

GX BANK BERHAD
(formerly known as A5-DB Operations (M) Berhad)
(Registration No. 202101014409 (1414709-A))
(Incorporated in Malaysia)

Financial statements for the financial year ended
31 December 2023

GX Bank Berhad
(formerly known as A5-DB Operations (M) Berhad)
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DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors hereby submit their report and the audited financial statements of GX Bank Berhad ("Bank") for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Bank was previously principally engaged in carrying on the business and activities of management and consulting. During the year, upon being licensed as a Digital Bank on 1 September 2023 by Bank Negara Malaysia ("BNM"), the principal activities of the Bank changed to the provision of digital banking business.

CHANGE OF BANK NAME

During the financial year, the Bank had changed its name from A5-DB Operations (M) Berhad to GX Bank Berhad on 30 August 2023.

HOLDING AND ULTIMATE HOLDING COMPANIES

The Directors regard GXS 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

	RM'000
Loss for the year	<u>(193,006)</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

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.

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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	(Appointed on 20 February 2023)
Muthukrishnan Ramaswami	(Appointed on 2 May 2023)
Reuben Lai Yuen Tung	(Resigned on 26 April 2023)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Bank and of its related corporations 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

Grab Holdings Limited	Number of ordinary shares of USD0.000001 each			Balance at 31.12.2023
	Balance at date of 1.1.2023/ Date of appointment	Bought	Sold	
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 (Appointed w.e.f. 20.02.2023)	801,425	263,046	-	1,064,471

Grab Holdings Limited	Employee Stock Purchase Plan			Balance at 31.12.2023
	Balance at 1.1.2023	Bought	Sold	
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	7,225	-	-	7,225

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Interest in the ultimate holding company (continued)

	Balance at 1.1.2023	Options to Purchase Ordinary Shares			Balance at 31.12.2023
		Granted	Exercised	Forfeited/ Cancelled	
Grab Holdings Limited					
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	530,489	-	-	-	530,489

	Balance at 1.1.2023	Number of Restricted Stocks Units ("RSU")			Balance at 31.12.2023
		Granted	Exercised	Forfeited/ Cancelled	
Grab Holdings Limited					
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	529,832	289,242	263,046	-	556,028

Interest in the immediate holding company

GXS Bank Pte. Ltd.	Balance at 1.1.2023	Number of options over ordinary shares			Balance at 31.12.2023
		Granted	Exercised	Forfeited/ Cancelled	
Datuk Zaiton Binti Mohd Hassan	-	322,570	-	-	322,570
Datuk Maimoonah Binti Mohamed Hussain	-	209,613	-	-	209,613
Mohamad Reza Bin Abdul Mutalib	-	186,510	-	-	186,510

Interest in the related companies

GrabInsure Insurance Agency PH, Inc.	Number of ordinary shares			Balance at 31.12.2023
	Balance at date of 1.1.2023/ Date of appointment	Bought	Sold	
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	1	-	-	1

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Interest in the related companies (continued)

Grab Financial Services Philippines, Inc.	Number of ordinary shares			Balance at 31.12.2023
	Balance at date of 1.1.2023/ Date of appointment	Bought	Sold	
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	1	-	-	1

GrabLink PH Inc.	Number of ordinary shares			Balance at 31.12.2023
	Balance at date of 1.1.2023/ Date of appointment	Bought	Sold	
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	1	-	-	1

None of the other Directors holding office at 31 December 2023 had any interest in the shares and options over shares of the Bank and its related corporations during the financial year.

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 a benefit included in the aggregate amount of remuneration received or due and receivable by Directors including medical and any other claimable expense as shown in the financial statements or the fixed salary of a full-time employee of the Bank and related corporation) by reason of a contract made by the Bank or a related corporation 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.

DIRECTOR'S BENEFITS (CONTINUED)

The benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Bank RM'000
Directors of the Bank:	
Fees	721
Share-based payments	<u>481</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 275,062,000 ordinary shares at RM1.00 per share for cash totalling RM275,062,000, for the purpose of financing the cost to commence the Bank's business operation.

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.

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 RM459,400,000). 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 are no bad debts to be written off and no provision needs to be 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 provide for any doubtful debts, 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 2023 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.

STATEMENT OF CORPORATE GOVERNANCE

1. Board of Directors

(a) Roles and Responsibilities

The role of the Board of Directors ("Board") is to provide direction and leadership to GX Bank Berhad (*formerly known as A5-DB Operations (M) Berhad*) ("Bank") and put in place a management team for the Bank to achieve its strategic direction and overall business objectives, taking into account the need to safeguard customers' interests.

The Board has the responsibility to oversee the conduct of the Bank's business and to supervise management. In supervising the conduct of the business, the Board, through the Chief Executive Officer ("CEO") sets the corporate culture and standards of conduct for the Bank.

The Board delegates the day-to-day running of the Bank to the CEO and management team in accordance with such policies and directions as the Board may from time to time determine with the exception of the Board Reserved Matters.

The Board shall give due consideration to the laws and regulations governing the Bank, and the Terms of Reference ("TOR") of the Board shall be aligned with relevant regulatory requirements.

Broadly, the primary responsibilities of the Board include, but are not limited to the following:

(i) Strategy

- Provide leadership, approve and oversee the implementation of the Bank's strategic direction and overall business objectives as recommended by the CEO, whilst satisfying itself that the Bank's purpose, strategy and values align with the desired culture and standards of the Bank, such as ensuring fair dealing outcomes are delivered to customers.
- Provide oversight of the Bank's and senior management performance and seek assurance of competent and prudent management of operations in line with the Bank's strategy, risk appetite, business plans and budgets, and code of conduct.

(ii) Finance

- Review and approve the annual business plan and budget.
- Monitor the financial performance of the Bank and approve the annual financial statements.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(a) Roles and Responsibilities (continued)

(iii) Risk Management, Compliance and Internal Audit

- Set the tone from the top and inculcate an appropriate risk culture throughout the Bank.
- Review and approve the Bank's risk management framework.
- Approve the Risk Appetite Statement and Risk Appetite Framework, including metrics and thresholds, as well as review the Bank's current risk profile, risk tolerance level and overall Risk Strategy.

(iv) Human Resources

- Approve the appointments, re-appointments and removals of Chairman, Board of Directors, Members of each Board Committees, CEO and Company Secretary, and note the senior management appointments approved by the Board Nomination Committee.
- Approve the appropriate remuneration framework, policies and Key Performance Indicators ("KPI") for Management and Material Risk Personnel in light of the Bank's strategic goals and objectives, while ensuring good conduct and risk-taking behaviour, does not give rise to conflict between the Bank's objectives and its employees' interests.
- Review and approve succession plan for directors and senior management, including Chairman, the CEO and other key management personnel.

(v) Corporate Governance

- Discuss and approve the Bank's organisational structure, ensuring that adequate corporate governance frameworks and systems are in place across the Bank.
- Promote a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour.
- Review and approve the criteria for evaluation of the performance of the Board, its Board committees, Chairman and directors and support the annual review of its own performance, and that of its Committees and individual directors.

(vi) Connected & Related Party Transactions

- Approve the Bank's connected and related party transactions ("CPTs" and "RPTs") and ensure they are undertaken on an arm's length basis.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(a) Roles and Responsibilities (continued)

(vii) Responsibility Mapping

- Provide direction and oversee the implementation of the BNM Responsibility Mapping principles which shall include, but not limited to, the following:
 - Principle 1: The Board shall oversee and ensure an effective process for identifying and assigning responsibility areas to individuals, as part of internal governance arrangements that promote sound management and decision making. This includes ensuring all responsibility areas are clearly identified and mapped into the organisational structure;
 - Principle 2: The CEO must ensure that all identified responsibility areas are allocated to individuals at an appropriate senior level, and who have the professional competence, authority and accountability to manage these areas;
 - Principle 3: The individuals to whom responsibilities are allocated are accountable for the management and conduct of the responsibility areas, including for the staff under their purview. In discharging this responsibility, an individual must exercise sound professional judgement, diligence and due care, adhere to the code of ethics of the financial institution and act with integrity. Where a responsibility area is shared by more than one individual, all individuals shall be held jointly and severally accountable for that responsibility area; and
 - Principle 4: The CEO must maintain a complete and up-to-date register of each individual's responsibilities, covering the individuals' responsibility areas across the institution and, where relevant, the group.

(b) Board Size and Composition

The Board comprised five (5) members including the Chairman at the end of the financial year 2023. Given the size of the Bank's operations, the Board size and composition remains adequate to provide for a diversity of views, facilitate effective decision-making, and appropriate 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.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(c) Board Meetings

During the financial year ended 31 December 2023, the Board met fourteen (14) times to decide on the objectives, strategies and any other specific matters which are reserved for its decision. All Directors have attended more than 75% of the total Board meetings held during the financial year and complied with the requirements on attendance at Board meetings as stipulated in the Bank Negara Malaysia Corporate Governance Guidelines. Details of the attendance of each Director are as follows:

Director	Attendance
Datuk Zaiton Binti Mohd Hassan	14/14
Datuk Maimoonah Binti Mohamed Hussain	14/14
Mohamad Reza Bin Abdul Mutalib	14/14
Lim Kell Jay (Appointed w.e.f 20.02.2023)	13/13
Muthukrishnan Ramaswami (Appointed w.e.f 02.05.2023)	9/10
Reuben Lai Yuen Tung (Resigned w.e.f 26.04.2023)	3/3

(d) Access to Records and Advisors

The Board and any Director shall have unfettered access to information, which the Bank is in possession of or has access to, for the purposes of carrying out its responsibilities. The Board must satisfy itself that such information received is comprehensive, accurate, complete and timely to enable effective decision-making on the firm's strategy, risk profile and emerging risks.

The Board and any Director have the power and authority to obtain, at its discretion, advice and assistance from internal or external financial, legal, accounting or other advisors, and to hire and compensate external advisors at the Bank's expense.

The Board shall determine, in its business judgment, that any such consultants have no relationship to the Bank that would interfere with the exercise of its independent judgment.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(e) Directors' Training

The Bank recognises the importance of continuous professional development and training for its Directors.

The Bank is a member of the FIDE Forum which entitles its Directors to benefits of membership as set out in FIDE Forum website 'www.fideforum.org' and an additional training budget is also allocated for Directors' training programme by the Bank.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(f) Profile of each Director is as follows:

1. Datuk Zaiton Binti Mohd Hassan

Chairman, Independent Non-Executive Director
Age 67, Female, Malaysian

Datuk Zaiton was appointed as Independent Non-Executive Director and Chairman of GX Bank Berhad (*formerly known as A5-DB Operations (M) Sdn Bhd*) effective from 1 July 2022. She is also a member of the 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) Professional Accountants in Business (PAIB) Advisory Group.

Datuk Zaiton started her career at 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 rating 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.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(f) Profile of each Director is as follows (continued):

2. Datuk Maimoonah Binti Mohamed Hussain

Independent Non-Executive Director
Age 65, Female, Singaporean

Datuk Maimoonah was appointed as Independent Non-Executive Director of GX Bank Berhad (*formerly known as A5-DB Operations (M) Sdn Bhd*) 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 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.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(f) Profile of each Director is as follows (continued):

3. Mohamad Reza Bin Abdul Mutalib

Independent Non-Executive Director

Age 51, Male, Malaysian

Encik Mohamad Reza ("Encik Reza") was appointed as Independent Non-Executive Director of GX Bank Berhad (*formerly known as A5-DB Operations (M) Sdn Bhd*) 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 2005.

Experience: -

- Encik Reza began his career in equities research at Peregrine Research and later moved to 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.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(f) Profile of each Director is as follows (continued):

4. Lim Kell Jay

Non-Independent Non-Executive Director
Age 41, Male, Malaysian

Encik Lim Kell Jay ("Encik Kell Jay") was appointed as Non-Independent Non-Executive Director of GX Bank Berhad (*formerly known as A5-DB Operations (M) Sdn Bhd*) effective from 20 February 2023. He is a member of the Board Remuneration Committee and Board Nomination Committee of the Bank.

Encik Kell Jay currently is the Regional Head of GrabFin, the fintech arm of Grab Financial Group. 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, insurance, and rewards. 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 both customers and drivers' needs in order to enhance the Grab experience.

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. Board of Directors (continued)

(f) Profile of each Director is as follows (continued):

5. Muthukrishnan Ramaswami

Non-Independent Executive Director
Age 66, Male, Singaporean

Encik Muthukrishnan Ramaswami ("Encik Ramaswami") was appointed as Non-Independent Executive Director of GX Bank Berhad (*formerly known as A5-DB Operations (M) Sdn Bhd*) effective from 2 May 2023. He is a member of the Board Risk and Compliance Committee of the Bank.

Encik Ramaswami is currently 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.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

2. Board Risk and Compliance Committee (“BRCC”)

The BRCC of the Bank has delegated authority from the Board to oversee 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 (Appointed w.e.f. 02.05.2023)	Member, Non-Independent Executive Director
Reuben Lai (Resigned w.e.f. 26.04.2023)	Member, Non-Independent Executive Director

(a) Roles and Responsibilities of the BRCC

The primary roles and responsibilities of the BRCC amongst other, as follows:

(i) Risk Appetite

- Review reports and make recommendations regarding the Bank’s overall Risk Appetite Statement, metrics and thresholds and make recommendations to the Board for the approval of the Risk Appetite Statement and Risk Strategy, on an annual basis.

(ii) Risk Management

- Oversee the establishment, operations and adequacy of the risk management function of the Bank and review its composition and effectiveness, including ensuring that it is of sufficient stature, independent of the business and sufficiently resourced (qualifications, experience and training of staff), taking into account industry practices, to monitor risk by the various risk categories and that it has appropriate independent reporting lines.
- Oversee and advise on maintaining a strong and supportive “risk aware” and “tone from the top” risk culture that is focused on managing risks in a transparent and constructive manner.
- Approve the Bank’s Risk Management Frameworks and significant policies on the establishment of current risk profile, risk limits/metrics, and risk tolerance level on an annual basis.
- Review the adequacy of the risk management practices for the Bank’s financial and non-financial risks on a regular basis to ensure the practices are in line with the provisions set out in the BNM Risk Governance policy document.
- Review and challenge the ICAAP in order to determine the appropriate level of capital resources held against the Bank’s risk, including the capital stress scenarios and recommend to the Board for its approval.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

2. Board Risk and Compliance Committee ("BRCC") (continued)

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

(ii) Risk Management (continued)

- Recommend to the Board the appointment of and performance evaluation of the CRO.
- Provide advice to the Board Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration.

(iii) Technology Risk Management

- Review and approve the Bank's technology risk management framework and strategy, IT decisions, risk appetite and risk tolerance, on an annual basis.
- Review and approve medium or high-risk IT issues and the risk treatment methods.

(iv) Stress Testing

- Approve policies and procedures governing the stress testing programme, and ensure sufficient resources and expertise, as well as views and inputs from relevant functions and departments on the programme, are considered for effective implementation of the programme.
- Review and approve regulatory submissions of the results of and supporting information for stress tests conducted by the Bank, including implication of stress testing results on the Bank's risk appetite, capital and liquidity, action plans to address stress testing outcomes, and to review the Bank's responses, including making of strategic decisions and setting of Risk Appetite.

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

- Review and approve the compliance and AML/CFT framework / policies and strategy of the organisation.
- Approve Compliance & AML/CFT Risk Appetite.

(vi) Outsourcing

- Review and approve the outsourcing framework, policy, risk appetite and plan to evaluate the risks and materiality of outsourcing arrangements and appropriate approval authorities for outsourcing arrangements, on an annual basis.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

2. Board Risk and Compliance Committee ("BRCC") (continued)

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

(vii) Business Continuity Management ("BCM")

- Review and endorse, at least annually, the Bank's BCM, as well as approve the BCM Framework.

(viii) Exit Plan

- Oversee the development, implementation and review of the exit plan on an annual basis.

(ix) Whistleblowing and Investigations

- Review policies and procedures for detecting fraud and whistleblowing and arrangements by which staff and others may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

(x) Connected Party Transactions ("CPTs")

- Review and approve the Bank's policy on connected party transactions (the "CPTs") on a regular basis.
- Review, monitor and approve CPTs that deviate or breach the Bank's CPT policy, on a quarterly basis.
- Review and approve materiality and nominal thresholds set by the Bank, on an annual basis.

(b) Activities

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

The BRCC met ten (10) times during the financial year ended 31 December 2023 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	10/10
Datuk Zaiton Binti Mohd Hassan	10/10
Muthukrishnan Ramaswami (Appointed w.e.f. 02.05.2023)	6/6
Reuben Lai (Resigned w.e.f. 26.04.2023)	3/3

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

(a) Meetings

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.

(b) Roles and Responsibilities of the BAC

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

(i) Financial Reporting

- Review and ensure that the financial statements are prepared in accordance with accounting policies and practices that are internationally accepted, and that the financial record have been properly maintained, and that the financial statements give a true and fair view of the Bank's operations and finances.

(ii) External Audit

- Consider the appropriateness of the audit approach and scope of audit services having regard to the nature and complexity of the Bank's operations, its structure and activities.
- Establish a robust process to make recommendations to the Board on the EA's appointment and re-appointment, terms of appointment, fees and removal (if necessary), where applicable, after assessing the EA's performance, taking into consideration the requirements of the BNM External Auditor policy document.
- Assess the independence of the EA at least annually, taking into consideration applicable jurisdictional independence standards and internationally accepted ethical standards.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

3. Board Audit Committee ("BAC") (continued)

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

(iii) Internal Audit

- Review the planned scope of internal audit work, ensuring the scope of the IA's responsibility is clear and appropriate for the risks which the Bank is or could be exposed to, including those risks arising from proposed new business or product lines.

(iv) Internal Controls

- Review, at least annually, the adequacy and effectiveness of the Bank's internal control systems, including financial, operational, compliance and information technology controls and material internal controls.

(v) Connected Party Transactions

- Review and update the Board on the Bank's CPTs and ensure they are undertaken on an arm's length basis.

(vi) Related Party Transactions

Review and update the Board on the Bank's RPT, taking into consideration whether such transactions:

- Are undertaken on an arm's length basis;
- Are not detrimental to minority shareholders; and
- Are in the best interest of the Bank.

(vii) Compliance

- Review and ensure that Senior Management takes the necessary corrective actions in a timely manner should any non-compliance with laws, regulatory requirements, policies and other findings identified by the IA and other control functions.

(viii) Whistleblowing

- Review policies and procedures for whistleblowing, and have oversight of whistleblowing cases of the Bank.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

3. Board Audit Committee ("BAC") (continued)

(c) Activities

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

The BAC met ten (10) times during the financial year ended 31 December 2023 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	10/10
Datuk Zaiton Binti Mohd Hassan	10/10
Mohamad Reza Bin Abdul Mutalib	10/10

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 (Appointed w.e.f. 20.02.2023)	Member, Independent Non-Executive Director

(a) Primary Roles and Responsibilities of the BRC

(i) Remuneration Framework and Incentives

- Review and recommend to the Board a framework for determining the remuneration of Directors, Senior Management, and Other Material Risk Takers, and oversee the design and operation of such framework and its policies to ensure the alignment of compensation with prudent risk-taking and culture as set out in the BNM Corporate Governance policy document.
- Review and recommend to the Board appropriate Key Performance Indicators for Senior Management and Other Material Risk Takers in light of the Bank's strategic goals and objectives, and ensuring good conduct and risk-taking behaviour.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

4. Board Remuneration Committee ("BRC") (continued)

(b) Activities

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

The BRC met five (5) times during the financial year ended 31 December 2023 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	5/5
Datuk Zaiton Binti Mohd Hassan	5/5
Lim Kell Jay (Appointed w.e.f. 20.02.2023)	3/3

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 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 (Appointed w.e.f. 20.02.2023)	Member, Independent Non-Executive Director

(a) Primary Roles and Responsibilities of the BNC

(i) Composition and Independence of Board.

- Review the appropriateness of the size and overall composition of the Board that promotes effective deliberation and make recommendations to the Board as necessary; encourage the active participation of all Directors and ensure the work of the various Board Committees are discharged without giving rise to an over-extension of directors that are required to serve on multiple board committees.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

5. Board Nomination Committee (“BNC”) (continued)

(a) Primary Roles and Responsibilities of the BNC (continued)

(ii) Appointment/Re-Appointment/Resignation of Directors and Key Responsible Persons.

- Develop a framework to identify the criteria and skill sets that the Board collectively needs in order to discharge its responsibilities effectively, taking into account the fit and proper requirements, complexity of the Bank’s existing risk profile, business operations and future business strategy.

(iii) Succession Planning.

- Review and recommend succession plans for Directors and senior management, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel, for approval of the Board.

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

- Recommend the process and performance criteria for the annual evaluation of the performance of the Board as a whole, each of its Board Committees separately, the Chairman and each individual Director, for approval of the Board. The performance criteria shall include the quality of risk management and adequacy of internal controls, and reflect the responsibility of the Board to safeguard the interest of the customers.

(v) Professional Development of Board.

- Identify and oversee the induction and ongoing professional development programmes for the Board to carry out its duties effectively, ensuring that directors are aware of their duties and obligations.

(b) 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 2023 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 (Appointed w.e.f. 20.02.2023)	3/3

BUSINESS PLAN AND OUTLOOK FOR NEXT FINANCIAL YEAR

Performance for the financial year end 31 December 2023

GX Bank Berhad received the licence to commence operations from Bank Negara Malaysia ("BNM") in September 2023, being the first digital bank to commence operations in Malaysia. The Bank launched its retail deposit product to the general public in Malaysia in November 2023. For the financial year ended 31 December 2023, the Bank achieved a customer base of nearly 130,000 customers and customer deposit balances of RM195.4 million.

The Bank registered a Loss for the year of RM193.0 million for the financial year ended 31 December 2023, compared to a Loss for the year of RM56.8 million in the previous financial year.

- Total operating income for the financial year ended 31 December 2023 closed at RM6.7 million compared to RM0.5 million in the previous financial year, an increase of RM6.2 million. The increase in total operating income is attributed towards the net interest income of RM6.7 million compared to RM0.5 million in the last financial year. Higher interest income was mainly from cash and short-term funds and placements with banks.
- Total operating expenses came in at RM199.4 million compared to RM57.3 million in the previous financial year, an increase of RM142.1 million. The increase in operating cost is mainly due to the increases in staff cost by RM49.4 million, depreciation of plant and equipment by RM1.3 million and other operating expenses by RM91.4 million. The increase across all the expenses is within the management expectations as GX Bank Berhad is investing in developing its technology platforms, products & capabilities and governance to build a sustainable and successful digital bank to serve the needs of the retail and micro, small and medium enterprises in Malaysia.

Total assets as at the financial year ended 31 December 2023 came in at RM530.3 million compared to RM185.5 million in the previous year. The increase of RM344.8 million is attributed towards RM319.3 million from cash and short-term funds, placement with a bank and statutory deposits with BNM, RM4.1 million from purchase of plant and equipment and remaining RM21.4 million mainly from other assets.

Total liabilities as at the financial year ended 31 December 2023 came in at RM260.1 million which is mainly on account of customer deposits of RM195.4 million owing to the successful launch of banking operations with a retail deposit product in November 2023 and increase in other liabilities by RM33.8 million compared to previous financial year.

Total equity increased from RM154.6 million as at 31 December 2022 to RM270.3 million as at 31 December 2023.

- Fresh capital of RM275.1 million was infused for the purpose of financing the cost to commence the Bank's business operation.
- The accumulated losses increased by RM193.0 million during the financial year leading to reduction in the equity.
- Reserves of RM33.6 million relate to capital contribution from the immediate holding company in the form of equity incentive plans.

BUSINESS PLAN AND OUTLOOK FOR NEXT FINANCIAL YEAR (CONTINUED)

Performance for the financial year end 31 December 2023 (continued)

The Bank continues to be well capitalised for future investments and growth with the CET1 ratio as at 31 December 2023 of 324%.

Outlook for full year 2024

The IMF has projected Global gross domestic product (GDP) growth of 3% in 2024 compared to expected GDP growth of 3% in 2023 and actual GDP growth of 3.5% in 2022. The GDP growth in developed markets is slowing down which was expected as central banks increased benchmark interest rates to record high levels to control the high rate of inflation which came in since 2022 post covid. The GDP growth in Asia, especially ASEAN and India, is expected to improve, while China's growth would likely remain modest given continued weakness in the property market. Core inflation in many countries has started to drop since the last few months which is expected to lead to monetary easing in the second half of the year. The above growth outlook remains subject to downside risks mainly arising from escalation of geopolitical tensions, higher than expected inflation and volatility in the global financial markets.

Malaysia's economy expanded by 3.7% in 2023. The GDP growth for 2024 is expected to increase further in the range of 4% - 5% driven by the recovery in exports and resilient domestic expenditure. The inflation rate is expected to be moderate in the range of 2.1% to 3.6%. In line with the global trend, to control the inflation BNM also steadily increased the overnight policy rate (OPR) since May 2022 from 1.75% to 3% to counter the inflationary pressure. With moderating domestic inflation rate and depending upon the global economic scenario, BNM may consider dropping the OPR in the second half of 2024. Despite the recent drop in the Ringgit Malaysia (RM), the currency may have some support from here on the back of the expectations of the US Federal Reserve and other central banks starting to cut the benchmark rates and with improving domestic economic conditions led by higher growth in exports & domestic consumption and easing of inflationary pressure.

(Source: Economy Outlook 2024, Ministry of Finance Malaysia)

Post receiving the licence to commence operations in September 2023, GX Bank continues to work towards its ambition to be on a path to profitability, delivery of its strategic agenda and graduation from foundation phase between 3rd and 5th year from commencement of operations.

Fresh capital infusion is planned in the full year of 2024 to further strengthen the capital base in order to support the investment in the priority areas. In the full year 2024 we expect further growth in the Bank's customer base and the balance sheet which will lead to material growth in the bank's full year revenues. However, as the Bank continues to be in the investment phase in 2024, the Bank is expected to record a loss for the full financial year 2024 which is per the expected plan.

AUDITORS AND AUDITORS' REMUNERATION

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

The auditors' remuneration during the year is RM130,000.

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: 26 March 2024

**STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2023**

	Note	2023 RM'000	2022 RM'000
Assets			
Cash and short-term funds	3	450,958	182,679
Placement with a bank	4	49,984	-
Other assets	5	23,799	2,825
Statutory deposits with Bank Negara Malaysia	6	1,000	-
Plant and equipment	7	4,183	42
Intangible assets	8	108	-
Tax recoverable		300	-
Total Assets		530,332	185,546
Liabilities			
Deposits from customers	9	195,370	-
Other liabilities	10	64,707	30,945
Total Liabilities		260,077	30,945
Net Assets		270,255	154,601
Equity			
Share Capital	11	495,100	220,038
Reserves	12	33,598	-
Accumulated losses		(258,443)	(65,437)
Total equity attributable to owners of the Bank		270,255	154,601

The notes on pages 33 to 69 are an integral part of these financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM'000	2022 RM'000
Interest income		7,094	494
Interest expense		(410)	-
Net Interest Income	13	6,684	494
Fee and commission expense	14	(262)	-
Other income	15	261	40
Non-Interest (expense)/income		(1)	40
Total operating income		6,683	534
Expenses			
- Staff costs	16	(91,928)	(42,571)
- Depreciation of plant and equipment		(1,295)	-
- Amortisation of intangible assets		(18)	-
- Other operating expenses	17	(106,120)	(14,754)
Total operating expenses		(199,361)	(57,325)
Loss before allowances		(192,678)	(56,791)
Allowances for credit and other losses	18	(200)	-
Loss before tax		(192,878)	(56,791)
Income tax expense	19	(128)	-
Loss and total comprehensive loss for the year		(193,006)	(56,791)

The notes on pages 33 to 69 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Share Capital RM'000	Capital Contribution Reserves RM'000	Accumulated losses RM'000	Total Equity RM'000
2023					
At 1 January		220,038	-	(65,437)	154,601
Loss and total comprehensive loss for the year		-	-	(193,006)	(193,006)
Transaction with owners, recorded directly in equity					
Issuance of ordinary shares	11	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		495,100	33,598	(258,443)	270,255
2022					
At 1 January		*	-	(8,646)	(8,646)
Loss and total comprehensive loss for the year		-	-	(56,791)	(56,791)
Transaction with owners, recorded directly in equity					
Issuance of ordinary shares	11	220,038	-	-	220,038
Share-based payments		-	-	-	-
Total contributions by and distributions to owners		220,038	-	-	220,038
At 31 December		220,038	-	(65,437)	154,601

* Denotes RM 1

The notes on pages 33 to 69 are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM'000	2022 RM'000
Cash flows from operating activities			
Loss before tax		(192,878)	(56,791)
Adjustments for:			
Depreciation	7	1,295	-
Amortisation	8	18	-
Interest expense on lease liability	13	91	-
Allowances for credit and other losses	18	200	-
Share-based payments	16	24,956	-
Unrealised foreign exchange losses/(gains)	17	313	(78)
Unwinding of discount on provision for reinstatement cost	10	14	-
Operating loss before working capital changes		<u>(165,991)</u>	<u>(56,869)</u>
Changes in working capital:			
Statutory deposits with Bank Negara Malaysia	6	(1,000)	-
Other assets	5	(21,111)	(2,825)
Deposits from customers	9	195,370	-
Other liabilities	10	40,381	22,375
Cash generated from/(used in) operating activities		<u>47,649</u>	<u>(37,319)</u>
Income tax paid		(428)	-
Net cash generated from/(used in) operating activities		<u>47,221</u>	<u>(37,319)</u>
Cash flows from investing activities			
Additions to plant and equipment	7	(3,225)	(42)
Additions to intangible assets	8	(126)	-
Net cash used in investing activities		<u>(3,351)</u>	<u>(42)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	11	275,062	220,038
Payment of lease liability	10	(469)	-
Net cash generated from financing activities		<u>274,593</u>	<u>220,038</u>

**STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	Note	2023 RM'000	2022 RM'000
Net increase in cash and cash equivalents		318,463	182,677
Cash and cash equivalents at beginning of the year		182,679	2
Cash and cash equivalents at end of the year		<u>501,142</u>	<u>182,679</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	3	451,142	182,679
Placement with a bank	4	50,000	-
		<u>501,142</u>	<u>182,679</u>

The notes on pages 33 to 69 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 Bank was previously principally engaged in carrying on the business and activities of management and consulting. During the year, upon being licensed as a Digital Bank on 1 September 2023 by Bank Negara Malaysia ("BNM"), the principal activities of the Bank changed to the provision of digital banking business.

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

During the financial year, the Bank had changed its name from A5-DB Operations (M) Berhad to GX Bank Berhad on 30 August 2023.

The financial statements were authorised for issue by the Board of Directors on 26 March 2024

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), 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 MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Bank:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, 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*

MFRSs, 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 above mentioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- 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.

The initial application of the accounting standards, interpretations or amendments is not expected to have any material financial impacts to the current year 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 2.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Material accounting policies

The Bank has adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Bank's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed as follows:

(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)

2. 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 2(e)(i)) the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(e)(i)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies (continued)

(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.

(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 is 3 years. Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies (continued)

(d) Leases (continued)

(ii) Recognition and initial measurement (continued)

As a lessee (continued)

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.

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

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

(e) Impairment

(i) Financial assets

The Bank recognises loss allowances for expected credit losses on financial assets measured at amortised cost. 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 bank balances, for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for other receivables are always measured at an amount equal to lifetime expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies (continued)

(e) Impairment (continued)

(i) Financial assets (continued)

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.

At each reporting date, the Bank assesses whether financial assets carried at amortised cost 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies (continued)

(e) Impairment (continued)

(ii) Other assets (continued)

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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies (continued)

(f) Employee benefits (continued)

(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.

(g) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Material accounting policies (continued)

(g) Income tax (continued)

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.

3. Cash and short-term funds

		2023	2022
	Note	RM'000	RM'000
Cash and balances with banks and other financial institutions		166,142	182,679
Money at call and interbank placements maturing within one month		285,000	-
		<u>451,142</u>	<u>182,679</u>
Allowance for credit loss	18	(184)	-
		<u>450,958</u>	<u>182,679</u>

4. Placement with a bank

		2023	2022
	Note	RM'000	RM'000
Money at call and interbank placement maturing after one month		50,000	-
Allowance for credit loss	18	(16)	-
		<u>49,984</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other assets

	Note	2023 RM'000	2022 RM'000
Interest receivables		237	-
Deposits and prepayments		18,226	2,142
Other receivables		1,615	-
Amounts due from related companies	5.1	-	683
Deferred expenses		3,721	-
		<u>23,799</u>	<u>2,825</u>

5.1 The amounts due from related companies were non-trade in nature, unsecured, interest free and repayable on demand.

6. 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.

7. Plant and equipment

	Leasehold improvements RM'000	Equipment & Hardware RM'000	Furniture & Fixtures RM'000	Right-of-use Assets RM'000	Total RM'000
Cost					
At 1 January 2022	-	-	-	-	-
Additions	42	-	-	-	42
At 31 December 2022 / 1 January 2023	42	-	-	-	42
Additions	1,337	2,021	138	1,940	5,436
At 31 December 2023	1,379	2,021	138	1,940	5,478

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Plant and equipment (continued)

	Leasehold improvements RM'000	Equipment & Hardware RM'000	Furniture & Fixtures RM'000	Right-of-use Assets RM'000	Total RM'000
Accumulated depreciation					
At 1 January 2022	-	-	-	-	-
Depreciation for the year	-	-	-	-	-
At 31 December 2022 / 1 January 2023	-	-	-	-	-
Depreciation for the year	348	328	28	591	1,295
At 31 December 2023	348	328	28	591	1,295
Carrying amounts					
At 1 January 2022	-	-	-	-	-
At 31 December 2022	42	-	-	-	42
At 31 December 2023	1,031	1,693	110	1,349	4,183

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)

8. Intangible assets

	2023 RM'000	2022 RM'000
Cost		
At 1 January	-	-
Additions	126	-
At 31 December	<u>126</u>	<u>-</u>
Accumulated amortisation		
At 1 January	-	-
Amortisation for the year	18	-
At 31 December	<u>18</u>	<u>-</u>
Carrying amounts		
At 1 January	-	-
At 31 December	<u>108</u>	<u>-</u>

9. Deposits from customers

Upon obtaining the banking license on 1 September 2023, the Bank had launched its first product, Savings Account, on 29 November 2023.

All customer deposits as at 31 December 2023 are non-term deposits from retail customers payable on demand.

	2023 RM'000	2022 RM'000
Individuals saving deposits	<u>195,370</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Other liabilities

	Note	2023 RM'000	2022 RM'000
Accruals		36,014	27,092
Lease liabilities	10.1	1,562	-
Amounts due to related companies	10.2	5,209	902
Provision for reinstatement cost	10.3	271	-
Other payables		21,651	2,951
		<u>64,707</u>	<u>30,945</u>

10.1 Lease liabilities

	Note	2023 RM'000	2022 RM'000
At 1 January		-	-
Additions		1,940	-
Payment of lease liability		(469)	-
Interest on lease liability	13	91	-
At 31 December		<u>1,562</u>	-

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

10.3 Provision for reinstatement cost

	2023 RM'000	2022 RM'000
At 1 January	-	-
Provisions made during the year	257	-
Unwinding of discount	14	-
At 31 December	<u>271</u>	-

The provision for reinstatement cost was made during the current financial year to fulfil the Bank's obligations from the lease of new office building. 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 of 5.5%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**11. Share capital**

	2023		2022	
	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	220,038	220,038	*	*
Issued for cash	275,062	275,062	220,038	220,038
At 31 December	495,100	495,100	220,038	220,038

* Denotes RM 1

During the financial year, the Bank issued 275,062,000 units of shares at RM 1 per share for cash totalling RM 275,062,000 for the purpose of financing the cost to commence the Bank's business operation.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Bank.

12. Reserves

Reserves of RM 33,598,410 relate to capital contribution provided by the immediate holding company in the form of equity incentive plans granted to staff of the Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Net interest income

	2023	2022
	RM'000	RM'000
Interest income		
Balance and placements with banks	7,052	494
Other interest earning assets	42	-
Total interest income	<u>7,094</u>	<u>494</u>
Interest expense		
Deposits from customers	(319)	-
Lease liability	(91)	-
Total interest expense	<u>(410)</u>	<u>-</u>
Net interest income	<u>6,684</u>	<u>494</u>

14. Fee and commission expense

	2023	2022
	RM'000	RM'000
Fee and commission expense	<u>262</u>	<u>-</u>

15. Other income

	2023	2022
	RM'000	RM'000
Government grants	11	40
Other income	250	-
	<u>261</u>	<u>40</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Staff costs

	2023	2022
	RM'000	RM'000
Salaries, bonuses & other costs	62,567	31,666
Contributions to State Funds	4,405	1,252
Share-based payments	24,956	9,653
	<u>91,928</u>	<u>42,571</u>

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

As at 31 December 2023, the Bank has the following equity-settled share-based payment arrangements:

GXS Equity Incentive Plans

GXS Equity Incentive Plan has been adopted by GXS Board of Directors on 14 February 2022, under which GXS may:

1. grant options to purchase its ordinary shares ('GXS Share Options'), or
2. issue restricted share units ('GXS RSU'), or
3. issue stock appreciation rights ('GXS SAR')

to selected employees of GXS and GXB.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Staff costs (continued)

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

Share options activity

The following table summarises the activities related to share options granted under GX Bank Pte. Ltd. Equity Incentive Plan for the financial periods ending 31 December 2023 and 31 December 2022.

	Number of share options	Weighted average exercise price per share SGD	Weighted average remaining contractual life (in years)
At 1 January 2023	4,810,266	-	-
Granted during the year	30,209,248	0.58	10
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 2023	<u>33,816,128</u>	<u>0.58</u>	<u>9.19</u>
At 1 January 2022	-	-	-
Granted during the year	4,810,266	0.58	10
At 31 December 2022	<u>4,810,266</u>	<u>0.58</u>	<u>9.47</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Staff costs (continued)

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

Measurement of fair values

Share options

The fair value 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 2023 and 31 December 2022 are as follows:

	2023	2022
Expected volatility	54%	50%
Risk–free rate	3.6%	2.8%
Dividend yield	N/A	N/A
Expected term (in years)	5.97	5.92
Exercise price	SGD 0.58	SGD 0.58
Share price	SGD 1.06	SGD 0.52
Grant date fair value	SGD 0.73	SGD 0.21

17. Other operating expenses

	2023	2022
Note	RM'000	RM'000
Information technology expenses	50,474	2,936
Professional and consultancy expenses	34,875	9,587
Marketing expenses	12,795	538
Directors' fees	22 721	357
Foreign exchange loss/(gains)		
- realised	249	1,119
- unrealised	313	(78)
Auditors' remuneration	130	75
Others	6,563	220
	<u>106,120</u>	<u>14,754</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Allowances for credit and other losses

	Stage 1: 12-month ECL					
	2023			2022		
	<i>Allowance</i>			<i>Allowance</i>		
	<i>Opening balance</i>	<i>during the year</i>	<i>Ending balance</i>	<i>Opening balance</i>	<i>during the year</i>	<i>Ending balance</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Cash and short-term funds	-	184	184	-	-	-
Placement with a bank	-	16	16	-	-	-
	-	200	200	-	-	-

19. 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.

Recognised in profit or loss

	2023	2022
	RM'000	RM'000
Current tax expense		
Current year	-	-
Under-provision in prior years	128	-
Total tax expense	<u>128</u>	<u>-</u>
Reconciliation of tax expense		
Loss before tax	<u>(192,878)</u>	<u>(56,791)</u>
Tax calculated using local corporate tax rate of 24%	(46,291)	(13,630)
Non-deductible expenses	26,451	13,630
Underprovision of current tax in prior year	128	-
Effect of deferred tax assets not recognised	19,840	-
Income tax expense	<u>128</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Income tax (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated as gross):

	2023	2022
	RM'000	RM'000
Plant and equipment	25	-
Provision	13,151	-
Unutilised tax losses	69,492	-
Total	<u>82,668</u>	<u>-</u>

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.

20. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk; and
- Operational 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Risk management framework (continued)

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 is the risk arising from the uncertainty of an obligor's ability to repay its contractual obligations. Credit risk could stem from both on- and off-balance sheet transactions. An institution is exposed to credit risk from diverse financial instruments such as loans and advances, trade finance products and acceptances, securities, derivatives, undrawn commitments and guarantees.

The Bank's exposure to credit risk arises from cash and short-term funds and placement with a bank.

Recognition 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 Expected Credit Loss ("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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Risk management framework (continued)

Credit risk (continued)

ECL Calculation

The ECL is determined by evaluating a range of possible outcomes, taking into consideration information about past events, current conditions and forecasts of future economic conditions. ECL consists of three key components:

ECL Component	Definition
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.
Exposure at Default ("EAD")	EAD is the estimated amount of exposure at risk in the event of and at the time of default.
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 ECL is calculated as the product of the PD, LGD and EAD, discounted to reflect the time value of money.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Risk management framework (continued)

Credit risk (continued)

ECL Calculation (continued)

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

in RM'000	2023			
	Stage 1	Stage 2	Stage 3	Total
Cash and short-term funds				
Gross amount	451,142	-	-	451,142
ECL allowance	(184)	-	-	(184)
Carrying amount	450,958	-	-	450,958
Placement with a bank				
Gross amount	50,000	-	-	50,000
ECL allowance	(16)	-	-	(16)
Carrying amount	49,984	-	-	49,984
Other financial assets at amortised cost				
Gross amount	12,506	-	-	12,506
ECL allowance	-	-	-	-
Carrying amount	12,506	-	-	12,506
Statutory deposits with BNM				
Gross amount	1,000	-	-	1,000
ECL allowance	-	-	-	-
Carrying amount	1,000	-	-	1,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

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.

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

2023

(In RM'000)	Within 7 days	> 7 days to 1 month	> 1 month to 3 months	> 3 months to 1 year	> 1 year to 3 years	> 3 years	No specific maturity	Total
Assets								
Cash and short-term funds	399,974	49,984	-	-	-	-	1,000	450,958
Placement with a bank	-	-	49,984	-	-	-	-	49,984
Other assets *	1,533	273	3,767	-	-	-	6,933	12,506
Statutory deposits with BNM	-	-	-	-	-	-	1,000	1,000
Total financial assets	401,507	50,257	53,751	-	-	-	8,933	514,448
Liabilities								
Deposits from customers	195,370	-	-	-	-	-	-	195,370
Other liabilities	193	555	46,556	15,570	1,833	-	-	64,707
Total financial liabilities	195,563	555	46,556	15,570	1,833	-	-	260,077
Net liquidity gap	205,944	49,702	7,195	(15,570)	(1,833)	-	8,933	254,371

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Liquidity risk (continued)

2022

(In RM'000)	Within 7 days	> 7 days to 1 month	> 1 month to 3 months	> 3 months to 1 year	> 1 year to 3 years	> 3 years	No specific maturity	Total
Assets								
Cash and short-term funds	182,679	-	-	-	-	-	-	182,679
Other assets *	-	-	683	-	-	-	-	683
Total financial assets	182,679	-	683	-	-	-	-	183,362
Liabilities								
Other liabilities	-	-	30,945	-	-	-	-	30,945
Total financial liabilities	-	-	30,945	-	-	-	-	30,945
Net liquidity gap	182,679	-	(30,262)	-	-	-	-	152,417

* Excludes non-financial assets such as prepayments and security deposits for office rental

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Market risk (continued)

Currency risk (continued)

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:

(in RM'000)	2023		2022	
	SGD	USD	SGD	USD
Cash and short-term funds	-	24	-	-
Other assets	589	8,899	-	683
Other liabilities	(4,379)	(6,408)	(2,374)	(2,045)
	(3,790)	2,515	(2,374)	(1,362)

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.

Profit or (loss) in RM'000	2023	2022
SGD	288	180
USD	(191)	103

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (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. Considering that the Bank does not have external borrowings and the other financial assets and liabilities are those with fixed interest rates predominantly to be settled within a period of 3 months, interest rate risk is considered to be insignificant. The Bank does not have any instruments linked to Inter-Bank Offer Rate.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Operational risk (continued)

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 robust and regulatory compliance business continuity management program is in place to ensure that critical banking services and functions can continue in the event of unforeseen disruptions. This includes a bank-wide incident and crisis management plan to enable quick response to manage incidents.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. 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.

21.1 Classification of financial instruments

	Amortised cost	
	2023 RM'000	2022 RM'000
Financial assets		
Cash and short-term funds	450,958	182,679
Placement with a bank	49,984	-
Other assets *	12,506	683
Statutory deposits with Bank Negara Malaysia	1,000	-
	<u>514,448</u>	<u>183,362</u>
Financial liabilities		
Deposits from customers	195,370	-
Other liabilities	64,707	30,945
	<u>260,077</u>	<u>30,945</u>

* Excludes non-financial assets such as prepayments and security deposits for office rental

21.2 Net gains and losses arising from financial instruments

	2023 RM'000	2022 RM'000
Net gains/(losses) on:		
Financial assets measured at amortised cost	6,957	494
Financial liabilities measured at amortised cost	<u>(744)</u>	<u>(1,041)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**22. 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 5 and Note 10.

	2023	2022
	RM'000	RM'000
Immediate holding company		
Other Income	11	-
Other Expenses	(35,891)	(10,046)
	<u>(35,880)</u>	<u>(10,046)</u>
Other related companies		
Other Expenses	(7,699)	(1,682)
	<u>(7,699)</u>	<u>(1,682)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related parties (continued)

Significant related party transactions (continued)

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

	2023			2022		
	Malaysia RM'000	Singapore RM'000	Total RM'000	Malaysia RM'000	Singapore RM'000	Total RM'000
Information technology	643	6,034	6,677	-	709	709
Professional and consultancy	533	39	572	943	-	943
Others	459	35,882	36,341	30	10,046	10,076
	1,635	41,955	43,590	973	10,755	11,728

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related parties (continued)

The remuneration of CEO, Directors and Other Material Risk Takers

	2023				
	Salaries and bonuses	Other short term employee benefits	Share- based payments	Fees	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Director	-	-	-	-	-
CEO	2,986	684	1,330	-	5,000
Non-executive Directors					
Datuk Zaiton Binti Mohd Hassan	-	-	217	326	543
Datuk Maimoonah Binti Mohamed Hussain	-	-	140	209	349
Mohamad Reza Bin Abdul Mutalib	-	-	124	186	310
Lim Kell Jay	-	-	-	-	-
	-	-	481	721	1,202
Other Material Risk Takers	6,802	1,165	2,423	-	10,390
	9,788	1,849	4,234	721	16,592

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related parties (continued)

The remuneration of CEO, Directors and Other Material Risk Takers (continued)

	2022			
	Short term employee benefits	Share- based payments	Fees	Total
	RM'000	RM'000	RM'000	RM'000
Directors	-	-	357	357
Key Management Personnel	1,747	-	-	1,747
	1,747	-	357	2,104

The comparative financial information for the financial year ended 31 December 2022 was disclosed in accordance to MFRS 124, *Related Party Disclosures*, as the Bank was licensed in financial year 2023. Key Management Personnel comprise persons other than the Directors of the company, having authority and responsibility for planning, directing and controlling the activities of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Capital adequacy

The capital adequacy ratios of the Bank are analysed as follows:

	2023 RM'000
Tier 1 capital	
Paid-up ordinary share capital	495,100
Accumulated losses	(258,443)
Other reserves	33,598
	<u>270,255</u>
Less: Regulatory deductions	108
	<u>270,147</u>
Tier 2 capital	
Expected credit losses	-
Regulatory reserve	-
Total Tier 2 capital	<u>-</u>
Total capital base	<u>270,147</u>
Capital ratios	
CET 1 Capital Ratio	324.054%
Tier 1 Capital Ratio	324.054%
Total Capital Ratio	324.054%

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

	2023 RM'000
Credit risk	75,055
Market risk	3,726
Operational risk	4,584
Total risk-weighted assets	<u>83,365</u>
Credit risk-weighted assets breakdown:	
- subject to 20% risk weight	47,010
- subject to 100% risk weight	28,045

There are no comparatives for 31 December 2022 as the Bank only commenced operations as a digital bank from September 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. 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 2023.

GX Bank Berhad (formerly known as A5-DB Operations (M) Berhad)

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

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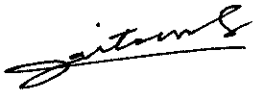
**Statement by Directors pursuant to
Section 251(2) of the Companies Act, 2016**

In the opinion of the Directors, the financial statements set out on pages 28 to 69 are drawn up in accordance with Malaysian Financial Reporting Standards, 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 2023 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: 26 March 2024

GX Bank Berhad (formerly known as A5-DB Operations (M) Berhad)

Registration No. 202101014409 (1414709-A)

(Incorporated in Malaysia)

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**Statutory declaration pursuant to
Section 251(1)(b) of the Companies Act, 2016**

I, Lai Pei Si, 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 28 to 69, 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 Lai Pei Si at Petaling Jaya in Selangor on 26 March 2024



.....
Lai Pei Si

Before me:



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



KPMG PLT
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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 2023, 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 28 to 69.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting 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 Malaysian Financial Reporting 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: 26 March 2024

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