

GX BANK BERHAD

(Registration No. 202101014409 (1414709-A))

(Incorporated in Malaysia)

**Financial Statements
For the Financial Year Ended
31 December 2025**

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of GX Bank Berhad ("Bank") for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

HOLDING AND ULTIMATE HOLDING COMPANIES

The Directors regard 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

Loss for the year	RM'000 <u>238,281</u>
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RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE BANK

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

Datuk Zaiton Binti Mohd Hassan
Datuk Maimoonah Binti Mohamed Hussain
Mohamad Reza Bin Abdul Mutalib
Lim Kell Jay
Lai Pei Si (appointed with effect from 11 June 2025)
Muthukrishnan Ramaswami (resigned with effect from 1 June 2025)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES

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

Interest in the ultimate holding company

	Number of ordinary shares of USD0.000001 each			As at 31 December 2025
	As at 1 January 2025	Bought	Sold	
Grab Holdings Limited				
Datuk Zaiton Binti Mohd Hassan	10,530	-	(600)	9,930
Datuk Maimoonah Binti Mohamed Hussain	10,530	-	-	10,530
Mohamad Reza Bin Abdul Mutalib	10,530	-	-	10,530
Lim Kell Jay	1,149,139	270,814	(52,511)	1,367,442

	Employee Stock Purchase Plan			As at 31 December 2025
	As at 1 January 2025	Bought	Sold	
Grab Holdings Limited				
Lim Kell Jay	7,488	5,274	(7,488)	5,274

	As at 1 January 2025	Options to Purchase Ordinary Shares			As at 31 December 2025
		Granted	Exercised	Forfeited/ Cancelled	
Grab Holdings Limited					
Lim Kell Jay	530,489	-	-	-	530,489

	As at 1 January 2025 / Date of Appointment	Number of Restricted Stock Units ("RSU")			As at 31 December 2025
		Granted	Exercised	Forfeited/ Cancelled	
Grab Holdings Limited					
Lim Kell Jay	931,774	250,675	(270,814)	-	911,635
GXS Bank Pte. Ltd.					
Datuk Zaiton Binti Mohd Hassan	-	61,760	-	-	61,760
Datuk Maimoonah Binti Mohamed Hussain	-	39,641	-	-	39,641
Mohamad Reza Bin Abdul Mutalib	-	35,272	-	-	35,272
Lai Pei Si	-	1,051,403	-	-	1,051,403

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Interest in the immediate holding company

	As at 1 January 2025	Non-Qualified Stock Options			As at 31 December 2025
		Granted	Exercised	Forfeited/ Cancelled	
Grab Holdings Limited					
Datuk Maimoonah Binti Mohamed Hussain	7,489	-	-	-	7,489

	As at 1 January 2025 / Date of Appointment	Number of options over ordinary shares			As at 31 December 2025
		Granted	Exercised	Forfeited/ Cancelled	
GXS Bank Pte. Ltd.					
Datuk Zaiton Binti Mohd Hassan	223,782	-	-	-	223,782
Datuk Maimoonah Binti Mohamed Hussain	145,499	-	-	-	145,499
Mohamad Reza Bin Abdul Mutalib	129,463	-	-	-	129,463
Lai Pei Si	3,226,193	-	-	-	3,226,193

Interest in the related companies

	As at 1 January 2025	Number of ordinary shares		As at 31 December 2025
		Bought	Sold	
GrabInsure Insurance Agency PH, Inc.				
Lim Kell Jay	1	-	-	1

	As at 1 January 2025	Number of ordinary shares		As at 31 December 2025
		Bought	Sold	
Grab Financial Services Philippines, Inc.				
Lim Kell Jay	1	-	-	1

	As at 1 January 2025	Number of ordinary shares		As at 31 December 2025
		Bought	Sold	
GrabLink PH Inc.				
Lim Kell Jay	1	-	-	1

None of the other Directors holding office at 31 December 2025 had any interest in the shares and options over shares of the Bank and its related companies during the financial year.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has neither received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Bank or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2025 are as follows:

	From the Bank RM'000
Directors of the Bank:	
Fees	721
Share-based payments	<u>243</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 182,900,000 ordinary shares at RM1.00 per share for cash, totalling RM182,900,000, to finance its business operations.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

During the financial year, Grab Holdings Limited and its subsidiaries (hereinafter referred to as Grab Group) including the Bank, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act 2016. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of Grab Group was USD100,000,000 (equivalent to RM406,000,000). The insurance premium is borne by the ultimate holding company.

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Bank for the financial year ended 31 December 2025 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

Board Responsibility

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

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

Key Areas of Responsibility, among others:

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

Key Areas of Responsibility, among others (continued):

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

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

- (f) Connected & Related Party Transactions
 - Approve transactions to ensure they are on an arm's length basis.

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

- (h) Responsibilities as a subsidiary
 - Validate the objectives, strategies, plans, governance framework and other policies set at the Group level to ensure that they are fully consistent with the regulatory obligations and the prudential management of the Bank.

Delegation of Duties

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

Compliance and Governance

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

Division of Responsibilities

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

Independent Non-Executive Directors (INEDs)

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

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

Board Composition

For the financial year ended 31 December 2025, the Board consisted of five (5) members, including the Chairman. The Board's size and composition ensure diverse views and effective decision-making, with a balance of Executive, Non-Executive, Independent, and Non-Independent Directors. All the Board members have complied with the requirement of serving on the Board of not more than five (5) listed companies and fifteen (15) non-listed companies.

Board Meetings

For the financial year ended 31 December 2025, the Board held (9) nine meetings to discuss objectives, strategies, and reserved matters. All Directors attended over 75% of the meetings, meeting the attendance requirements set by Bank Negara Malaysia (BNM) Policy Document on Corporate Governance.

Director	Attendance
Datuk Zaiton Binti Mohd Hassan	9/9
Datuk Maimoonah Binti Mohamed Hussain	9/9
Mohamad Reza Bin Abdul Mutalib	8/9
Lim Kell Jay	9/9
Lai Pei Si (appointed with effect from 11 June 2025)	4/4
Muthukrishnan Ramaswami (resigned with effect from 1 June 2025)	4/5

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

Access to Records and Advisors

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

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

Training and Development of Directors

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

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

The details of the conferences, seminars and training programmes attended by each Director for the financial year ended 31 December 2025 are as follows:

1. Cybersecurity Awareness
2. e-Invoicing Implementation
3. Competitors' Mobile Banking Applications Teardown
4. FIDE Core Module A & B (Bank Group)
5. Artificial Intelligence Driven Security Threats
6. Artificial Intelligence Adoption Study & Launch Event

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS:

- (i) **Datuk Zaiton Binti Mohd Hassan**
Chairman, Independent Non-Executive Director
Age 69, Female, Malaysian

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

Datuk Zaiton is the Deputy President of the Association of Chartered Certified Accountants (ACCA) Global Council, 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 in PriceWaterhouse (now known as PricewaterhouseCoopers). She then moved into banking, including serving Malaysia's largest bank, Maybank for 12 years in various senior positions in Treasury, International Operations and Group Strategic Planning.

She was selected by the Central Bank of Malaysia to set up the country's second 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.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(ii) Datuk Maimoonah Binti Mohamed Hussain

Independent Non-Executive Director
Age 67, Female, Singaporean

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(iii) Mohamad Reza Bin Abdul Mutalib

Independent Non-Executive Director
Age 53, Male, Malaysian

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

Education and Qualification: -

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

Experience: -

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

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(iv) Lim Kell Jay

Non-Independent Non-Executive Director
Age 43, Male, Malaysian

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

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

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

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

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

1. BOARD OF DIRECTORS (CONTINUED)

PROFILE OF EACH DIRECTOR IS AS FOLLOWS (CONTINUED)

(v) Lai Pei Si

Non-Independent Executive Director
Age 52, Female, Singaporean

Lai Pei Si (“Pei Si”) was appointed as Non-Independent Executive Director of GX Bank Berhad and member of the Board Nomination Committee effective from 11 June 2025.

Pei Si is currently the Group Chief Executive Officer and Director of GXS Bank Pte. Ltd. effective from 1 June 2025 and 5 August 2025 respectively. Prior to this, she served as the Chief Executive Officer of GX Bank Berhad from 1 July 2022. As the founding member of GXBank, she led the build of the bank from ground up and launched Malaysia’s first Digital Bank in 2023.

Pei Si is a banking professional with over 25 years of international experience, including 22 years at Standard Chartered Bank across Singapore, Brunei and Malaysia, and 3 years at Overseas Union Bank, Singapore.

Pei Si began her career at Standard Chartered Bank in 1999 as a Personal Financial Consultant and held various senior leadership roles over two decades in consumer & corporate finance, product & segment management, governance and operations.

Pei Si previously served as a Non-Executive Director on the Board of Standard Chartered Bank Malaysia Berhad from 2016 to 2018, where she was also a member of the Nomination Committee, Audit Committee and Board Risk Committee.

Pei Si holds a Bachelor’s (Honours) Degree in Economics & Political Science from National University of Singapore, Singapore.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

The BRCC is chaired by an Independent Director and comprises:

Name	Designation
Datuk Maimoonah Binti Mohamed Hussain	Chairman, Independent Non-Executive Director
Datuk Zaiton Binti Mohd Hassan	Member, Independent Non-Executive Director
Lim Kell Jay	Member, Non-Independent Non-Executive Director

Secretary

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

(a) Meetings

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

(b) Roles and Responsibilities of the BRCC

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

- (i) Risk Appetite
 - Annual Review: Review and recommend the Risk Appetite Statement, metrics, and thresholds to the Board annually.
 - Monitoring: Monitor the Bank's risk profile and exposures to ensure adherence to the Board-approved Risk Appetite.
- (ii) Risk Management
 - Risk System: Oversee the establishment and operation of an independent, enterprise-wide risk management system.
 - Function Adequacy: Ensure the risk management function is adequately resourced, independent, and effective.
 - Governance: Ensure appropriate governance structures and a strong risk-aware culture.
 - Framework Approval: Approve the Bank's Risk Management Frameworks and significant policies annually.
 - Risk Monitoring: Monitor adherence to risk limits and review the adequacy of risk management
 - Capital Adequacy: Review and challenge the ICAAP, capital plan, and strategy to ensure alignment with the Bank's risk profile.
 - Risk Models: Approve all risk models and new product categories.
 - Emerging Risks: Review processes for identifying and managing new and emerging risks.
- (iii) Credit Approval
 - Governance: Review and approve authority structure for any credits that have undergone the credit risk assessment process.
 - Exceptional Credit Approval: Approve, defer or decline credits including exceptional credits within its authority limit as per the Credit Approval Matrix.
 - Credit Monitoring: Oversee the performance of the exceptional credits.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

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

- (iv) Technology Risk Management
 - Framework Approval: Review and approve the technology risk management framework and strategy annually.
 - Resource Allocation: Ensure adequate resources for technology risk management.
 - Incident Review: Review significant technology risk developments and incidents.
- (v) Stress Testing
 - Programme Approval: Approve policies, procedures, and scenarios for stress testing.
 - Oversight: Oversee the design, execution, and results of stress tests.
 - Regulatory Submissions: Review and approve stress test results for regulatory submissions.
- (vi) Compliance and Anti-Money Laundering / Counter Financing Terrorism ("AML/CFT")
 - Policy Approval: Maintain accountability for AML/CFT policies and approve the compliance
 - Effectiveness Assessment: Assess the effectiveness of compliance and AML/CFT risk management.
 - Risk Appetite: Approve Compliance & AML Risk Appetite.
- (vii) Outsourcing
 - Framework Approval: Review and approve the outsourcing framework and risk appetite annually.
 - Governance: Ensure appropriate governance for outsourcing risk management.
- (viii) Business Continuity Management ("BCM")
 - Framework Approval: Review and endorse the BCM framework annually.
 - Resource Allocation: Ensure adequate resources for effective BCM implementation.
- (ix) Exit Plan
 - Development and Review: Oversee the development and annual review of the exit plan.
 - Threshold Breaches: Review and approve measures for breaches in the exit plan.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

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

(x) Whistleblowing and Investigations

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

(xi) Connected Party Transactions ("CPTs")

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

(c) Activities

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

The BRCC met six(6) times during the financial year ended 31 December 2025 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	6/6
Datuk Zaiton Binti Mohd Hassan	6/6
Lim Kell Jay	6/6

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

3. BOARD AUDIT COMMITTEE ("BAC")

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

The BAC is chaired by an Independent Director and comprises:

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

Secretary

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

(a) Meetings

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

(a) Meetings (continued)

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

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

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

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

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

(b) Roles and Responsibilities of the BAC

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

(i) Financial Reporting

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

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

(ii) External Audit

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

(iii) Internal Audit

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

(iv) Internal Controls

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

(v) Related Party Transactions ("RPTs")

- RPT Review: Ensure RPTs are arm's length, not detrimental to minority shareholders, and in the Bank's best interest.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

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

(vi) Compliance

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

(vii) Whistleblowing

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

(viii) Other Responsibilities

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

(c) Activities

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

The BAC met six (6) times during the financial year ended 31 December 2025 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	6/6
Datuk Zaiton Binti Mohd Hassan	6/6
Mohamad Reza Bin Abdul Mutalib	5/6

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

4. BOARD REMUNERATION COMMITTEE ("BRC")

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

The BRC is chaired by an Independent Director and comprises:

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

Secretary

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

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

(a) Meetings

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

(a) Meetings (continued)

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

(b) Roles and Responsibilities of the BRC

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

(i) Remuneration Framework

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

(ii) Incentive Plans

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

(iii) Performance and Remuneration Reviews

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

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

(iv) Remuneration Practices and Compliance

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

(v) Disclosures

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

(vi) Other Responsibilities

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

(c) Activities

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

The BRC met three (3) times during the financial year ended 31 December 2025 with timely notices of issues to be discussed. Details of the attendance of each BRC member are as follows:

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

5. BOARD NOMINATION COMMITTEE ("BNC")

The BNC of the Bank is accountable to the Board and assists 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 programmes 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
Muthukrishnan Ramaswami (Ramu) (resigned with effect from 1 June 2025)	Member, Non-Independent Executive Director
Lai Pei Si (appointed with effect from 11 June 2025)	Member, Non-Independent Executive Director

Secretary

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

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

(a) Meetings

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

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

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

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

(a) Meetings (continued)

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

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

(b) Roles and Responsibilities of the BNC

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

(i) Composition and Independence of the Board.

- Review and recommend the size and composition of the Board to ensure effective deliberation and diversity.
- Ensure no more than one executive Director on the Board, and the Chairman must not be an executive or a former CEO of the Bank within the past 5 years.
- Develop criteria for Director qualifications and independence, considering regulatory requirements and specific expertise needed.

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

- Develop criteria and frameworks for identifying and recommending suitable candidates for key roles including Chairman, Board of Directors, Board Committees, CEO, and Company Secretary.
- Ensure fit and proper assessments, conflict of interest checks, and regulatory compliance for appointees.
- Send formal appointment letters outlining roles, responsibilities, and time commitments.
- Recommend re-appointment and removal of Directors and key personnel, ensuring tenure limits and periodic re-nomination.
- Disclose reasons for resignation or dismissal of key appointment holders and discuss with BNM.

(iii) Succession Planning

- Review and recommend succession plans for Directors and senior management, focusing on key positions like Chairman and CEO.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

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

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

- (iv) Evaluation of the Board, Committees, Directors and Senior Management.
 - Recommend evaluation processes and criteria for the Board, Committees, Chairman, and individual Directors.
 - Conduct annual performance evaluations and disclose assessment processes and any external facilitators involved.
 - Assess Directors' independence and commitment, recommending guidelines for time commitments and disclosing directorships and principal commitments.
- (v) Professional Development of the Board.
 - Oversee induction and ongoing professional development programmes for Directors.
 - Ensure Directors are informed about corporate governance, legislation changes, and industry developments.
 - Disclose training attended by Directors in the Bank's annual report, including justifications for any non-attendance.
- (vi) Others
 - Oversee talent management and leadership development processes.
 - Perform additional functions as delegated by the Board.

(c) Activities

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

The BNC met three (3) times during the financial year ended 31 December 2025 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	3/3
Datuk Zaiton Binti Mohd Hassan	3/3
Muthukrishnan Ramaswami (resigned with effect from 1 June 2025)	1/2
Lai Pei Si (appointed with effect from 11 June 2025)	1/1

GX Bank Berhad

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

BUSINESS PLAN AND OUTLOOK FOR NEXT FINANCIAL YEAR

Performance for the financial year ended 31 December 2025

GX Bank Berhad (“The Bank”) received the licence to commence operations from Bank Negara Malaysia (“BNM”) in September 2023, being the first digital bank to commence operations in Malaysia. For the financial year ended 31 December 2025, the Bank recorded customer deposit balances of RM1,601.8 million and successfully launched its customer lending program, achieving loans and advances totaling RM635.0 million.

The Bank registered a Loss before tax of RM238.3 million for the financial year ended 31 December 2025, compared to a loss before tax of RM234.6 million in the previous financial year ended 31 December 2024.

- Total operating income for the financial year ended 31 December 2025 closed at RM54.0 million compared to RM2.4 million in the previous financial year, an increase of RM51.6 million. The increase in 2025 is mainly due to higher net interest income.
- Total operating expenses came in at RM237.2 million compared to RM235.9 million in the previous financial year, an increase of RM1.3 million. The increase in operating cost is mainly due to an increase of RM8.2 million from establishment cost and administration and general expenses by RM2.6 million offset by a decrease in personnel cost of RM9.3 million.

Total assets as at the financial year ended 31 December 2025 came in at RM1,917.9 million compared to RM1,676.5 million as at 31 December 2024. The increase of RM241.4 million is mainly due to an increase of RM630.2 million from loans and advances, offset by decrease of RM290.7 million in interbank placements, RM11.0 million from cash and short-term funds and RM76.9 million from the disposal of financial investments at FVOCI.

Total liabilities as at the financial year ended 31 December 2025 came in at RM1,687.1 million compared to RM1,396.9 million as at 31 December 2024. The increase of RM290.2 million was mainly due to increases of RM282.6 million in customer deposits and RM8.9 million in other liabilities.

Total equity decreased from RM279.6 million as at 31 December 2024 to RM230.7 million as at 31 December 2025 mainly due to the following:

- The capital injection of RM182.9 million for the purpose of financing the Bank’s business operations;
- The accumulated losses increased by RM237.2 million during the financial year, leading to a reduction in equity;
- Capital contribution reserves increased from RM52.0 million to RM55.3 million in 2025, an uptick of RM3.3 million, relates to capital contribution from the immediate holding company in the form of equity incentive plans.

The Bank continues to be well capitalised for future investments and growth with the CET1 ratio as at 31 December 2025 of 37.578% (2024: 103.571%).

GX Bank Berhad

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

BUSINESS PLAN AND OUTLOOK FOR NEXT FINANCIAL YEAR (CONTINUED)Outlook for full year 2026

2026 is set to build on the firm foundations of 2025 as we enter the inaugural year of the 13th Malaysia Plan, and as Budget 2026 initiatives come into effect. The Malaysian Economy is expected to grow by 4.0% to 4.5%, while inflation is expected to be contained between 1.3% to 2.0% despite recent shifts in global trade dynamics and the RON95 subsidy rationalisation. The announcement and implementation of the Johor-Singapore Special Economic Zone (JS-SEZ) brings an additional boost of high value-added investment into Malaysia, cementing the country's position as an attractive investment destination.

The 2026 Budget Deficit was set at 3.5% of GDP, continuing the trend of Fiscal Consolidation while maintaining sufficient support for Malaysians. The full implementation of E-invoicing in 2026 is expected to boost Government revenues through more effective tax collections.

The passing of the Gig Workers Bill in 2025 represents further progress in Malaysia's labour policies. The Bill sets minimum standards for working arrangements for gig workers, thereby promoting fairer employment practices and more comprehensive safety nets.

The Ringgit is projected to continue its recent positive performance, supported by a stable political environment and a growing reputation as a regional hub for data centers and semiconductor manufacturing, as well as narrowing interest rate differentials against developed economies. While external factors such as global geopolitical shifts and trade dynamics persist, Malaysia's commitment to the Public Finance and Fiscal Responsibility Act has built a buffer of resilience, improving the nation's sovereign credit profile.

BNM lowered the Overnight Policy Rate (OPR) by 25 basis points in July 2025 to 2.75%, citing pre-emptive measures to support the nation's growth trajectory. The move has proven prescient, with growth stable and inflation contained, and has afforded the Central Bank time to monitor future economic developments. OPR is expected to remain unchanged in 2026.

In the previous year, GX Bank successfully scaled its retail lending business and established a presence in the Micro SME (MSME) banking sector. In 2026, GX Bank will continue scaling ecosystem integration, deepening its credit offerings through advanced AI-driven risk profiling and broadening its footprint into financing for retails and small businesses, further driving financial inclusion across Malaysia.

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

AUDITORS AND AUDITORS' REMUNERATION

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

The auditors' remuneration during the year is RM300,000.

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: 25 March 2026

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
Assets			
Cash and short-term funds	4	399,946	410,988
Placement with banks	5	150,240	440,945
Financial investments at fair value through other comprehensive income ("FVOCI")	6	632,747	709,650
Financial investments at amortised cost	7	7,653	-
Loans and advances	8	634,965	4,743
Other assets	9	64,155	82,007
Statutory deposits with Bank Negara Malaysia	10	9,900	9,100
Right-of-use assets	11	1,345	2,782
Plant and equipment	12	977	1,891
Tax recoverable		455	470
Intangible assets	13	15,470	13,929
Total Assets		<u>1,917,853</u>	<u>1,676,505</u>
Liabilities			
Deposits from customers	14	1,601,773	1,319,216
Other liabilities	15	84,138	75,267
Lease liabilities	11	1,200	2,413
Total Liabilities		<u>1,687,111</u>	<u>1,396,896</u>
Net Assets		<u>230,742</u>	<u>279,609</u>
Equity			
Share capital	16	902,900	720,000
Reserves	17	57,481	52,086
Accumulated losses		(729,639)	(492,477)
Total equity attributable to owners of the Bank		<u>230,742</u>	<u>279,609</u>
COMMITMENTS	25	<u>555,712</u>	<u>44,311</u>

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025 RM'000	2024 RM'000
Interest income		78,786	53,137
Interest expense		<u>(25,842)</u>	<u>(41,783)</u>
Net Interest Income	18	<u>52,944</u>	<u>11,354</u>
Fee and commission	19	(772)	(9,874)
Other income	20	<u>1,865</u>	<u>953</u>
Non-Interest income		<u>1,093</u>	<u>(8,921)</u>
Total operating income		54,037	2,433
Expenses			
- Personnel costs	21	(95,990)	(105,337)
- Establishment costs	22	(111,848)	(103,610)
- Marketing expenses	22	(12,231)	(12,328)
- Administration and general expenses	22	<u>(17,156)</u>	<u>(14,575)</u>
Total operating expenses		<u>(237,225)</u>	<u>(235,850)</u>
Loss before allowances		(183,188)	(233,417)
Allowances for credit and other losses	23	<u>(55,093)</u>	<u>(1,185)</u>
Loss before tax		<u>(238,281)</u>	<u>(234,602)</u>
Income tax	24	-	-
Loss for the financial year		<u>(238,281)</u>	<u>(234,602)</u>
Other comprehensive income for the year, net of income tax			
Item that may be reclassified subsequently to statement of profit and loss			
Financial investments at FVOCI			
- net gain on change of fair value		<u>2,055</u>	<u>131</u>
Total other comprehensive income		<u>2,055</u>	<u>131</u>
Total comprehensive loss for the financial year		<u>(236,226)</u>	<u>(234,471)</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Share Capital RM'000	Fair value Reserves RM'000	Capital Contribution Reserves RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2025	720,000	131	51,955	(492,477)	279,609
Loss for the financial year	-	-	-	(238,281)	(238,281)
Other comprehensive income	-	2,055	-	-	2,055
Total comprehensive income/(loss) for the financial year	-	2,055	-	(238,281)	(236,226)
Transaction with owners, recorded directly in equity					
Issuance of ordinary shares (Note 16)	182,900	-	-	-	182,900
Share-based payments	-	-	3,340	1,119	4,459
Total contributions by and distributions to owners	182,900	-	3,340	1,119 [*]	187,359
At 31 December 2025	902,900	2,186	55,295	(729,639)	230,742
At 1 January 2024	495,100	-	33,598	(258,443)	270,255
Loss for the financial year	-	-	-	(234,602)	(234,602)
Other comprehensive income	-	131	-	-	131
Total comprehensive income/(loss) for the financial year	-	131	-	(234,602)	(234,471)
Transaction with owners, recorded directly in equity					
Issuance of ordinary shares (Note 16)	224,900	-	-	-	224,900
Share-based payments	-	-	18,357	568	18,925
Total contributions by and distributions to owners	224,900	-	18,357	568 [*]	243,825
At 31 December 2024	720,000	131	51,955	(492,477)	279,609

*The adjustment to the current year's retained earnings is attributable to the expiry of employee share options under the share-based payment scheme.

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Loss before tax		(238,281)	(234,602)
Adjustments for:			
Amortisation of premium for financial investment at FVOCI		1,925	1,768
Depreciation of right-of-use assets	22	1,409	807
Depreciation of plant and equipment	22	1,269	1,047
Amortisation of intangible assets	22	2,969	450
Finance cost on lease liabilities	22	135	83
Allowances for credit and other losses		54,210	1,185
Bad debt written off		(8,220)	-
Share-based payments	21	5,467	19,603
Transfer of plant and equipment	12	217	-
Plant and equipment written off	12	-	154
Unrealised foreign exchange losses		3,699	588
Interest income		(78,786)	(53,137)
Interest expense		25,842	41,783
Net (gain)/loss on disposal of financial assets at FVOCI		(593)	99
Remeasurement of provision of reinstatement cost		28	-
Finance cost on provision for reinstatement cost	15(b)	42	18
Operating loss before working capital changes		<u>(228,668)</u>	<u>(220,154)</u>
Changes in working capital:			
Placement with bank, with original maturity of more than three months		(50,000)	-
Statutory deposits with Bank Negara Malaysia		(800)	(8,100)
Loans and advances		(660,810)	(4,937)
Other assets		15,461	(59,088)
Deposits from customers		282,557	1,123,846
Other liabilities		(5,516)	10,174
Cash (used in)/generated from operating activities		<u>(647,776)</u>	<u>841,741</u>
Interest received		76,042	51,473
Interest paid		(24,918)	(41,783)
Income tax refunded/(paid)		15	(170)
Net cash (used in)/generated from operating activities		<u>(596,637)</u>	<u>851,261</u>
Cash flows from investing activities			
Additions to plant and equipment	12	(572)	(436)
Additions to intangible assets	13	(4,510)	(14,271)
Redemption/(acquisition) of financial investments at FVOCI		77,698	(704,149)
Investment in financial investments at amortised cost		(8,127)	-
Net cash generated from/(used in) investing activities		<u>64,489</u>	<u>(718,856)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	16	182,900	224,900
Payment of lease liabilities	11.2	(1,348)	(947)
Net cash generated from financing activities		<u>181,552</u>	<u>223,953</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	2025	2024
	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(350,596)	356,358
Cash and cash equivalents at beginning of the year	857,500	501,142
Effect of exchange rate changes	(445)	-
Cash and cash equivalents at end of the year	<u>506,459</u>	<u>857,500</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	399,869	410,910
Placement with banks	150,000	440,000
	<u>549,869</u>	<u>850,910</u>
Less:		
Placement with bank, with original maturity of more than three months	(50,000)	-
Cash and cash equivalents at 31 December	<u>499,869</u>	<u>850,910</u>

(a) Cash outflows for leases as a lessee

	Note	2025	2024
		RM'000	RM'000
Included in net cash from operating activities:			
Payment relating to leases of low-value assets		2,539	2,132
Finance cost on lease liabilities	11.2	135	83
		<u>2,674</u>	<u>2,215</u>
Included in net cash from financing activities:			
Payment of lease liabilities	11.2	1,348	947
Total cash outflows for leases		<u>4,022</u>	<u>3,162</u>

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

GX Bank Berhad

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

Principal place of business

Level 5, 1 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Registered office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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

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

The financial statements were authorised for issue by the Board of Directors on 25 March 2026.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

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

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

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- Amendments to MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

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

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

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

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

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Bank, except for MFRS 18 where the Bank is currently assessing the impact.

(b) Basis of measurement

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

3. MATERIAL ACCOUNTING POLICIES

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

(a) Foreign currency

Foreign currency transactions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

(i) Recognition and initial measurement

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

A financial asset or financial liability is measured initially 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. The fair value of a financial instrument on initial recognition is generally its transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

Amortised cost

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

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

Financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI")

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

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

Financial liabilities

Amortised cost

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

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

(iii) Derecognition

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

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

(iv) Offsetting

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

(c) Plant and equipment

(i) Recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Plant and equipment (continued)

(ii) Depreciation

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

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

(d) Intangible assets

(i) Recognition and measurement

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

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

(ii) Amortisation

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

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

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

The estimated useful lives for the intangible assets are 5 years (2024: 3 years).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (continued)

(iii) Change in estimates

During the financial year ended 31 December 2025, a review of the existing software amortisation period was conducted to ensure the Bank remains competitive and aligned with prevailing industry benchmarks. This review was based on factors outlined in MFRS 138, Intangible Assets, specifically Paragraph 90, as applied to the Bank's portfolio of capitalised software costs. It was determined that the current three-year amortisation period is overly conservative and fails to accurately reflect the average utility or expected economic life of these assets. Therefore, extending the useful life to five years better reflects the assets' expected utility and the duration over which they will generate economic benefits for the Bank.

As a result, this change is applied prospectively, meaning the revision affects only the current and future financial periods in accordance with MFRS 108. Consequently, no restatement is required for the Bank's prior-period audited financial statements. The effects of these changes are reflected into amortisation expenses in the current year and future periods as follows:

	FY2025	FY2026	FY2027
	RM'000	RM'000	RM'000
Decrease in amortisation	1,842	1,874	1,496

(e) Leases

(i) Definition of a lease

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

(ii) Recognition and initial measurement

As a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (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; 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.

(f) Impairment

(i) Financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

(i) Financial assets (continued)

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

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

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

(ii) Other assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Share-based payment transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Income and expenses

(i) Interest income and expense

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

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

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

(ii) Fees and commission

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

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

(i) Income tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Income tax (continued)

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

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

4. CASH AND SHORT-TERM FUNDS

	2025	2024
	RM'000	RM'000
Cash and balances with banks and other financial institutions	40,929	136,028
Money at call and interbank placements maturing within one month	359,026	275,018
	<u>399,955</u>	<u>411,046</u>
Less: Allowance for expected credit loss ("ECL")	(9)	(58)
	<u>399,946</u>	<u>410,988</u>

Movements in allowances for ECL are as follows:

Stage 1- 12 Month ECL	Note	2025	2024
		RM'000	RM'000
At 1 January		58	184
New financial assets originated		18	1,484
Transfer from placement with banks	5	781	393
Financial assets derecognised		(777)	(1,958)
Net remeasurement of allowances		(71)	(45)
Net writeback of allowance during the year	23	(49)	(126)
At 31 December		<u>9</u>	<u>58</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PLACEMENT WITH BANKS

	2025	2024
	RM'000	RM'000
Money at call and interbank placements maturing after one month	150,299	441,104
Less: Allowance for ECL	(59)	(159)
	<u>150,240</u>	<u>440,945</u>
Placement with original maturity of:		
Three months or less	100,263	440,000
More than three months	50,036	-
	<u>150,299</u>	<u>440,000</u>

Movements in allowances for ECL are as follows:

Stage 1- 12 Month ECL	Note	2025	2024
		RM'000	RM'000
At 1 January		159	16
New financial assets originated		694	529
Transfer to cash and short-term funds	4	(781)	(393)
Net remeasurement of allowances		(13)	7
Net (writeback of allowance)/allowance during the year	23	(100)	143
At 31 December		<u>59</u>	<u>159</u>

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

At Fair Value	2025	2024
	RM'000	RM'000
Malaysian Government Securities	509,330	709,650
Malaysian Government Investment Issues	123,417	-
	<u>632,747</u>	<u>709,650</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. FINANCIAL INVESTMENTS AT AMORTISED COST

	2025 RM'000	2024 RM'000
Investment Notes	8,137	-
Less: Allowance for ECL	(484)	-
	<u>7,653</u>	<u>-</u>

Movements in allowances for ECL are as follows:

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2025				
Balance at beginning of the financial year	-	-	-	-
New financial assets originated (Note 23)	367	72	45	484
Balance at end of the financial year	<u>367</u>	<u>72</u>	<u>45</u>	<u>484</u>

8. LOANS AND ADVANCES

At Amortised Cost	Note	2025 RM'000	2024 RM'000
Term loans		149,879	-
Unsecured loans		518,544	4,950
Gross loans and advances		<u>668,423</u>	<u>4,950</u>
Less: Allowance for ECL:	8(f)		
- Stage 1 - 12 months ECL		(26,238)	(207)
- Stage 2 - Lifetime ECL not credit-impaired		(1,082)	-
- Stage 3 - Lifetime ECL credit-impaired		(6,138)	-
		<u>(33,458)</u>	<u>(207)</u>
Net loans and advances		<u>634,965</u>	<u>4,743</u>

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

	2025 RM'000	2024 RM'000
Individuals	502,594	4,950
Non-bank Financial Institutions	99,786	-
Other domestic entities	50,092	-
Micro, Small and Medium Enterprises ("MSME")	15,951	-
	<u>668,423</u>	<u>4,950</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. LOANS AND ADVANCES (CONTINUED)

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

	2025	2024
	RM'000	RM'000
In Malaysia	668,423	4,950
	<u>668,423</u>	<u>4,950</u>

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

	2025	2024
	RM'000	RM'000
Fixed rate	668,423	4,950
	<u>668,423</u>	<u>4,950</u>

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

	2025	2024
	RM'000	RM'000
Household	502,594	4,950
Agriculture and fishing	90	-
Manufacturing	1,699	-
Electricity, gas and water	4	-
Construction	132	-
Transport and storage	115	-
Wholesale and retail trade	62,951	-
Finance and Insurance	99,840	-
Real Estate	29	-
Others	969	-
	<u>668,423</u>	<u>4,950</u>

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

	2025	2024
	RM'000	RM'000
Maturing within one year	204,236	2,056
Over one year to three years	186,151	1,761
Over three years to five years	278,036	1,133
	<u>668,423</u>	<u>4,950</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. LOANS AND ADVANCES (CONTINUED)

(f) Movements in impaired loans and advances are as follows:

	2025	2024
	RM'000	RM'000
Balance at beginning of the financial year	-	-
Impaired during the year	23,293	-
Reclassified as performing	(2,497)	-
Recoveries	(4,670)	-
Amount written off	(9,229)	-
Balance at end of the financial year	<u>6,897</u>	<u>-</u>
Gross impaired loans and advances as % of gross loans and advances	<u>1.03%</u>	<u>-</u>

(g) Impaired loans and advances analysed by geographical distribution are as follows:

	2025	2024
	RM'000	RM'000
In Malaysia	<u>6,897</u>	<u>-</u>
	<u>6,897</u>	<u>-</u>

(h) Impaired loans and advances analysed by sector is as follows:

	2025	2024
	RM'000	RM'000
Household	6,846	-
Wholesale and retail trade	51	-
	<u>6,897</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. LOANS AND ADVANCES (CONTINUED)

(i) Movements in allowances for ECL are as follow:

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total RM'000
2025				
At 1 January	207	-	-	207
Transfer to stage 1	592	(442)	(150)	-
Transfer to stage 2	(1,137)	1,178	(41)	-
Transfer to stage 3	(127)	(859)	986	-
New financial assets originated*	16,148	-	12,228	28,376
Financial assets derecognised	(179)	(7)	(1,957)	(2,143)
Net remeasurement of allowance	10,739	1,214	3,285	15,238
Net allowance for ECL (Note 23)	26,036	1,084	14,351	41,471
Amount written off	(5)	(2)	(8,213)	(8,220)
At 31 December	<u>26,238</u>	<u>1,082</u>	<u>6,138</u>	<u>33,458</u>
2024				
At 1 January	-	-	-	-
New financial assets originated (Note 23)	207	-	-	207
At 31 December	<u>207</u>	<u>-</u>	<u>-</u>	<u>207</u>

* New financial assets originated during the year which were not credit impaired at origination but subsequently experience significant increase in credit risk.

9. OTHER ASSETS

	Note	2025 RM'000	2024 RM'000
Deposits	(a)	28,217	30,200
Prepayments		10,304	15,790
Other receivables		20,990	34,716
Deferred expenses		1,867	-
Amount due from related companies	(b)	<u>2,789</u>	<u>1,329</u>
		64,167	82,035
Less: Allowance for ECL		<u>(12)</u>	<u>(28)</u>
		<u>64,155</u>	<u>82,007</u>

(a) Included in deposits is the cash collateral placed with an external payment services provider amounting to USD 6,821,412 (2024: USD 6,620,810), equivalent to RM 27,694,934 (2024: RM 29,606,940).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. 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.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

11.1 Right-of-use assets

	2025	2024
	RM'000	RM'000
Cost		
At 1 January	4,259	2,197
Additions	-	2,062
Remeasurement	(28)	-
At 31 December	<u>4,231</u>	<u>4,259</u>
Accumulated depreciation		
At 1 January	1,477	670
Depreciation for the year	1,409	807
At 31 December	<u>2,886</u>	<u>1,477</u>
Carrying amounts		
At 31 December	<u>1,345</u>	<u>2,782</u>

Extension options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. The Bank's lease contracts contain extension options exercisable by management up to 3 years before the end of the non-cancellable period. The Bank assesses at lease commencement whether it is reasonably certain to exercise these options and reassesses this status only upon the occurrence of a significant event or change in circumstances within its control.

For the current financial year, the potential future cash outflows associated with these 3-year extension periods have not been included within the lease liability and right-of-use assets, as it is not yet reasonably certain that the options will be exercised; these obligations will be recognised in the subsequent financial period should the extension become certain or commence.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**

11.2 Lease liabilities

	2025	2024
	RM'000	RM'000
At 1 January	2,413	1,562
Additions	-	1,715
Payment of lease liabilities	(1,348)	(947)
Interest on lease liabilities	135	83
At 31 December	<u>1,200</u>	<u>2,413</u>

The undiscounted maturity analysis of lease liabilities is as follow:

	2025	2024
	RM'000	RM'000
Up to 1 month	112	112
> 1 month to 3 months	108	225
> 3 months to 6 months	161	337
> 6 months to 12 months	323	674
> 1 year to 5 years	578	1,283
	<u>1,282</u>	<u>2,631</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. PLANT AND EQUIPMENT

	Leasehold Improvements RM'000	Equipment and Hardware RM'000	Furniture and Fixtures RM'000	Total RM'000
2025				
Cost				
At 1 January	1,557	1,867	140	3,564
Additions	572	-	-	572
Transfer	(217)	-	-	(217)
At 31 December	<u>1,912</u>	<u>1,867</u>	<u>140</u>	<u>3,919</u>
Accumulated depreciation				
At 1 January	644	951	78	1,673
Depreciation for the year	600	622	47	1,269
At 31 December	<u>1,244</u>	<u>1,573</u>	<u>125</u>	<u>2,942</u>
Carrying amounts				
At 31 December	<u>668</u>	<u>294</u>	<u>15</u>	<u>977</u>
2024				
Cost				
At 1 January	1,122	2,021	138	3,281
Additions	435	-	2	437
Written off	-	(154)	-	(154)
At 31 December	<u>1,557</u>	<u>1,867</u>	<u>140</u>	<u>3,564</u>
Accumulated depreciation				
At 1 January	270	328	28	626
Depreciation for the year	374	623	50	1,047
At 31 December	<u>644</u>	<u>951</u>	<u>78</u>	<u>1,673</u>
Carrying amounts				
At 31 December	<u>913</u>	<u>916</u>	<u>62</u>	<u>1,891</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS

	Computer Software RM'000	Work-in progress RM'000	Total RM'000
2025			
Cost			
At 1 January	12,592	1,805	14,397
Additions	2,198	2,312	4,510
Transfer to/(from) work-in progress	954	(954)	-
At 31 December	<u>15,744</u>	<u>3,163</u>	<u>18,907</u>
Accumulated amortisation			
At 1 January	468	-	468
Amortisation for the year	2,969	-	2,969
At 31 December	<u>3,437</u>	<u>-</u>	<u>3,437</u>
	<u>12,307</u>	<u>3,163</u>	<u>15,470</u>
	Computer Software RM'000	Work-in progress RM'000	Total RM'000
2024			
Cost			
At 1 January	126	-	126
Additions	12,466	1,805	14,271
At 31 December	<u>12,592</u>	<u>1,805</u>	<u>14,397</u>
Accumulated amortisation			
At 1 January	18	-	18
Amortisation for the year	450	-	450
At 31 December	<u>468</u>	<u>-</u>	<u>468</u>
Carrying amounts			
At 31 December	<u>12,124</u>	<u>1,805</u>	<u>13,929</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

	Note	2025 RM'000	2024 RM'000
Current accounts	(i)	162,734	-
Savings deposits		1,439,039	1,319,216
		<u>1,601,773</u>	<u>1,319,216</u>

(i) Included in current accounts are deposits amounting to RM157.5 million (2024: RM nil) that was placed by a related company as cash collateral that are restricted from withdrawal until the credit facilities are discharged.

(b) By type of customers

	2025 RM'000	2024 RM'000
Business enterprises	162,734	-
Individuals	1,439,039	1,319,216
	<u>1,601,773</u>	<u>1,319,216</u>

15. OTHER LIABILITIES

	Note	2025 RM'000	2024 RM'000
Accruals		47,058	41,622
Amounts due to related companies	(a)	8,233	15,967
Provision for reinstatement cost	(b)	650	636
Other payables		11,717	13,505
Allowance for ECL on loan commitment	(c)	13,353	933
Deferred revenue		3,127	2,604
		<u>84,138</u>	<u>75,267</u>

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

(b) Provision for reinstatement cost

	2025 RM'000	2024 RM'000
At 1 January	636	271
(Reversal of provision)/Provision made during the year	(28)	347
Unwinding of discount	42	18
At 31 December	<u>650</u>	<u>636</u>

The provision for reinstatement cost relates to the Bank's obligations from the lease of office buildings. In accordance with the lease agreement, the Bank is required to restore the leased premises to its original condition and restore all the fixtures and fittings to the reasonable satisfaction of the lessor. The provision for building restoration was calculated using a discount rate range from 5.5% to 7.8% (2024: 5.5% to 7.8%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. OTHER LIABILITIES (CONTINUED)

(c) Movements in allowances for ECL on loan commitments which reflect the ECL model on impairment are as follows:

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not credit	credit	
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
2025				
At 1 January	933	-	-	933
Transfer to stage 1	152	(152)	-	-
Transfer to stage 2	(164)	164	-	-
Transfer to stage 3	(29)	(257)	286	-
New exposure originated	13,869	-	-	13,869
Net remeasurement of allowance	(1,168)	611	(286)	(843)
Financial exposure derecognised	(604)	(2)	-	(606)
Net allowance for ECL (Note 23)	12,056	364	-	12,420
At 31 December	12,989	364	-	13,353
2024				
At 1 January	-	-	-	-
New exposure originated (Note 23)	933	-	-	933
At 31 December	933	-	-	933

16. SHARE CAPITAL

	2025		2024	
	Number of	Amount	Number of	Amount
	shares	RM'000	shares	RM'000
	000	RM'000	000	RM'000
Issued and fully paid ordinary shares with no par value classified as equity instruments				
At 1 January	720,000	720,000	495,100	495,100
Issued for cash	182,900	182,900	224,900	224,900
At 31 December	902,900	902,900	720,000	720,000

During the financial year, the Bank issued 182,900,000 ordinary shares at RM1.00 per share for cash, totalling RM182,900,000, to finance its business operations. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. RESERVES

The reserves of the Bank comprise as below:

	Note	2025 RM'000	2024 RM'000
Fair value reserve	(a)	2,186	131
Capital contribution reserve	(b)	55,295	51,955
		<u>57,481</u>	<u>52,086</u>

Note:

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

18. NET INTEREST INCOME

	2025 RM'000	2024 RM'000
Interest income		
Placement with banks	23,482	40,964
Financial investments at FVOCI	17,613	11,605
Financial investments at amortised cost	126	-
Loans and advances	36,711	72
Other interest	854	496
Total interest income	<u>78,786</u>	<u>53,137</u>
Interest expense		
Deposits from customers	(25,840)	(41,783)
Others	(2)	-
Total interest expense	<u>(25,842)</u>	<u>(41,783)</u>
Net interest income	<u>52,944</u>	<u>11,354</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. FEE AND COMMISSION

	2025	2024
	RM'000	RM'000
Bancassurance commission	282	75
Net fee expense	(1,054)	(9,949)
	<u>(772)</u>	<u>(9,874)</u>

20. OTHER INCOME

	2025	2024
	RM'000	RM'000
Investment income	593	-
Other income	1,272	953
	<u>1,865</u>	<u>953</u>

21. PERSONNEL COSTS

	2025	2024
	RM'000	RM'000
Salaries, bonuses & other costs	83,508	79,523
Contributions to State Funds	7,015	6,211
Share-based payments	5,467	19,603
	<u>95,990</u>	<u>105,337</u>

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

As at 31 December 2025, the Bank has the following equity-settled share-based payment arrangements:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. PERSONNEL COSTS (CONTINUED)

GXS Share Options

The following table summarises the activities related to share options granted under GXS. Equity Incentive Plan for the financial years ended 31 December 2025 and 31 December 2024.

	Number of share options	Weighted average exercise price per share SGD	Weighted average remaining contractual life (in years)
2025			
At 1 January	31,955,370	0.58	8.14
Transferred to related companies during the year	(8,481,339)	-	-
Bought back during the year	(597,876)	0.58	-
Forfeited during the year	(2,588,570)	0.58	-
Expired during the year	(342,565)	0.58	-
Exercised during the year	(56,928)	0.58	-
At 31 December	<u>19,888,092</u>	<u>0.58</u>	<u>6.26</u>
2024			
At 1 January	33,816,128	0.58	9.19
Granted during the year	838,822	0.58	10.00
Bought back during the year	(356,588)	0.58	-
Forfeited during the year	(2,139,312)	0.58	-
Expired during the year	(141,615)	0.58	-
Exercised during the year	(62,065)	0.58	-
At 31 December	<u>31,955,370</u>	<u>0.58</u>	<u>8.14</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. PERSONNEL COSTS (CONTINUED)

GXS RSU

The following table summarises the number of restricted share units granted under GXS Equity Incentive Plan for the financial years ended 31 December 2025 and 31 December 2024.

	Number of unvested restricted share units	Weighted average grant date fair value SGD
2025		
At 1 January	1,285,950	0.65
Transferred to related companies during the year	(107,552)	0.65
Granted during the year	1,671,892	0.67
Cancelled during the year	(413,248)	0.66
Boughtback during the year	(16,467)	0.65
At 31 December	<u>2,420,575</u>	<u>0.66</u>
2024		
At 1 January	-	-
Granted during the year	1,299,248	0.65
Cancelled during the year	(13,298)	0.65
At 31 December	<u>1,285,950</u>	<u>0.65</u>

Measurement of fair values

GXS Share Options

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

The weighted average assumptions used to estimate the fair value of stock options granted under the GXS Equity Incentive Plan and the resulting fair values for the financial year ended 31 December 2024 are presented in the table below. As the final grant under the plan occurred in June 2024, no further options were granted during the remainder of the 2024 fiscal year or throughout the financial year ended 31 December 2025.

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

GXS RSU

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. OTHER OPERATING EXPENSES

	2025	2024
	RM'000	RM'000
<u>Establishment costs</u>		
Depreciation of right-of-use assets	1,409	807
Depreciation of plant and equipment	1,269	1,047
Amortisation of intangible assets	2,969	450
Information technology expenses	89,736	84,225
Finance cost on lease liability	135	83
Finance cost on provision for reinstatement cost	42	18
Others	16,288	16,980
	111,848	103,610
<u>Marketing expenses</u>		
Advertising and publicity	11,068	11,789
Others	1,163	539
	12,231	12,328
<u>Administration and general expenses</u>		
Auditors' remuneration	300	290
Director related expenses	721	721
Legal and professional fees	3,122	5,280
Travel and entertainment expenses	918	538
Office maintenance	3,764	3,633
Others	8,331	4,113
	17,156	14,575

23. ALLOWANCES FOR CREDIT AND OTHERS LOSSES

	Note	2025	2024
		RM'000	RM'000
Loans and advances			
- Net charge	8(i)	41,471	207
- Bad debt written off		1,035	-
- Bad debt recovered		(152)	-
		42,354	207
Cash and short-term funds	4	(49)	(126)
Placement with banks	5	(100)	143
Financial investments at amortised cost	7	484	-
Commitments	15(c)	12,420	933
Other assets		(16)	28
		55,093	1,185

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. 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.

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

	2025	2024
	RM'000	RM'000
Loss before taxation	(238,281)	(234,602)
Tax calculated using local corporate tax rate of 24%	(57,187)	(56,304)
Non-deductible expenses	3,571	9,599
Effect of deferred tax assets not recognised	53,616	46,705
Income tax expense	-	-

	2025	2024
	RM'000	RM'000
Unrecognised Deferred Tax Assets		
Provision and others	72,727	30,419
Unabsorbed capital allowance	40,832	29,380
Unutilised tax losses	567,043	397,400
	680,602	457,199

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

	2025	2024
	RM'000	RM'000
Expiring in 2032	36,867	36,867
Expiring in 2033	144,233	144,233
Expiring in 2034	216,300	216,300
Expiring in 2035	169,643	-

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.

25. COMMITMENTS

Commitments comprise of agreements to provide credit facilities to customers as follows:

	2025	2024
	RM'000	RM'000
Undrawn credit commitments	555,712	44,311
	555,712	44,311

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

Risk management is integral to all of the Bank's business operations. The Bank maintains a robust system of controls to achieve an acceptable balance between the cost of risks realised and the cost of managing those risks.

The Bank's activities expose it to several key risks: credit risk, market risk (including foreign currency and interest rate risks), liquidity risk, operational risk, and technology & cybersecurity risk. The overall risk management strategy aims to minimize the adverse effects of financial market volatility on the Bank's financial performance.

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

Credit risk

Credit risk is defined as the potential financial loss arising from the failure of the Bank's borrowers or counterparties to meet their contractual obligations, including loan repayments and settlement of commitments. This risk primarily arises from loans and advances, financial investments and commitment exposure. The credit exposure for these items is represented by their carrying amounts in the statements of financial position.

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)**

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

	Cash and short-term funds RM'000	Placement with banks RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Statutory deposits with Bank Negara Malaysia RM'000	Other financial assets RM'000	Total on balance sheet RM'000	Commitments RM'000
2025									
Assets									
Agriculture and fishing	-	-	-	-	90	-	-	90	15
Manufacturing	-	-	-	-	1,699	-	-	1,699	625
Electricity, gas and water	-	-	-	-	4	-	-	4	10
Construction	-	-	-	-	132	-	-	132	84
Transport and storage	-	-	-	-	115	-	-	115	22
Wholesale and retail trade	-	-	-	-	62,951	-	-	62,951	5,804
Finance and Insurance	24,808	150,299	-	8,137	99,840	-	51,474	334,558	100,056
Real Estate	-	-	-	-	29	-	-	29	21
Others	-	-	-	-	969	-	-	969	513
Government and Central Bank	375,147	-	632,747	-	-	9,900	-	1,017,794	-
Household	-	-	-	-	502,594	-	522	503,116	448,562
Allowance for ECL	(9)	(59)	-	(484)	(33,458)	-	(12)	(34,022)	(13,353)
	399,946	150,240	632,747	7,653	634,965	9,900	51,984	1,887,435	542,359

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)**

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

	Cash and short-term funds RM'000	Placement with banks RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loan and advances RM'000	Statutory deposits with Bank Negara Malaysia RM'000	Other financial assets RM'000	Total on balance sheet RM'000	Commitments RM'000
2024									
Assets									
Agriculture and fishing	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-
Electricity, gas and water	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-	-
Transport and storage	-	-	-	-	-	-	-	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-	-
Finance and Insurance	151,542	441,104	-	-	-	-	65,573	658,219	-
Real Estate	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Government and Central Bank	259,504	-	709,650	-	-	9,100	-	978,254	-
Household	-	-	-	-	4,950	-	672	5,622	44,331
Allowance for ECL	(58)	(159)	-	-	(207)	-	(28)	(452)	(933)
	410,988	440,945	709,650	-	4,743	9,100	66,217	1,641,643	43,398

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The following table shows the maximum exposure to credit risk from financial instruments geographically outside Malaysia, including Singapore and United States.

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2025			
Cash and short-term funds	399,955	-	399,955
Less: Allowance for ECL	(9)	-	(9)
Total cash and short-term funds	<u>399,946</u>	<u>-</u>	<u>399,946</u>
Placement with banks	150,299	-	150,299
Less: Allowance for ECL	(59)	-	(59)
Total placement with banks	<u>150,240</u>	<u>-</u>	<u>150,240</u>
Financial investments at FVOCI	632,747	-	632,747
Less: Allowance for ECL	-	-	-
Total financial investments at FVOCI	<u>632,747</u>	<u>-</u>	<u>632,747</u>
Financial investments at amortised cost	8,137	-	8,137
Less: Allowance for ECL	(484)	-	(484)
Total investments at amortised cost	<u>7,653</u>	<u>-</u>	<u>7,653</u>
Loans and advances	668,423	-	668,423
Less: Allowance for ECL	(33,458)	-	(33,458)
Total loans and advances	<u>634,965</u>	<u>-</u>	<u>634,965</u>
Statutory deposits with Bank Negara Malaysia	<u>9,900</u>	<u>-</u>	<u>9,900</u>
Other financial assets	5,689	46,307	51,996
Less: Allowance for ECL	-	(12)	(12)
Total other financial assets	<u>5,689</u>	<u>46,295</u>	<u>51,984</u>
Commitments	555,712	-	555,712
Less: Allowance for ECL	(13,353)	-	(13,353)
Total commitments	<u>542,359</u>	<u>-</u>	<u>542,359</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Credit risk (continued)**

The following table shows the maximum exposure to credit risk from financial instruments geographically outside Malaysia, including Singapore and United States (continued).

	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2024			
Cash and short-term funds	411,046	-	411,046
Less: Allowance for ECL	(58)	-	(58)
Total cash and short-term funds	<u>410,988</u>	<u>-</u>	<u>410,988</u>
Placement with banks	441,104	-	441,104
Less: Allowance for ECL	(159)	-	(159)
Total placement with banks	<u>440,945</u>	<u>-</u>	<u>440,945</u>
Financial investments at FVOCI	709,650	-	709,650
Less: Allowance for ECL	-	-	-
Total financial investments at FVOCI	<u>709,650</u>	<u>-</u>	<u>709,650</u>
Loans and advances	4,950	-	4,950
Less: Allowance for ECL	(207)	-	(207)
Total loans and advances	<u>4,743</u>	<u>-</u>	<u>4,743</u>
Statutory deposits with Bank Negara Malaysia	<u>9,100</u>	<u>-</u>	<u>9,100</u>
Other financial assets	21,378	44,867	66,245
Less: Allowance for ECL	-	(28)	(28)
Total other financial assets	<u>21,378</u>	<u>44,839</u>	<u>66,217</u>
Commitments	44,311	-	44,311
Less: Allowance for ECL	(933)	-	(933)
Total commitments	<u>43,378</u>	<u>-</u>	<u>43,378</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Board of Directors approves the Risk Appetite Framework and delegates risk oversight to the Board Risk Committee ("BRCC"), which oversees the Credit Risk Management Framework to ensure credit risks are properly identified, managed, and mitigated; the Executive Committee ("EXCO"), which executes the Bank's strategy and promotes a strong risk management culture; and the Executive Risk & Compliance Committee ("ERCC"), which oversees credit risk-related matters, including material credit exposures, impairments, and write-offs, and reviews credit model performance, with the Credit Risk Subcommittee assisting the ERCC in ensuring the adequacy of credit risk policies and processes.

Providing an independent perspective on credit risk management, distinct from revenue-generating functions, is the Chief Risk Officer ("CRO"). While the Credit Risk Department monitors and controls credit risk daily, ensuring compliance with the Framework and escalating issues as needed, the Model Governance Team ensures model risk management practices are in place and performs independent reviews of models.

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

The Credit Risk Rating System assigns internal ratings to borrowers based on a comprehensive range of risk factors, including financial performance, business owners acumen, industry or sectorial performance, bureau track record, and other considerations. Models are used to assess default probabilities, with the resulting ratings influencing credit facility eligibility, limits, and terms. These models are subject to governance and independent validation to ensure accuracy.

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

The Bank adopts the following measurement of Expected Credit Loss:

(a) Definition of significant increase in credit risk ("SICR")

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

Key indicators of a significant increase in credit risk include:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(b) Definition of credit impaired financial assets

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

Quantitative criteria

A financial asset is classified as credit impaired when the counterparty fails to make a contractual payment for more than 90 days after it falls due.

Qualitative criteria

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

(c) Credit exposure by stage

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

(d) Measurement of Expected Credit Loss

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(d) Measurement of Expected Credit Loss (continued)

Exposure at Default ("EAD")

EAD is the estimated amount of exposure at risk in the event of and at the time of default. In general, this refers to the outstanding balance at the point of reporting unless otherwise mentioned.

For the Retail and MSME Portfolio, the Exposure at Default (EAD) is determined based on the outstanding balance and the expected future exposure, which incorporates the anticipated utilization of the undrawn credit limit, reflective of the product's revolving nature.

The EAD for the Corporate Term Loan Segment is defined as the gross carrying amount at the reporting date, offset by the fair value of cash-equivalent security. Given that the existing portfolio is fully collateralized by Fixed Deposit placements, the resultant net EAD is currently zero.

EAD for the Treasury Portfolio is measured based on the outstanding balance for cash and cash equivalents and the fair value for financial assets at Fair Value through Other Comprehensive Income (FVOCI), as the portfolio is comprised of these specific asset classes.

Probability of Default ("PD")

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(d) Measurement of Expected Credit Loss (continued)

Loss Given Default ("LGD")

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

The LGD for Retail, MSME and Treasury Portfolios is determined based on the net economic loss realised after accounting for recoveries from collateral liquidation, legal settlements, and other credit enhancements. The calculation incorporates any direct costs incurred during the recovery process such as legal fees and auction expenses. To reflect the time value of money, all recovery cash flows are discounted back to the date of default using the effective interest rate (EIR) of the respective portfolio.

(e) Credit quality

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(e) Credit quality (continued)

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

	Moody's RM'000	S&P RM'000	Total RM'000
2025			
<u>A- to A+</u>			
Cash and short-term funds	23,459	-	23,459
Placement with banks	100,263	-	100,263
Other financial assets	27,695	-	27,695
	151,417	-	151,417
<u>BBB- to BBB+</u>			
Cash and short-term funds	1,289	-	1,289
Placement with banks	-	50,036	50,036
	1,289	50,036	51,325
	152,706	50,036	202,742
2024			
<u>A- to A+</u>			
Cash and short-term funds	46,628	-	46,628
Placement with banks	440,973	-	440,973
Other financial assets	-	29,607	29,607
	487,601	29,607	517,208
<u>BBB- to BBB+</u>			
Cash and short-term funds	-	54,796	54,796
Placement with banks	-	50,132	50,132
	-	104,928	104,928
	487,601	134,535	622,136

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(e) Credit quality (continued)

The following table presents an analysis of the credit quality of financial assets and the corresponding ECL allowances:

Stage 1	Cash and short-term funds RM'000	Placement with banks RM'000	Financial investments at FVOCI RM'000
2025			
Pass	399,955	150,299	632,747
Gross amount	<u>399,955</u>	<u>150,299</u>	<u>632,747</u>
Less: Allowance for ECL	(9)	(59)	-
Net exposure	<u>399,946</u>	<u>150,240</u>	<u>632,747</u>
2024			
Pass	411,046	441,104	709,650
Gross amount	<u>411,046</u>	<u>441,104</u>	<u>709,650</u>
Less: Allowance for ECL	(58)	(159)	-
Net exposure	<u>410,988</u>	<u>440,945</u>	<u>709,650</u>

Financial investments at amortised cost

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2025				
Pass	7,743	-	-	7,743
Special Mention	-	311	-	311
Substandard	-	-	83	83
Gross amount	<u>7,743</u>	<u>311</u>	<u>83</u>	<u>8,137</u>
Less: Allowance for ECL	(367)	(72)	(45)	(484)
Net exposure	<u>7,376</u>	<u>239</u>	<u>38</u>	<u>7,653</u>

Loans and advances

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2025				
Pass	648,773	-	-	648,773
Special Mention	3,899	8,854	-	12,753
Substandard	-	-	3,675	3,675
Doubtful	-	-	3,220	3,220
Loss	-	-	2	2
Gross amount	<u>652,672</u>	<u>8,854</u>	<u>6,897</u>	<u>668,423</u>
Less: Allowance for ECL	(26,238)	(1,082)	(6,138)	(33,458)
Net exposure	<u>626,434</u>	<u>7,772</u>	<u>759</u>	<u>634,965</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(e) Credit quality (continued)

The following table presents an analysis of the credit quality of financial assets and the corresponding ECL allowances:

Loans and advances (continued)

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Pass	4,950	-	-	4,950
Special Mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross amount	4,950	-	-	4,950
Less: Allowance for ECL	(207)	-	-	(207)
Net exposure	4,743	-	-	4,743

Stage 1	Other financial assets at amortised cost RM'000	Statutory deposits with BNM RM'000
2025		
Pass	51,996	9,900
Special Mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Gross amount	51,996	9,900
Less: Allowance for ECL	(12)	-
Net exposure	51,984	9,900
2024		
Pass	66,245	9,100
Special Mention	-	-
Substandard	-	-
Doubtful	-	-
Loss	-	-
Gross amount	66,245	9,100
Less: Allowance for ECL	(28)	-
Net exposure	66,217	9,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

(e) Credit quality (continued)

The following table presents an analysis of the credit quality of financial assets and the corresponding ECL allowances:

Commitments

	Stage 1	Stage 2	Stage 3*	Total
	RM'000	RM'000	RM'000	RM'000
2025				
Pass	553,686	-	-	553,686
Special Mention	609	440	-	1,049
Substandard	-	-	688	688
Doubtful	-	-	139	139
Loss	-	-	150	150
Gross amount	554,295	440	977	555,712
Less: Allowance for ECL	(12,989)	(364)	-	(13,353)
Net exposure	541,306	76	977	542,359
2024				
Pass	44,311	-	-	44,311
Special Mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Gross amount	44,311	-	-	44,311
Less: Allowance for ECL	(933)	-	-	(933)
Net exposure	43,378	-	-	43,378

* Stage 3 commitments include permanently blocked credit limits that have not been zeroed in the system. However, these do not represent additional credit risk or incremental loss allowance.

Liquidity risk

Liquidity risk is the potential inability to meet the Bank's financial obligations due to the lack of financial resources. Oversight is provided by the Board of Directors, which sets the liquidity risk appetite, and the Executive Asset and Liability Committee ("EALCO"), which manages daily liquidity, monitors key internal limits, and ensures continuous compliance with regulatory requirements. 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 fluctuations in cash flows. As part of the overall liquidity management, the Bank maintains sufficient levels of funds to meet its working capital requirements.

To ensure preparedness for periods of financial distress, the Bank maintains a Board-approved Contingency Funding Plan ("CFP"). This plan outlines specific, tiered actions to generate liquidity and manage a crisis, triggered by predefined early warning indicators. These actions include deploying unencumbered High-Quality Liquid Assets ("HQLA") and accessing pre-defined funding sources. The effectiveness and resilience of both the liquidity framework and the CFP are regularly validated through rigorous liquidity stress tests that simulate various bank-specific and market-wide scenarios. This process ensures our liquidity buffers are robust enough to withstand potential shocks and maintain continuous access to funding markets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk (continued)**

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

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
2025								
Assets								
Cash and short-term funds	399,946	-	-	-	-	-	-	399,946
Placement with banks	-	100,227	50,013	-	-	-	-	150,240
Financial investments at FVOCI	2,948	2,973	1,211	90,690	534,925	-	-	632,747
Financial investments at amortised cost	494	1,088	1,191	2,735	2,145	-	-	7,653
Loans and advances	2,841	3,030	13,330	181,527	434,237	-	-	634,965
Other assets	7,708	4,978	2,826	19,808	618	-	28,217	64,155
Statutory deposits with Bank								
Negara Malaysia	-	-	-	-	-	-	9,900	9,900
Right-of-use assets	-	-	-	-	-	-	1,345	1,345
Plant and equipment	-	-	-	-	-	-	977	977
Intangible assets	-	-	-	-	-	-	15,470	15,470
Tax recoverable	-	-	-	-	-	-	455	455
Total assets	413,937	112,296	68,571	294,760	971,925	-	56,364	1,917,853
Liabilities								
Deposits from customers	1,444,273	-	-	157,500	-	-	-	1,601,773
Other liabilities	34,633	32,962	1,213	10,489	4,841	-	-	84,138
Lease liabilities	112	94	143	295	556	-	-	1,200
Total liabilities	1,479,018	33,056	1,356	168,284	5,397	-	-	1,687,111
Net gap	(1,065,081)	79,240	67,215	126,476	966,528	-	56,364	230,742

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk (continued)**

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

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
2024								
Assets								
Cash and short-term funds	410,988	-	-	-	-	-	-	410,988
Placement with banks	-	440,945	-	-	-	-	-	440,945
Financial investments at FVOCI	1,624	205,429	443	241,099	261,055	-	-	709,650
Loans and advances	145	418	632	775	2,773	-	-	4,743
Other assets	21,580	3,655	3,255	20,815	2,503	-	30,199	82,007
Statutory deposits with Bank								
Negara Malaysia	-	-	-	-	-	-	9,100	9,100
Right-of-use assets	-	-	-	-	-	-	2,782	2,782
Plant and equipment	-	-	-	-	-	-	1,891	1,891
Intangible assets	-	-	-	-	-	-	13,929	13,929
Tax recoverable	-	-	-	-	-	-	470	470
Total assets	434,337	650,447	4,330	262,689	266,331	-	58,371	1,676,505
Liabilities								
Deposits from customers	1,319,216	-	-	-	-	-	-	1,319,216
Other liabilities	34,648	26,407	8,856	3,484	1,872	-	-	75,267
Lease liabilities	98	198	301	616	1,200	-	-	2,413
Total liabilities	1,353,962	26,605	9,157	4,100	3,072	-	-	1,396,896
Net gap	(919,625)	623,842	(4,827)	258,589	263,259	-	58,371	279,609

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk (continued)**

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

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	No specific maturity RM'000	Total RM'000
2025								
Liabilities								
Deposits from customers	1,444,273	-	-	157,500	-	-	-	1,601,773
Other financial liabilities	34,631	32,963	429	10,490	2,498	-	-	81,011
Lease liabilities	112	108	161	323	578	-	-	1,282
Total financial liabilities	1,479,016	33,071	590	168,313	3,076	-	-	1,684,066
Commitments	555,712	-	-	-	-	-	-	555,712
2024								
Liabilities								
Deposits from customers	1,319,216	-	-	-	-	-	-	1,319,216
Other financial liabilities	34,648	26,407	8,857	878	1,873	-	-	72,663
Lease liabilities	112	225	337	675	1,282	-	-	2,631
Total financial liabilities	1,353,976	26,632	9,194	1,553	3,155	-	-	1,394,510
Commitments	44,311	-	-	-	-	-	-	44,311

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

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

Currency risk

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

Exposure to currency risk

The Bank does not hedge (through derivatives 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 to ensure that the currency exposure is maintained at a predetermined level set by management.

The Bank is exposed to transactional 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)	2025		2024	
	SGD	USD	SGD	USD
Cash and short-term funds	-	1,054	-	-
Other assets	841	54,810	6	58,666
Other liabilities	(2,795)	(9,655)	(11,745)	(4,113)
	<u>(1,954)</u>	<u>46,209</u>	<u>(11,739)</u>	<u>54,553</u>

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.

	2025	2024
	RM'000	RM'000
<u>Profit or (loss)</u>		
SGD	149	892
USD	(3,512)	(4,146)

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)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk

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

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

Sensitivity Analysis

The table below shows the sensitivity of the Bank to movements in interest rates:

<u>Increase/decrease</u>	Impact on profit before tax	
	2025	2024
	RM'000	RM'000
+100 bps	731	5,555
-100 bps	(731)	(5,555)

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Market Risk (continued)****Interest rate risk (continued)**

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

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	Non-Interest Sensitivity RM'000	Total RM'000
2025								
Assets								
Cash and short-term funds	399,946	-	-	-	-	-	-	399,946
Placement with banks	-	100,227	50,013	-	-	-	-	150,240
Financial investments at FVOCI	2,948	2,973	1,211	90,690	534,925	-	-	632,747
Financial investments at amortised cost	494	1,088	1,191	2,735	2,145	-	-	7,653
Loans and advances	2,841	3,030	13,330	181,527	434,237	-	-	634,965
Other financial assets	27,682	-	-	-	-	-	24,302	51,984
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	9,900	9,900
Total financial assets	433,911	107,318	65,745	274,952	971,307	-	34,202	1,887,435
Liabilities								
Deposits from customers	1,444,273	-	-	157,500	-	-	-	1,601,773
Other financial liabilities	-	-	-	-	-	-	67,658	67,658
Lease liabilities	-	-	-	-	-	-	1,200	1,200
Total financial liabilities	1,444,273	-	-	157,500	-	-	68,858	1,670,631
Net gap	(1,010,362)	107,318	65,745	117,452	971,307	-	(34,656)	216,804

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**26. FINANCIAL RISK MANAGEMENT (CONTINUED)****Market Risk (continued)****Interest rate risk (continued)**

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

	Up to 1 month RM'000	>1 month to 3 months RM'000	>3 months to 6 months RM'000	>6 months to 12 months RM'000	>1 year to 5 years RM'000	>5 years RM'000	Non-Interest Sensitivity RM'000	Total RM'000
2024								
Assets								
Cash and short-term funds	410,988	-	-	-	-	-	-	410,988
Placement with banks	-	440,945	-	-	-	-	-	440,945
Financial investments at FVOCI	1,624	205,429	443	241,099	261,055	-	-	709,650
Loans and advances	145	418	632	775	2,773	-	-	4,743
Other financial assets	29,580	-	-	-	-	-	36,637	66,217
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	9,100	9,100
Total financial assets	442,337	646,792	1,075	241,874	263,828	-	45,737	1,641,643
Liabilities								
Deposits from customers	1,319,216	-	-	-	-	-	-	1,319,216
Other financial liabilities	-	-	-	-	-	-	71,730	71,730
Lease liabilities	-	-	-	-	-	-	2,413	2,413
Total financial liabilities	1,319,216	-	-	-	-	-	74,143	1,393,359
Net gap	(876,879)	646,792	1,075	241,874	263,828	-	(28,406)	248,284

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk

Operational risk is inherent in the Bank's business activities and may arise from inadequate or failed internal processes, people, systems, or external events. This includes legal risk but excludes strategic and reputational risk. The Bank's objective is to maintain operational risk at an appropriate level that is commensurate with its business strategy, as well as the economic and regulatory environment.

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

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

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

All new products, outsourcing arrangements, and partnerships - as well as the variations and renewals of existing ones are subject to a rigorous risk assessment and approval process to ensure compliance with relevant regulatory requirements.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Technology and Cybersecurity risk

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. 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.

27.1 Classification of financial instruments

	Carrying Amount RM'000	Amortised Cost RM'000	FVOCI RM'000
2025			
Financial assets			
Cash and short-term funds	399,946	399,946	-
Placement with banks	150,240	150,240	-
Financial investments at FVOCI	632,747	-	632,747
Financial investments at amortised cost	7,653	7,653	-
Loans and advances	634,965	634,965	-
Other assets*	51,984	51,984	-
Statutory deposits with Bank Negara Malaysia	9,900	9,900	-
	1,887,435	1,254,688	632,747
Financial liabilities			
Deposits from customers	1,601,773	1,601,773	-
Other liabilities*	67,658	67,658	-
Lease liabilities	1,200	1,200	-
	1,670,631	1,670,631	-
2024			
Financial assets			
Cash and short-term funds	410,988	410,852	-
Placement with banks	440,945	439,841	-
Financial investments at FVOCI	709,650	-	709,650
Loans and advances	4,743	4,743	-
Other assets*	66,217	66,217	-
Statutory deposits with Bank Negara Malaysia	9,100	9,100	-
	1,641,643	930,753	709,650
Financial liabilities			
Deposits from customers	1,319,216	1,319,216	-
Other liabilities*	71,730	71,730	-
Lease liabilities	2,413	2,413	-
	1,393,359	1,393,359	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

27.2 Net gains and losses arising from financial instruments

	2025	2024
	RM'000	RM'000
Net gains/(losses) on:		
Financial assets measured at FVOCI	18,206	11,506
Financial assets measured at amortised cost	56,652	40,916
Financial liabilities measured at amortised cost	<u>(25,762)</u>	<u>(41,976)</u>
	<u>49,096</u>	<u>10,446</u>

27.3 Fair value measurement

	Carrying amount		Fair value	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Cash and short-term funds	399,946	410,988	399,946	410,988
Placement with banks	150,240	440,945	150,240	440,945
Financial investments at FVOCI	632,747	709,650	632,747	709,650
Financial investments at amortised cost	7,653	-	9,942	-
Loans and advances	634,965	4,730	662,976	4,815
Other assets*	51,984	66,217	51,984	66,217
Statutory deposits with Bank Negara Malaysia	9,900	9,100	9,900	9,100
	<u>1,887,435</u>	<u>1,641,630</u>	<u>1,917,735</u>	<u>1,641,715</u>
Financial liabilities				
Deposits from customers	1,601,773	1,319,216	1,601,773	1,319,216
Other liabilities*	67,658	71,730	67,658	71,730
Lease liabilities	1,200	2,413	1,200	2,413
	<u>1,670,631</u>	<u>1,393,359</u>	<u>1,670,631</u>	<u>1,393,359</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Determination of fair value

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

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

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

Fair value hierarchy

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2025					
Financial assets measured at fair value					
Financial investments at FVOCI	-	632,747	-	632,747	632,747
Financial assets for which fair values are disclosed					
Loans and advances	-	-	662,976	662,976	634,965
Financial investments at amortised cost	-	-	9,942	9,942	7,653
2024					
Financial assets measured at fair value					
Financial investments at FVOCI	-	709,650	-	709,650	709,650
Financial assets for which fair values are disclosed					
Loans and advances	-	-	4,815	4,815	4,743

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. 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 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 9(b) and Note 15(a).

	Immediate holding company		Other related companies	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Loan to customers	-	-	149,879	-
Deposit from Customer	-	-	(157,666)	-
	-	-	(7,787)	-
Other Income	1,006	11,407	1,901	1,280
Other Expenses	(9,522)	(29,070)	(12,263)	(12,679)
	(8,516)	(17,663)	(10,362)	(11,399)

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

	Malaysia	Singapore	Cayman Islands	Total
	RM'000	RM'000	RM'000	RM'000
2025				
Information technology	355	9,312	-	9,667
Professional and consultancy	658	-	-	658
Staff cost	-	8,205	-	8,205
Others	509	2,580	166	3,255
	1,522	20,097	166	21,785
2024				
Information technology	343	6,281	-	6,624
Professional and consultancy	251	2,570	-	2,821
Staff cost	-	26,604	-	26,604
Others	1,878	3,822	-	5,700
	2,472	39,277	-	41,749

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**28. RELATED PARTIES (CONTINUED)**

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

	Salary RM'000	Bonus RM'000	Other short term employee benefits RM'000	Share- based payments RM'000	Fees RM'000	Total RM'000
2025						
Chief Executive Officer						
Lai Pei Si (transferred to GXS group with effect from 1 June 2025)	755	493	729	70	-	2,047
Kaushik Chowdhury (appointed with effect from 1 June 2025)	742	458	16	244	-	1,460
Executive Directors						
Muthukrishnan Ramaswami	-	-	-	-	-	-
Lai Pei Si (appointed with effect from 11 June 2025)	-	-	-	-	-	-
Non-Executive Directors						
Datuk Zaiton Binti Mohd Hassan	-	-	-	110	326	436
Datuk Maimoonah Binti Mohamed Hussain	-	-	-	70	209	279
Mohamad Reza Bin Abdul Mutalib	-	-	-	63	186	249
Lim Kell Jay	-	-	-	-	-	-
	-	-	-	243	721	964
Senior Management	4,481	946	926	1,930	-	8,283
Other Material Risk Takers	10,228	3,096	2,109	2,120	-	17,553
	16,206	4,993	3,780	4,607	721	30,307

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**28. RELATED PARTIES (CONTINUED)**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTIES (CONTINUED)

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

	CEO RM'000	Directors RM'000	Senior Management RM'000	Other Material Risk Takers RM'000	Total RM'000
2025					
Fixed remuneration	1,621	-	4,489	10,260	16,370
Variable remuneration	1,572	-	1,864	5,173	8,609
	<u>3,193</u>	<u>-</u>	<u>6,353</u>	<u>15,433</u>	<u>24,979</u>
Share-based payments	314	243	1,930	2,120	4,607
Number of staff	<u>2</u>	<u>6</u>	<u>7</u>	<u>27</u>	<u>42</u>
2024					
Fixed remuneration	2,133	-	5,453	7,544	15,130
Variable remuneration	2,233	-	2,597	4,088	8,918
	<u>4,366</u>	<u>-</u>	<u>8,050</u>	<u>11,632</u>	<u>24,048</u>
Share-based payments	367	480	5,333	3,726	9,906
Number of staff	<u>1</u>	<u>5</u>	<u>6</u>	<u>17</u>	<u>29</u>
Vested shares	CEO RM'000	Directors RM'000	Senior Management RM'000	Other Material Risk Takers RM'000	Total RM'000
2025					
At 1 January	3,541	239	5,266	3,391	12,437
Additional during the year	1,300	-	440	927	2,667
Forfeited during the year	(3,541)	-	(2,900)	(581)	(7,022)
Vested during the year	650	480	1,613	1,937	4,680
At 31 December	<u>1,950</u>	<u>719</u>	<u>4,419</u>	<u>5,674</u>	<u>12,762</u>
2024					
At 1 January	2,468	239	2,423	1,255	6,385
Additional during the year	-	-	-	410	410
Forfeited during the year	-	-	-	(140)	(140)
Vested during the year	1,073	-	2,843	1,866	5,782
At 31 December	<u>3,541</u>	<u>239</u>	<u>5,266</u>	<u>3,391</u>	<u>12,437</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTIES (CONTINUED)

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

Non-vested shares	CEO RM'000	Directors RM'000	Senior Management RM'000	Other Material Risk Takers RM'000	Total RM'000
2025					
At 1 January	1,202	480	6,107	4,879	12,668
Additional during the year	1,300	480	440	2,394	4,614
Forfeited during the year	(1,202)	-	(4,229)	(2,312)	(7,743)
Vested during the year	(650)	(480)	(1,613)	(2,274)	(5,017)
At 31 December	<u>650</u>	<u>480</u>	<u>705</u>	<u>2,687</u>	<u>4,522</u>
2024					
At 1 January	2,275	-	8,950	4,709	15,934
Additional during the year	-	480	-	2,036	2,516
Vested during the year	(1,073)	-	(2,843)	(1,866)	(5,782)
At 31 December	<u>1,202</u>	<u>480</u>	<u>6,107</u>	<u>4,879</u>	<u>12,668</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

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

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

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

	2025	2024
Outstanding credit exposures with connected parties (RM'000)	136	177
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	0.01	0.36
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. CAPITAL ADEQUACY

The Bank is required to comply with the requirements as set out in BNM's Capital Adequacy Framework, except for certain areas of simplification or exemption as specified in BNM's Licensing Framework for Digital Banks ("BNM's Licensing Framework"). In accordance with BNM's Licensing Framework, only Common Equity Tier 1 Capital shall be recognised as eligible regulatory capital and the Bank shall maintain a minimum Total Capital Ratio of 8% (2024: 8%).

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

	2025	2024
	RM'000	RM'000
Tier 1 capital		
Paid-up ordinary share capital	902,900	720,000
Accumulated losses	(729,639)	(492,477)
Other reserves	57,481	52,086
	<u>230,742</u>	<u>279,609</u>
Less: Regulatory deductions	(16,672)	(14,001)
	<u>214,070</u>	<u>265,608</u>
Tier 2 capital		
Expected credit losses	-	-
Regulatory reserve	-	-
Total Tier 2 capital	<u>-</u>	<u>-</u>
Total capital base	<u>214,070</u>	<u>265,608</u>
Capital ratios		
CET 1 Capital Ratio	37.578%	103.571%
Tier 1 Capital Ratio	37.578%	103.571%
Total Capital Ratio	37.578%	103.571%

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

	2025	2024
	RM'000	RM'000
Credit risk	490,105	209,422
Market risk	38,693	39,600
Operational risk	40,878	7,429
Total risk-weighted assets	<u>569,676</u>	<u>256,451</u>
Credit risk-weighted assets breakdown:		
- subject to 20% risk weight	35,834	118,529
- subject to 75% risk weight	387,326	3,703
- subject to 100% risk weight	66,945	87,190

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. 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 Banks issued by Bank Negara Malaysia. There is no additional external capital requirement imposed on the Bank as at 31 December 2025.

32. RESTATEMENT OF COMPARATIVE INFORMATION

During the current financial year, the Bank conducted a review on the classification of its accrued interest receivable, accrued interest payable, rights-of-use assets and lease liabilities and performed the following classification:

- (a) Reclassified the accrued interest receivable from other assets to its carrying amount of the underlying financial assets.
- (b) Reclassified the right-of-use assets out of plant and equipments and presented separately on the statement of financial position.
- (c) Reclassified the accrued interest payable from other liabilities to its carrying amount of the underlying financial assets.
- (d) Reclassified total operating expenses into four types of expenses namely personnel costs, establishment costs, marketing expenses, administration and general expenses.

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

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

In the opinion of the Directors, the financial statements set out on pages 32 to 98 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Bank as of 31 December 2025 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: 25 March 2026

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

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

I, **Kenneth Leong Yu Ming**, the Officer primarily responsible for the financial management of **GX Bank Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 32 to 98, to the best of my knowledge and belief, represents the true and fair view of the Bank's operation and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Kenneth Leong Yu Ming at Petaling Jaya in Selangor on 25 March 2026.



.....
Kenneth Leong Yu Ming
IC No: 820705-04-5019
MIA Membership No: 52243

Before me,



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



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
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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 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 32 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

Other Matter

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

Accountant Petaling Jaya, Selangor

Date: 25 March 2026

Ow Peng Li
Approval Number: 02666/09/2027 J
Chartered