holding company in the form of equity incentive plans granted to staff of the Bank.

16. NET INTEREST INCOME

	2024 RM'000	(Restated) 2023 RM'000
Interest income		
Placement with banks	40,964	7,052
Financial investments at FVOCI	11,605	-
Loans and advances	72	-
Other interest earning assets	496	42
Total interest income	<u>53,137</u>	<u>7,094</u>
Interest expense		
Deposits from customers	(41,783)	(319)
Total interest expense	<u>(41,783)</u>	<u>(319)</u>
Net interest income	<u>11,354</u>	<u>6,775</u>

Interest income and interest expense of all the financial instruments above are calculated using the effective interest rate method.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**17. FEE AND COMMISSION**

	2024 RM'000	2023 RM'000
Bancassurance commission	75	-
Net fee expense	(9,949)	(262)
	<u>(9,874)</u>	<u>(262)</u>

18. OTHER INCOME

	2024 RM'000	2023 RM'000
Government grants	-	11
Other income	953	250
	<u>953</u>	<u>261</u>

19. STAFF COSTS

	2024 RM'000	2023 RM'000
Salaries, bonuses & other costs	79,523	62,567
Contributions to State Funds	6,211	4,405
Share-based payments	19,603	24,956
	<u>105,337</u>	<u>91,928</u>

Description of the share-based payment arrangements (equity-settled)

As at 31 December 2024, the Bank has the following equity-settled share-based payment arrangements:

GXS Bank Pte. Ltd. ("GXS") Equity Incentive Plans

GXS Equity Incentive Plan was adopted by the GXS Board of Directors on February 14, 2022, and is effective for a period of up to 10 years from this date, under which GXS may:

1. grant options to purchase its ordinary shares ("GXS Share Options"), or
2. issue restricted share units ("GXS RSU")

to selected employees of GXS and the Bank.

The GXS option grants generally follow a 4-year vesting schedule, with 25% vesting on each anniversary of the grant. Each GXS option granted has a maximum validity period of 10 years from the grant date. The Share Options granted to employees do not have the right of Ordinary Shares until the Share Options are vested, exercised, and recorded.

The GXS RSU grants generally follow a 4-year vesting schedule, with 25% vesting on each anniversary of the grant. The RSUs granted to employees do not confer the right to Ordinary Shares until the RSUs are vested and recorded.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. STAFF COSTS (CONTINUED)**GXS Share Options

The following table summarises the activities related to share options granted under GXS. Equity Incentive Plan for the financial periods ended 31 December 2024 and 31 December 2023.

	Number of share options	Weighted average exercise price per share SGD	Weighted average remaining contractual life (in years)
2024			
At 1 January	33,816,128	0.58	9.19
Granted during the year	838,822	0.58	10.00
Boughtback during the year	(356,588)	0.58	-
Forfeited during the year	(2,139,312)	0.58	-
Expired during the year	(141,615)	0.58	-
Exercised during the year	(62,065)	0.58	-
At 31 December	<u>31,955,370</u>	<u>0.58</u>	<u>8.14</u>
2023			
At 1 January	4,810,266	0.58	9.47
Granted during the year	30,209,248	0.58	10.00
Forfeited during the year	(1,060,526)	0.58	-
Transferred to immediate holding company during the financial year	(142,860)	0.58	9.85
At 31 December	<u>33,816,128</u>	<u>0.58</u>	<u>9.19</u>

GXS RSU

The following table summarises the number of restricted share units granted under GXS Equity Incentive Plan for the financial year ended 31 December 2024 (2023: No GXS Equity Incentive Plan).

	Number of unvested restricted share units	Weighted average grant date fair value SGD
2024		
At 1 January	-	-
Granted during the year	1,299,248	0.65
Cancelled	(13,298)	0.65
At 31 December	<u>1,285,950</u>	<u>0.65</u>

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. STAFF COSTS (CONTINUED)****Measurement of fair values**GXS Share Options

The fair values of the stock options are measured based on the Black–Scholes model. Service and non–market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The weighted average assumption used to estimate the fair value of stock option granted under GXS Equity Incentive Plan and resulting fair values for the years ended 31 December 2024 and 31 December 2023 are as follows:

	2024	2023
Expected volatility	50%	54%
Risk–free rate	3.40%	3.60%
Dividend yield	N/A	N/A
Expected term (in years)	5.61	5.97
Exercise price	SGD 0.58	SGD 0.58
Share price	SGD 0.84	SGD 1.06
Grant date fair value	SGD 0.50	SGD 0.73

GXS RSU

Share-based compensation costs for restricted share units are measured based on the fair value of GXS on the date of grant as a starting point.

20. OTHER OPERATING EXPENSES

	2024	(Restated) 2023
	RM'000	RM'000
Information technology expenses	84,225	50,474
Professional and consultancy expenses	5,259	34,875
Marketing expenses	12,328	12,795
Directors' fees	721	721
Foreign exchange loss		
- realised	221	249
- unrealised	588	313
Auditors' remuneration	290	130
Expenses relating to leases of low-value assets	2,132	492
Others	22,445	6,162
	<u>128,209</u>	<u>106,211</u>

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**21. ALLOWANCES FOR CREDIT AND OTHERS LOSSES**

Stage 1: 12-month ECL	Note	2024 RM'000	2023 RM'000
Cash and short-term funds	4	(126)	184
Placement with banks	5	143	16
Loans and advances	7(f)	207	-
Commitments	13(d)	933	-
Other assets	8	28	-
		1,185	200

22. INCOME TAX

No provision for tax expense has been made in the current year as the Bank has no chargeable income during the financial year.

Current Tax Expense	2024 RM'000	2023 RM'000
Current year	-	-
Under provision in prior year	-	128
Total tax expense	-	128

A reconciliation of income tax expense applicable to profit before tax expense at the statutory tax rate to income tax expense at the effective income tax rate of the Bank are as follows:

	2024 RM'000	2023 RM'000
Loss before taxation	(234,602)	(192,878)
Tax calculated using local corporate tax rate of 24%	(56,304)	(46,291)
Non-deductible expenses	9,599	8,183
Underprovision of current tax in prior year	-	128
Effect of deferred tax assets not recognised	46,705	38,108
Income tax expense	-	128

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**22. INCOME TAX (CONTINUED)**

	2024 RM'000	2023 RM'000
Unrecognised Deferred Tax Assets		
Tangible and intangible assets	1,768	10,526
Provision	30,532	20,863
Unabsorbed capital allowance	17,853	7,987
Unutilised tax losses	303,234	119,407
	353,387	158,783

Tax losses for which no deferred tax asset was recognised expire are as follows:

Expiring in 2033	119,407	119,407
Expiring in 2034	183,827	-

The unutilised tax losses can only be carried forward up to 10 consecutive years of assessment.

The deferred tax assets have been valued at nil for both the financial periods as the Bank is in its developmental stage and there is uncertainty as to when the future taxable profits will be available against which the Bank can utilise the benefits therefrom.

23. COMMITMENTS

Commitments comprise of agreements to provide credit facilities to customer are as follows:

	2024 RM'000	2023 RM'000
Undrawn credit commitments	44,311	-
	44,311	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk; and
- Technology and Cybersecurity Risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

Risk management is integral to the whole business of the Bank. The Bank has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

The Bank's activities expose it to credit risk, market risk (including foreign currency risks and interest rate risks), liquidity risk and operational risk. The Bank's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Bank's financial performance.

The Board of Directors ('the Board') is responsible for setting the objectives and underlying principles of financial risk management for the Bank. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board. The management continually monitors the Bank's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities.

Credit risk

Credit risk refers to the potential financial loss arising from the failure of the Bank's borrowers or counterparties to meet their contractual obligations, including loan repayments and settlement of commitments. This risk primarily arises from loans, advances, and investment in securities, with the credit exposure represented by their carrying amounts in the statements of financial position.

The Bank's lending and financing activities are governed by its Credit Risk Management Framework, which is aligned with regulatory requirements and industry best practices to ensure effective risk management.

Additionally, credit risk extends to financial transactions with counterparties, including cash and short-term funds and placement with a bank. The credit exposure for these transactions is also represented by their carrying amounts in the statements of financial position. These exposures are continuously monitored against predefined counterparty limits to mitigate risk.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The following table shows the maximum exposure to credit risk from financial instruments by industry.

	Finance and Insurance RM'000	Government and Central Bank RM'000	Household RM'000	Allowance for ECL RM'000	Total RM'000
2024					
Cash and short-term funds	151,424	259,486	-	(58)	410,852
Placement with banks	440,000	-	-	(159)	439,841
Financial investments at FVOCI	-	702,414	-	-	702,414
Loan and advances	-	-	4,937	(207)	4,730
Statutory deposits with Bank Negara Malaysia	-	9,100	-	-	9,100
Other financial assets	66,794	7,255	685	(28)	74,706
Total financial assets	658,218	978,255	5,622	(452)	1,641,643
Commitments	-	-	44,311	-	44,311
2023					
Cash and short-term funds	184,851	266,291	-	(184)	450,958
Placement with a bank	50,000	-	-	(16)	49,984
Statutory deposits with Bank Negara Malaysia	-	1,000	-	-	1,000
Other financial assets	8,746	39	357	-	9,142
Total financial assets	243,597	267,330	357	(200)	511,084
Commitments	-	-	-	-	-

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The following table shows the maximum exposure to credit risk from financial instruments by geographical included Singapore and United States for outside Malaysia.

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2024			
Cash and short-term funds	410,910	-	410,910
Less: Allowance for ECL	(58)	-	(58)
Total cash and short-term funds	410,852	-	410,852
Placement with banks	440,000	-	440,000
Less: Allowance for ECL	(159)	-	(159)
Total placement with banks	439,841	-	439,841
Financial investments at FVOCI	702,414	-	702,414
Less: Allowance for ECL	-	-	-
Total financial investments at FVOCI	702,414	-	702,414
Loans and advances	4,937	-	4,937
Less: Allowance for ECL	(207)	-	(207)
Total loan and advances	4,730	-	4,730
Statutory deposits with Bank Negara Malaysia	9,100	-	9,100
Other financial assets	29,867	44,867	74,734
Less: Allowance for ECL	-	(28)	(28)
Total other financial assets	29,867	44,839	74,706
Commitments	44,311	-	44,311
2023			
Cash and short-term funds	451,142	-	451,142
Less: Allowance for ECL	(184)	-	(184)
Total cash and short-term funds	450,958	-	450,958
Placement with a bank	50,000	-	50,000
Less: Allowance for ECL	(16)	-	(16)
Total placement with a bank	49,984	-	49,984
Statutory deposits with Bank Negara Malaysia	1,000	-	1,000
Other financial assets	2,209	6,933	9,142
Less: Allowance for ECL	-	-	-
Total other financial assets	2,209	6,933	9,142
Commitments	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Board of Directors approves the risk appetite framework and delegates risk oversight to the Board Risk Committee ("BRCC"), Executive Committee ("EXCO"), and Executive Risk & Compliance Committee ("ERCC"). The BRCC oversees the Credit Risk Management Framework and ensures that credit risks are properly identified, managed, and mitigated. EXCO executes the Bank's strategy and promotes a strong risk management culture, while ERCC oversees credit risk-related matters, including material credit exposures, impairments, and write-offs, and reviews credit model performance.

The Credit Risk Subcommittee assists ERCC in ensuring the adequacy of credit risk policies and processes. The Chief Risk Officer ("CRO") provides an independent perspective on credit risk management, distinct from revenue-generating functions. The Credit Risk Department monitors and controls credit risk daily, ensuring compliance with the Credit Risk Management Framework and escalating issues as needed. The Model Governance Team ensures that model risk management practices are in place and performs independent reviews of models as required.

The Bank applies well-defined strict criteria for credit origination and assessment, focusing on borrowers' ability and willingness to meet obligations under normal and stressed conditions. Credit assessments consider various factors, including financial ratios, industry exposure, and repayment capacity.

The Credit Risk Rating System assigns internal ratings to borrowers based on a comprehensive range of risk factors, including macroeconomic and counterparty-related aspects. Models are used to assess default probabilities, with ratings influencing credit facility eligibility, limits, and terms. These models are subject to governance and independent validation to ensure accuracy.

The Bank regularly reviews and updates credit ratings to reflect changes in borrowers' risk profiles, applying stringent criteria for upgrades and swift action for downgrades when credit quality deteriorates. The strength of collateral or guarantors may be considered, particularly when material correlations with the borrower's creditworthiness exist. This ensures proper risk mitigation and the effective management of credit risk across the portfolio.

The Bank adopts the following measurement of Expected Credit Loss:

(a) Definition of significant increase in credit risk

The Bank assesses the probability of default at the initial recognition of financial assets and continuously monitors for any significant increase in credit risk. This evaluation is performed by comparing the default risk at the reporting date with the risk at initial recognition, incorporating reasonable and supportable forward-looking information.

Key indicators of a significant increase in credit risk include:

- Contractual payments in arrears for 30 days or more
- Significant downgrade in credit rating, internal rating or equivalent
- Exposure classified under Agensi Kaunseling dan Pengurusan Kredit ("AKPK")
- Restructured or rescheduled exposure with increased credit risk

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)****(b) Definition of credit impaired financial assets**

An exposure is classified as credit-impaired when one or more events occur that adversely impact its estimated future cash flows. Indicators of credit impairment include observable evidence of such events, assessed based on both quantitative and qualitative criteria.

Quantitative criteria

A financial asset is classified as credit impaired when the counterparty fails to make a contractual payment more than 90 days when they fall due.

Qualitative criteria

- Significant financial difficulty of the issuer or borrower
- Lender-granted concessions due to the borrower's financial distress
- Indicators of impending bankruptcy, winding-up, or financial restructuring

(c) Credit exposure by stage

Stage	Description
Stage 1: 12 months ECL - not credit impaired	For credit exposures that have not experienced a significant increase in credit risk since initial recognition and were not credit-impaired at origination, the ECL is measured based on the probability of default events occurring within the next 12 months.
Stage 2: Lifetime ECL - not credit impaired	For credit exposures that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired, the ECL is measured based on the probability of default events occurring over the asset's remaining lifetime.
Stage 3: Lifetime ECL - credit impaired	Financial assets are classified as credit-impaired when objective evidence of default indicates a detrimental impact on their estimated future cash flows. For such assets, a lifetime ECL is recognized.

(d) Measurement of Expected Credit Loss

In accordance with the requirements of MFRS 9, the Bank's placements and balances with financial institutions that are measured at Amortised Cost ("AC") are subject to credit loss provisioning. Credit loss is provisioned for by recognising an ECL, which is an unbiased and probability-weighted, forward-looking estimate of the Bank's credit loss.

A 12-month ECL is recognised if the credit risk on a financial asset has not increased significantly since initial recognition. Conversely, a lifetime ECL is recognised if the credit risk on a financial asset has increased significantly since initial recognition.

ECL is measured based on three key components: Exposure at Default, Probability of Default, and Loss Given Default.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(d) Measurement of Expected Credit Loss (continued)

Exposure at Default ("EAD")

EAD is the estimated amount of exposure at risk in the event of and at the time of default.

Retail Portfolio - EAD is determined based on the outstanding balance and the expected future exposure, which includes the anticipated utilisation of the undrawn credit limit.

Treasury Portfolio - as the treasury assets include cash, cash equivalents, and financial assets at FVOCI, the EAD is measured based on the outstanding balance for cash and cash equivalents and fair values for market-sensitive instruments.

Probability of Default ("PD")

A point-in-time estimate of the likelihood that a borrower will default on its financial obligations, conditioned on macroeconomic forecasts.

Retail Portfolio - the PD is estimated using a cumulative marginal default rate approach, which provides a structured estimation of lifetime PD. A forward-looking adjustment is incorporated into the PD calculation to account for future macroeconomic conditions. This adjustment is based on three economic scenarios, each assigned a different probability weight:

- Base Case - Reflects the current economic outlook or forecast.
- Positive Case - Represents an optimistic economic projection.
- Negative Case - Represents a pessimistic economic projection.

The projection of economic scenarios and their probabilities includes all macroeconomic variables ("MEVs") found to have a significant correlation with credit risk, as identified through modeling exercises.

For forward-looking estimates, an analysis was conducted to assess the impact of macroeconomic trends on credit risk. Factors such as Real GDP, unemployment rate, consumer price index, and property price index were evaluated for their correlation with credit risk trends. Due to the statistically strong correlation, estimates were adjusted accordingly to reflect macroeconomic conditions.

Treasury Portfolio - PD is determined based on the borrower's or issuer's external credit rating to assess default risk.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)****(d) Measurement of Expected Credit Loss (continued)****Loss Given Default ("LGD")**

LGD represents the expected losses on the EAD in the event of default and is inversely related to the recovery rate.

The LGD for both the Retail and Treasury Portfolios is determined based on the nature of the respective products.

(e) Credit Quality

The Bank performs credit review and assigns Credit Grades to all credit. Credit facilities are assigned as classification based on their Credit Grade.

Credit Grade	Day-Past Due	Internal Rating	Classification
Pass	0-29	AAA to B-	Performing
Special Mention	30-89	CCC+ to C	
Substandard	90-119	D	Non- Performing
Doubtful	120-149	E	
Loss	150+	F	

The Bank's internal rating system standardises credit risk assessment by integrating external credit ratings into a unified scale. This ensures a consistent evaluation of counterparties and exposures across various asset classes. Ratings from recognized External Credit Assessment Institutions ("ECAIs"), such as Fitch, Moody's, S&P, and RAM, are mapped to the Bank's internal scale to support risk assessment and decision making.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)****(e) Credit Quality (continued)**

All deposits, placements, and cash collateral as of the reporting date are neither past due nor impaired. The table below summarises the credit quality of these balances, excluding balances with BNM, as analysed based on ratings from external credit rating agencies.

	Moody's RM'000	RAM RM'000	S&P RM'000
2024			
A- to A+	487,601	-	29,607
BBB- to BBB+	-	-	104,928
	<u>487,601</u>	<u>-</u>	<u>134,535</u>
2023			
A- to A+	-	140,795	-
BBB- to BBB+	-	40,182	53,942
	<u>-</u>	<u>180,977</u>	<u>53,942</u>

The following table presents the Bank's credit risk exposure and the corresponding ECL allowances:

Cash and short-term funds

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross amount	410,910	-	-	410,910
Less: Allowance for ECL	(58)	-	-	(58)
Net exposure	<u>410,852</u>	<u>-</u>	<u>-</u>	<u>410,852</u>
2023				
Gross amount	451,142	-	-	451,142
Less: Allowance for ECL	(184)	-	-	(184)
Net exposure	<u>450,958</u>	<u>-</u>	<u>-</u>	<u>450,958</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(e) Credit Quality (continued)

The following table presents the Bank's credit risk exposure and the corresponding ECL allowances (continued):

Placement with banks

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross amount	440,000	-	-	440,000
Less: Allowance for ECL	(159)	-	-	(159)
Net exposure	439,841	-	-	439,841
2023				
Gross amount	50,000	-	-	50,000
Less: Allowance for ECL	(16)	-	-	(16)
Net exposure	49,984	-	-	49,984

Financial investments at FVOCI

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross amount	702,414	-	-	702,414
Less: Allowance for ECL	-	-	-	-
Net exposure	702,414	-	-	702,414

Loans and advances

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross amount	4,937	-	-	4,937
Less: Allowance for ECL	(207)	-	-	(207)
Net exposure	4,730	-	-	4,730

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(e) Credit Quality (continued)

The following table presents the Bank's credit risk exposure and the corresponding ECL allowances (continued):

Other financial assets at amortised cost

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Gross amount	74,734	-	-	74,734
Less: Allowance for ECL	(28)	-	-	(28)
Net exposure	74,706	-	-	74,706
2023				
Gross amount	9,142	-	-	9,142
Net exposure	9,142	-	-	9,142

Statutory deposits with BNM

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Gross amount	9,100	-	-	9,100
Net exposure	9,100	-	-	9,100
2023				
Gross amount	1,000	-	-	1,000
Net exposure	1,000	-	-	1,000

Commitments

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
2024				
Gross amount	44,311	-	-	44,311
Less: Allowance for ECL	(933)	-	-	(933)
Net exposure	43,378	-	-	43,378

Liquidity risk

Liquidity risk is the potential inability to meet the Bank's financial obligations due to the lack of financial resources. Management monitors rolling forecasts of the Bank's cash and cash equivalents on the basis of expected cash flows. The Bank monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Bank's operations and to mitigate the effects of fluctuation in cash flows. As part of their overall liquidity management, the Bank maintains sufficient levels of funds to meet its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following table analyses the carrying amount of assets and liabilities of the Bank into maturity time bands based on the remaining term to contractual maturity as at the reporting date:

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
2024								
Assets								
Cash and short-term funds	410,910	-	-	-	-	-	(58)	410,852
Placement with banks	-	440,000	-	-	-	-	(159)	439,841
Financial investments at FVOCI	-	200,260	-	241,099	261,055	-	-	702,414
Loan and advances	138	436	660	809	2,894	-	(207)	4,730
Other assets	23,381	9,928	3,698	20,815	2,503	-	30,171	90,496
Statutory deposits with Bank								
Negara Malaysia	-	-	-	-	-	-	9,100	9,100
Plant and equipment	-	-	-	-	-	-	4,673	4,673
Intangible assets	-	-	-	-	-	-	13,929	13,929
Tax recoverable	-	-	-	-	-	-	470	470
Total financial assets	434,429	650,624	4,358	262,723	266,452	-	57,919	1,676,505
Liabilities								
Deposits from customers	1,319,216	-	-	-	-	-	-	1,319,216
Other liabilities	33,813	26,605	9,157	4,100	3,072	-	933	77,680
Total financial liabilities	1,353,029	26,605	9,157	4,100	3,072	-	933	1,396,896
Net gap	(918,600)	624,019	(4,799)	258,623	263,380	-	56,986	279,609

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following table analyses the carrying amount of assets and liabilities of the Bank into maturity time bands based on the remaining term to contractual maturity as at the reporting date (continued):

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
2023								
Assets								
Cash and short-term funds	450,142	-	-	-	-	-	816	450,958
Placement with a bank	-	50,000	-	-	-	-	(16)	49,984
Other assets	4,216	6,790	1,268	3,297	938	-	7,290	23,799
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,000	1,000
Total assets	454,358	56,790	1,268	3,297	938	-	9,090	525,741
Liabilities								
Deposits from customers	195,370	-	-	-	-	-	-	195,370
Other liabilities	975	46,661	15,729	326	1,016	-	-	64,707
Total liabilities	196,345	46,661	15,729	326	1,016	-	-	260,077
Net gap	258,013	10,129	(14,461)	2,971	(78)	-	9,090	265,664

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following table analyses the financial liabilities of the Bank by remaining maturities on undiscounted basis:

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
2024								
Liabilities								
Deposits from customers	1,319,216	-	-	-	-	-	-	1,319,216
Other financial liabilities	33,827	26,632	9,194	1,553	3,155	-	-	74,361
Total financial liabilities	1,353,043	26,632	9,194	1,553	3,155	-	-	1,393,577
Commitments	44,311	-	-	-	-	-	-	44,311
2023								
Liabilities								
Deposits from customers	195,370	-	-	-	-	-	-	195,370
Other financial liabilities	983	46,673	15,745	351	1,032	-	-	64,784
Total financial liabilities	196,353	46,673	15,745	351	1,032	-	-	260,154
Commitments	-	-	-	-	-	-	-	-

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)****Risk management framework (continued)****Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Bank's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Bank is exposed to foreign currency risk on transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, that are denominated in a currency other than the respective functional currencies of the Bank.

Exposure to currency risk

The Bank does not hedge (through derivative or other financial instruments) its exposures to foreign currency risk arising from the above activities as these do not form a significant part of the Bank's overall asset base. The Bank's policy is to review regularly that the currency exposure is maintained at a predetermined level set by management.

The Bank is exposed to transaction foreign currency risk primarily from US dollar ("USD") and Singapore dollar ("SGD"). The summary quantitative data about the exposure to USD and SGD are as follows:

	2024		2023	
(in RM'000)	SGD	USD	SGD	USD
Cash and short-term funds	-	-	-	24
Other assets	6	58,666	589	8,899
Other liabilities	(11,745)	(4,113)	(4,379)	(6,408)
	(11,739)	54,553	(3,790)	2,515

Sensitivity Analysis

A 10% strengthening of the Ringgit Malaysia against the USD and SGD to which the Bank has exposure at the reporting date would decrease / (increase) the post-tax loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2024 RM'000	2023 RM'000
<u>Profit or (loss)</u>		
SGD	892	288
USD	(4,146)	(191)

A 10% worsening of the Ringgit Malaysia against the USD and SGD would have an equal but opposite effect on the basis that all other variables remain constant.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)****Market risk (continued)****Interest rate risk**

Interest rate risk is the risk that the value of the Bank's financial assets and financial liabilities changes because of changes in interest rates. Interest rate risk will arise when these assets and liabilities mature or reprice at different times or in differing amounts, or when market conditions dictate the extent of repricing possible.

Interest rate risk in the Banking Book ("IRRBB") is the risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect our banking book positions. IRRBB is an important risk that arises from banking activities and is encountered by all banks. It arises because interest rates can vary significantly over time, while the business of banking typically involves intermediation activity that produces exposures to both maturity mismatch and rate mismatch. When interest rates change, the present value of future cash flows change, impacting the underlying value of a bank's assets, liabilities and off-balance sheet items and hence its economic value. The measurement of interest rate risk is on the outcomes of both economic value and earnings-based measures, arising from a wide and appropriate range of interest rate shock. The Executive Assets and Liabilities Committee ("EALCO") is responsible for overseeing the monitoring of limits and ensuring that it remains within the Bank's risk appetite.

Sensitivity Analysis

The table below shows the sensitivity of the Bank movement in interest rate:

<u>Increase/decrease</u>	Impact on profit before tax	
	2024	2023
	RM'000	RM'000
+100 bps	5,555	3,938
-100 bps	(5,555)	(3,938)

The sensitivity analysis is performed using the EaR methodology, with assumptions and treatments based on the remaining maturity of the products. A 100 basis point parallel rate shift is applied to estimate the potential profit impact over the next 12 months due to interest rate changes. This projection assumes uniform movement across all maturities, meaning it does not account for scenarios where some rates change while others remain unchanged. Additionally, the projections are with the assumption that all other variables are held constant, based on a fixed reporting date position, with all positions held to maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

Interest rate risk (continued)

The following table analyses the carrying amount of financial assets and liabilities of the Bank into maturity time bands based on the maturity date or repricing date, whichever is earlier:

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	Non- Interest Sensitivity RM'000	Total RM'000
2024								
Assets								
Cash and short-term funds	410,910	-	-	-	-	-	(58)	410,852
Placement with banks	-	440,000	-	-	-	-	(159)	439,841
Financial investments at FVOCI	-	200,260	-	241,099	261,055	-	-	702,414
Loan and advances	138	436	660	809	2,894	-	(207)	4,730
Other financial assets	31,380	6,274	443	-	-	-	36,609	74,706
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	9,100	9,100
Plant and equipment	-	-	-	-	-	-	4,673	4,673
Intangible assets	-	-	-	-	-	-	13,929	13,929
Tax recoverable	-	-	-	-	-	-	470	470
Total financial assets	442,428	646,970	1,103	241,908	263,949	-	64,357	1,660,715
Liabilities								
Deposits from customers	1,319,216	-	-	-	-	-	-	1,319,216
Other financial liabilities	-	-	-	-	-	-	74,143	74,143
Total financial liabilities	1,319,216	-	-	-	-	-	74,143	1,393,359
Net gap	(876,788)	646,970	1,103	241,908	263,949	-	(9,786)	267,356

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk (continued)

Interest rate risk (continued)

The following table analyses the carrying amount of financial assets and liabilities of the Bank into maturity time bands based on the maturity date or repricing date, whichever is earlier (continued):

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	Non- Interest Sensitivity RM'000	Total RM'000
2023								
Assets								
Cash and short-term funds	450,142	-	-	-	-	-	816	450,958
Placement with a bank	-	50,000	-	-	-	-	(16)	49,984
Other financial assets	7,124	46	-	-	-	-	1,972	9,142
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	1,000	1,000
Total financial assets	457,266	50,046	-	-	-	-	3,772	511,084
Liabilities								
Deposits from customers	195,370	-	-	-	-	-	-	195,370
Other financial liabilities	-	-	-	-	-	-	64,707	64,707
Total financial liabilities	195,370	-	-	-	-	-	64,707	260,077
Net gap	261,896	50,046	-	-	-	-	(60,935)	251,007

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk

Operational risk is inherent in our business activities and may arise from inadequate or failed internal processes, people, systems or external events. It includes legal risk but excludes strategic and reputational risk. The Bank's objective is to keep operational risk at appropriate level which commensurates with our business strategy as well as economic and regulatory environment.

The Bank has established governance structures and control framework for overseeing and monitoring operational risk throughout the Bank. The Board and senior management approve and oversee the setting of operational risk strategy, framework and risk appetite. The governance for operational risk comes under the ambit of Executive Risk and Compliance Committee ("ERCC"), which reports to the Board Risk and Compliance Committee ("BRCC"). To support the implementation of the Operational Risk framework, detailed policies and procedures are established in line with the risk strategies and risk appetite.

The Bank adopts the three lines of defence model for the management of operational risk. There is clear delineation of roles and responsibilities and appropriate segregation of roles across the three lines of defence. All business units and functions are the first line of defence and responsible for the day-to-day management of operational risk in their products, processes, systems and activities. Second line of defence is a dedicated operational risk management ("ORM") function which reports independently to the Chief Risk Officer. ORM function conducts independent risk assessment, challenges risk identification and evaluation performed by the first line of defence and ensures effective implementation of operational risk policies, procedures and monitoring tools.

Various programs and tools are in place to manage and control operational risk, including risk and control self-assessment ("RCSA"), operational risk event management and key risk indicator monitoring. RCSA is conducted by each business and function to identify key operational risk and assess the effectiveness of internal controls. Operational risk events are classified in accordance with Basel standards. Any significant events which exceed the established thresholds have to be escalated as significant operational risk events. These operational risk events and issues are captured in the bank-wide Governance, Risk and Compliance system ("GRC") by the three lines of defence. Key risk indicators with predefined thresholds are monitored and reported regularly for any risk areas and trends. KRIs are monitored at both key business units and bank-wide levels and are regularly reviewed to ensure they remain appropriate and relevant with the evolving operational risk environment.

All new products, outsourcing arrangements or partnerships are subject to risk assessment, approval and in compliance with relevant regulatory requirements. Variations and renewal of existing products, outsourcing arrangements and partnerships are also subject to a similar assessment and approval process.

A business continuity management program is in place to ensure that critical banking services and functions are able to operate uninterrupted in the event of unforeseen events. This includes a bank-wide incident management plan and crisis management plan designed to facilitate rapid responses and effectively manage incidents as they arise.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**24. FINANCIAL RISK MANAGEMENT (CONTINUED)****Technology and Cybersecurity risk**

The Technology and Cybersecurity risk management function is responsible for the establishment of the Technology Risk Management framework, policies and guidelines as well as, providing guidance and consultation to the business and functional units on technology and cyber risk areas.

As a digital bank, the critical infrastructure of the Bank relies heavily on cloud technology to ensure agility, resilience and cost effectiveness. The technology and cyber risks inherent to cloud are therefore crucial to be identified and managed to as low as reasonably possible.

The Technology Risk Management Framework ("TRMF") is designed to identify, measure, mitigate, monitor and report technology and cyber risks to ensure visibility and controls in all aspects of technologies. The outcome of the risk management initiatives will be submitted to the Board and Senior Management periodically. A Cyber Resilience Framework (CRF) was also designed to provide guidance on ensuring cybersecurity resilience in the face of threats and vulnerabilities. The frameworks were formulated based on the guidance from Bank Negara and industry standards such as NIST Cyber Security Framework 2.0 and ISO 27001. Together with TRMF, they form the overall technology and cyber risk management framework for the Bank.

Supplementing the TRMF and CRF, policies and procedures were created to provide granular security requirements, ranging from third party security management that gatekeep the external threats, on-going security and vulnerability monitoring and response, and reputation management by monitoring the security exposure and frauds in the social media space. Material updates and events are presented to the Executive Risk & Compliance Committee ("ERCC") for oversight on a monthly basis.

The Bank has a low tolerance for technology and cyber risks that adversely affect its businesses, operations and customers. Therefore, significant focus has been placed on ensuring effective risk management practices, promoting a culture of diligence with high ethical standards, and fostering risk awareness and constructive challenging of risk decisions. Relevant training is provided to ensure the Bank's staff are adequately skilled to manage risks including cloud risks.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. FAIR VALUE OF ASSETS AND LIABILITIES**

The carrying amounts of financial assets and financial liabilities reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

25.1 Classification of financial instruments

	Carrying Amount RM'000	Amortised Cost RM'000	FVOCI RM'000
2024			
Financial assets			
Cash and short-term funds	410,852	410,852	-
Placement with banks	439,841	439,841	-
Financial investments at FVOCI	702,414	-	702,414
Loans and advances	4,730	4,730	-
Other assets*	74,706	74,706	-
Statutory deposits with Bank Negara Malaysia	9,100	9,100	-
	1,641,643	939,229	702,414
Financial liabilities			
Deposits from customers	1,319,216	1,319,216	-
Other liabilities*	74,143	74,143	-
	1,393,359	1,393,359	-
2023			
Financial assets			
Cash and short-term funds	450,958	450,958	-
Placement with banks	49,984	49,984	-
Other assets*	9,142	9,142	-
Statutory deposits with Bank Negara Malaysia	1,000	1,000	-
	511,084	511,084	-
Financial liabilities			
Deposits from customers	195,370	195,370	-
Other liabilities*	64,707	64,707	-
	260,077	260,077	-

* Excludes non-financial assets such as prepayments and non-liabilities such as deferred revenue and provision.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

25.2 Net gains and losses arising from financial instruments

	2024 RM'000	2023 RM'000
Net gains/(losses) on:		
Financial assets measured at FVOCI	11,506	-
Financial assets measured at amortised cost	40,916	6,957
Financial liabilities measured at amortised cost	(41,976)	(744)

25.3 Fair value measurement

	Carrying amount		Fair value	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets				
Cash and short-term funds	410,852	450,958	410,852	450,958
Placement with banks	439,841	49,984	439,841	49,984
Financial investments at FVOCI	702,414	-	702,414	-
Loans and advances	4,730	-	4,815	-
Other assets*	74,706	9,142	74,706	9,142
Statutory deposits with Bank Negara Malaysia	9,100	1,000	9,100	1,000
	<u>1,641,643</u>	<u>511,084</u>	<u>1,641,728</u>	<u>511,084</u>
Financial liabilities				
Deposits from customers	1,319,216	195,370	1,319,216	195,370
Other liabilities*	74,143	64,707	74,143	64,707
	<u>1,393,359</u>	<u>260,077</u>	<u>1,393,359</u>	<u>260,077</u>

* Excludes non-financial assets such as prepayments and non-liabilities such as deferred revenue and provision.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**25. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)***Determination of fair value*

Financial investments measured at FVOCI are generally valued based on quoted prices or observable market prices at the reporting date. When such prices are unavailable, valuation techniques, such as pricing models or discounted cash flow analysis, are employed. If discounted cash flow techniques are used, the estimated future cash flows are discounted using the prevailing market rates for similar instruments at the reporting date.

The fair value of loans and advances is estimated based on expected future cash flows from contractual installment payments, discounted at prevailing interest rates as of the reporting date, which are offered for similar loans to new borrowers with similar credit profiles. For impaired loans, the fair value is considered to be close to the carrying amount, as this amount already reflects any impairment allowances.

Fair value hierarchy

Fair value of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and/or
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Financial assets measured at fair value				
Financial investments at FVOCI				
- Money market securities	-	702,414	-	702,414
Financial assets for which fair values are disclosed				
Loans and advances	-	-	4,815	4,815

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. RELATED PARTIES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel include the Directors of the Bank, and certain members of senior management of the Bank. The Bank has related party transactions with its related companies.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Bank are shown below. The balances related to the transactions below are shown in Note 8 and Note 13.

	2024 RM'000	2023 RM'000
Immediate holding company		
Other Income	11,407	11
Other Expenses	(29,070)	(35,891)
	<u>(17,663)</u>	<u>(35,880)</u>
Other related companies		
Other Income	1,280	-
Other Expenses	(12,679)	(7,699)
	<u>(11,399)</u>	<u>(7,699)</u>

Breakdown of intercompany charges by type of service received and geographical distribution

	Malaysia RM'000	Singapore RM'000	Total RM'000
2024			
Information technology	343	6,281	6,624
Professional and consultancy	251	2,570	2,821
Staff cost	-	26,604	26,604
Others	1,878	3,822	5,700
	<u>2,472</u>	<u>39,277</u>	<u>41,749</u>
2023			
Information technology	643	6,034	6,677
Professional and consultancy	533	39	572
Staff cost	-	35,882	35,882
Others	459	-	459
	<u>1,635</u>	<u>41,955</u>	<u>43,590</u>

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. RELATED PARTIES (CONTINUED)**

The remuneration for the CEO, Directors, Senior Management and Other Material Risk Takers is as follows:

	Salary RM'000	Bonus RM'000	Other short term employee benefits RM'000	Share- based payments RM'000	Fees RM'000	Total RM'000
2024						
Chief Executive Officer						
Lai Pei Si	1,827	1,158	1,381	367	-	4,733
Executive Director						
Muthukrishnan Ramaswami	-	-	-	-	-	-
Non-Executive Directors						
Datuk Zaiton Binti Mohd Hassan	-	-	-	217	326	543
Datuk Maimoonah Binti Mohamed Hussain	-	-	-	139	209	348
Mohamad Reza Bin Abdul Mutalib	-	-	-	124	186	310
Lim Kell Jay	-	-	-	-	-	-
	-	-	-	480	721	1,201
Senior Management	5,446	1,820	784	5,333	-	13,383
Other Material Risk Takers	7,524	2,694	1,414	3,726	-	15,358
	14,797	5,672	3,579	9,906	721	34,675

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. RELATED PARTIES (CONTINUED)**

The remuneration for the CEO, Directors, Senior Management and Other Material Risk Takers is as follows (continued):

	Salary RM'000	Bonus RM'000	Other short term employee benefits RM'000	Share- based payments RM'000	Fees RM'000	Total RM'000
2023 (Restated)						
Chief Executive Officer						
Lai Pei Si	1,769	1,217	684	848	-	4,518
Executive Director						
Muthukrishnan Ramaswami	-	-	-	-	-	-
Non-Executive Directors						
Datuk Zaiton Binti Mohd Hassan	-	-	-	193	326	519
Datuk Maimoonah Binti Mohamed Hussain	-	-	-	129	209	338
Mohamad Reza Bin Abdul Mutalib	-	-	-	115	186	301
Lim Kell Jay	-	-	-	-	-	-
	-	-	-	437	721	1,158
Senior Management	4,689	2,112	1,007	9,899	-	17,707
Other Material Risk Takers	4,884	1,594	1,137	4,951	-	12,566
	<u>11,342</u>	<u>4,923</u>	<u>2,828</u>	<u>16,135</u>	<u>721</u>	<u>35,949</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTIES (CONTINUED)

The breakdown of remuneration for the CEO, Directors, Senior Management, and Other Material Risk Takers is as follows (continued):

	CEO RM'000	Directors RM'000	Senior Management RM'000	Other Material Risk Takers RM'000	Total RM'000
2024					
Fixed remuneration	2,133	-	5,453	7,544	15,130
Variable remuneration	2,233	-	2,597	4,088	8,918
	4,366	-	8,050	11,632	24,048
Share-based payments	367	480	5,333	3,726	9,906
Number of staff	1	5	6	17	29
2023					
Fixed remuneration	2,060	-	4,695	4,896	11,651
Variable remuneration	1,610	-	3,113	2,719	7,442
	3,670	-	7,808	7,615	19,093
Share-based payments	848	437	9,899	4,951	16,135
Number of staff	1	1	6	12	20
Vested shares					
	CEO RM'000	Directors RM'000	Senior Management RM'000	Other Material Risk Takers RM'000	Total RM'000
2024					
At 1 January	2,468	239	2,423	1,255	6,385
Additional during the year	-	-	-	410	410
Forfeited during the year	-	-	-	(140)	(140)
Vested during the year	1,073	-	2,843	1,866	5,782
At 31 December	3,541	239	5,266	3,391	12,437
2023					
At 1 January	1,138	-	-	-	1,138
Vested during the year	1,330	239	2,423	1,255	5,247
At 31 December	2,468	239	2,423	1,255	6,385

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. RELATED PARTIES (CONTINUED)**

The breakdown of remuneration for the CEO, Directors, Senior Management, and Other Material Risk Takers is as follows (continued):

	CEO RM'000	Directors RM'000	Senior Management RM'000	Other Material Risk Takers RM'000	Total RM'000
Non-vested shares					
2024					
At 1 January	2,275	-	8,950	4,709	15,934
Additional during the year	-	480	-	2,036	2,516
Vested during the year	(1,073)	-	(2,843)	(1,866)	(5,782)
At 31 December	1,202	480	6,107	4,879	12,668
2023					
At 1 January	3,605	239	11,373	5,964	21,181
Vested during the year	(1,330)	(239)	(2,423)	(1,255)	(5,247)
At 31 December	2,275	-	8,950	4,709	15,934

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**27. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

The credit exposures disclosed below are based on the requirement of Paragraph 9.1 of Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

Based on these guidelines, a connected party refers to the following:

- (i) Directors of the Bank and their close relatives;
- (ii) Controlling shareholder of the Bank and his close relatives;
- (iii) Influential shareholder of the Bank and his close relatives;
- (iv) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank and his close relatives;
- (v) Officers who are responsible for or have the authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually and their close relatives;
- (vi) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (v) above, or in which they have an interest, as a Director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (vii) Any person for whom the persons listed in (i) to (v) above is a guarantor; and
- (viii) Subsidiary of or an entity controlled by the Bank and its connected parties.

Credit exposures with connected parties as per BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	2024	2023
Outstanding credit exposures with connected parties (RM'000)	177	-
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	0.36	-
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	-	-

The credit exposures above are derived based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**28. CAPITAL ADEQUACY**

The Bank is required to comply with the requirements as set out in BNM's Capital Adequacy Framework, except for certain areas of simplification or exemption as specified in BNM's Licensing Framework for Digital Banks ("BNM's Licensing Framework"). In accordance with BNM's Licensing Framework, only Common Equity Tier 1 Capital shall be recognised as eligible regulatory capital and the Bank shall maintain a minimum Total Capital Ratio of 8% (2023: 8%).

The table below shows the composition of the Bank's regulatory capital and capital adequacy ratios which were determined in accordance with BNM's Capital Adequacy Framework (Capital Components), Capital Adequacy Framework (Basel II - Risk-Weighted Assets) and BNM's Licensing Framework:

	2024 RM'000	2023 RM'000
Tier 1 capital		
Paid-up ordinary share capital	720,000	495,100
Accumulated losses	(492,477)	(258,443)
Other reserves	52,086	33,598
	279,609	270,255
Less: Regulatory deductions	(14,001)	(108)
Total Common Equity Tier 1 (CET 1) and Tier 1 Capital	265,608	270,147
Tier 2 capital		
Expected credit losses	-	-
Regulatory reserve	-	-
Total Tier 2 capital	-	-
Total capital base	265,608	270,147
Capital ratios		
CET 1 Capital Ratio	103.571%	324.054%
Tier 1 Capital Ratio	103.571%	324.054%
Total Capital Ratio	103.571%	324.054%

Breakdown of risk-weighted assets for each risk component are as follows:

	2024 RM'000	2023 RM'000
Credit risk	209,422	75,055
Market risk	39,600	3,726
Operational risk	7,429	4,584
Total risk-weighted assets	256,451	83,365
Credit risk-weighted assets breakdown:		
- subject to 20% risk weight	118,529	47,010
- subject to 75% risk weight	3,703	-
- subject to 100% risk weight	87,190	28,045

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**29. CAPITAL MANAGEMENT**

The Bank's capital is represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an ongoing basis and the Bank relies on the continuous financial support from its holding company.

The Bank is required to comply with capital requirements and capital ratios in accordance with the Capital Adequacy Framework and Licensing Framework for Digital Bank issued by Bank Negara Malaysia. There is no additional external capital requirement imposed on the Bank as at 31 December 2024.

30. RESTATEMENT OF COMPARATIVE INFORMATION

- (i) During the current financial year, the Bank conducted a review on the classification of its unwinding for lease liability and reclassified the interest from interest expense to other operating expense.

The reclassification resulted in changes to the comparative financial information to conform with current year's presentation which resulted in the following financial effect to the statement of profit or loss of the Bank.

	As previously		
	reported	Reclassification	As restated
31 December 2023	RM'000	RM'000	RM'000
Reconciliation of statement of profit or loss			
Interest expense	(410)	91	(319)
Other operating expenses	(106,120)	(91)	(106,211)

- (ii) During the current financial year, the Bank conducted a review on the classification of Senior Management and Other Material Risk Takers in line with the Corporate Governance policy issued by Bank Negara Malaysia. This has resulted in changes to the comparative financial information as disclosed in Note 26 to conform with current year's presentation.

GX Bank Berhad

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

**Statement by Directors pursuant to
Section 251(2) of the Companies Act, 2016**

In the opinion of the Directors, the financial statements set out on pages 32 to 91 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as of 31 December 2024 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Datuk Maimoonah Binti Mohamed Hussain
Director



.....
Datuk Zaiton Binti Mohd Hassan
Director

Petaling Jaya, Selangor

Date: 27 March 2025

GX Bank Berhad

Registration No. 202101014409 (1414709-A)
(Incorporated in Malaysia)

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, **Kenneth Leong Yu Ming**, the Officer primarily responsible for the financial management of **GX Bank Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 32 to 91, to the best of my knowledge and belief, represents the true and fair view of the Bank's operation and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Kenneth Leong Yu Ming at Petaling Jaya in Selangor on 27 March 2025.



.....
Kenneth Leong Yu Ming

Before me,



NO.18-B (2nd Floor), Jalan SS 22/21,
Damansara Jaya, 47400 Petaling Jaya,
Selangor Darul Ehsan



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GX BANK BERHAD

(Company No. 202101014409 (1414709-A))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GX Bank Berhad ("the Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 32 to 91.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Bank in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Bank are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Bank does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Bank, our responsibility is to read the Directors' Report, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Bank or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Bank, the Directors are responsible for assessing the ability of the Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Bank, including the disclosures, and whether the financial statements of the Bank represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Petaling Jaya, Selangor

Date: 27 March 2025



Ow Peng Li
Approval Number: 02666/09/2025 J
Chartered Accountant