

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

**UNAUDITED CONDENSED INTERIM FINANCIAL  
STATEMENTS FOR THE FINANCIAL PERIOD ENDED  
30 JUNE 2024**

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024**

		<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>			
Cash and short-term funds	9	2,101,047	450,958
Placement with a bank	10	99,965	49,984
Financial investments at fair value through other comprehensive income ("FVOCI")	11	150,198	-
Other assets	12	37,096	23,799
Statutory deposits with Bank Negara Malaysia	13	2,000	1,000
Plant and equipment		3,144	4,183
Intangible assets		87	108
Tax recoverable		406	300
<b>Total Assets</b>		<b><u>2,393,943</u></b>	<b><u>530,332</u></b>
<b>Liabilities</b>			
Deposits from customers	14	1,924,174	195,370
Other liabilities	15	183,717	64,707
<b>Total Liabilities</b>		<b><u>2,107,891</u></b>	<b><u>260,077</u></b>
<b>Net Assets</b>		<b><u>286,052</u></b>	<b><u>270,255</u></b>
<b>Equity</b>			
Share Capital		607,550	495,100
Reserves		47,384	33,598
Accumulated losses		(368,882)	(258,443)
<b>Total equity attributable to owners of the Bank</b>		<b><u>286,052</u></b>	<b><u>270,255</u></b>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	Individual Quarter		Cumulative Quarter	
		30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Interest income		14,268	1,444	19,693	2,670
Interest expense		(14,681)	-	(17,896)	-
<b>Net Interest Income</b>	16	<b>(413)</b>	<b>1,444</b>	<b>1,797</b>	<b>2,670</b>
Fee and commission	17	238	-	38	-
Other income	18	-	-	250	-
<b>Non-Interest income</b>		<b>238</b>	<b>-</b>	<b>288</b>	<b>-</b>
<b>Total operating income</b>		<b>(175)</b>	<b>1,444</b>	<b>2,085</b>	<b>2,670</b>
<b>Expenses</b>					
- Staff costs	19	(31,051)	(12,916)	(49,321)	(24,584)
- Depreciation of plant and equipment		(442)	(54)	(887)	(54)
- Amortisation of intangible assets		(10)	(3)	(21)	(3)
- Other operating expenses	20	(34,140)	(11,090)	(62,273)	(23,077)
<b>Total operating expenses</b>		<b>(65,643)</b>	<b>(24,063)</b>	<b>(112,502)</b>	<b>(47,718)</b>
Loss before allowances (Allowances)/writeback of allowance for credit and other losses	21	(65,818)	(22,619)	(110,417)	(45,048)
<b>Loss before tax</b>		<b>(65,835)</b>	<b>(22,608)</b>	<b>(110,439)</b>	<b>(45,092)</b>
Income tax expense		-	-	-	-
<b>Loss for the financial period</b>		<b>(65,835)</b>	<b>(22,608)</b>	<b>(110,439)</b>	<b>(45,092)</b>
<b>Other comprehensive gain:</b>					
<b>Item that may be reclassified subsequently to statement of profit and loss</b>					
Financial investments at fair value through other comprehensive income ("FVOCI")					
- net gain on change of fair value		3	-	3	-
Total other comprehensive gain		3	-	3	-
<b>Total comprehensive loss for the financial period</b>		<b>(65,832)</b>	<b>(22,608)</b>	<b>(110,436)</b>	<b>(45,092)</b>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023

**UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	<b>Share Capital RM'000</b>	<b>Fair value Reserves RM'000</b>	<b>Capital Contribution Reserves RM'000</b>	<b>Accumulated Losses RM'000</b>	<b>Total Equity RM'000</b>
<b>2024</b>					
At 1 January	495,100	-	33,598	(258,443)	270,255
Loss for the financial period	-	-	-	(110,439)	(110,439)
Other comprehensive loss	-	3	-	-	3
Total comprehensive loss for the financial period	-	3	-	(110,439)	(110,436)
<b>Transactionn with owners, recorded directly in equity</b>					
Issuance of ordinary shares (Note 6)	112,450	-	-	-	112,450
Shared-based payments	-	-	13,783	-	13,783
<b>Total contributions by and distributions to owners</b>	112,450	-	13,783	-	126,233
<b>At 30 June</b>	<b>607,550</b>	<b>3</b>	<b>47,381</b>	<b>(368,882)</b>	<b>286,052</b>
<b>2023</b>					
At 1 January	220,038	-	-	(65,437)	154,601
Loss and total comprehensive loss for the financial period	-	-	-	(45,092)	(45,092)
<b>At 30 June</b>	<b>220,038</b>	<b>-</b>	<b>-</b>	<b>(110,529)</b>	<b>109,509</b>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023

**UNAUDITED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	<b>30 June 2024 RM'000</b>	<b>30 June 2023 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(110,439)	(45,092)
Adjustments for:		
Depreciation	887	54
Amortisation	21	3
Interest expense on lease liability	36	-
Allowances for credit and other losses	22	44
Share based payments	13,815	(117)
Writeoff of plant and equipment	154	-
Unrealised foreign exchange losses	(168)	175
Unwinding of discount on provision for reinstatement cost	7	-
Operating loss before working capital changes	<u>(95,665)</u>	<u>(44,933)</u>
<b>Changes in working capital:</b>		
Statutory deposits with Bank Negara Malaysia	(1,000)	-
Other assets	(11,967)	(5,196)
Deposits from customers	1,728,804	-
Other liabilities	119,435	(5,112)
<b>Cash generated from/(used in) operating activities</b>	<u>1,739,607</u>	<u>(55,241)</u>
Income tax paid	(106)	-
<b>Net cash generated from/(used in) operating activities</b>	<u>1,739,501</u>	<u>(55,241)</u>
<b>Cash flows from investing activities</b>		
Additions to plant and equipment	(2)	(1,749)
Additions to intangible assets	-	(76)
Net purchase of financial investments at FVOCI	(151,330)	-
<b>Net cash used in investing activities</b>	<u>(151,332)</u>	<u>(1,825)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	112,450	-
Payment of lease liability	(527)	-
<b>Net cash generated from financing activities</b>	<u>111,923</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	1,700,092	(57,066)
Cash and cash equivalents at beginning of the period	501,142	182,679
<b>Cash and cash equivalents at end of the period</b>	<u>2,201,234</u>	<u>125,613</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and short-term funds	2,101,234	25,613
Placement with a bank	100,000	100,000
	<u>2,201,234</u>	<u>125,613</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB') and should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2023.

The accounting policies and presentation adopted by the Bank for the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following accounting standards, annual improvements and amendments to MFRS during the current financial period:

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

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

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- *of Changes in Foreign Exchange Rates –*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

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

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the accounting standards, interpretations or amendments is not expected to have any material financial impacts to the interim financial statements of the Bank.

### 2. AUDITORS' REPORT

The auditors' report for the financial year ended 31 December 2023 was not subject to any qualification.

### 3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

### 4. EXCEPTIONAL OR UNUSUAL ITEMS

There were no exceptional or unusual items for the financial quarter and period ended 30 June 2024.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the current financial quarter and period.

**6. DEBT AND EQUITY SECURITIES**

During the financial quarter, the Bank issued 112,450,000 ordinary shares at RM1.00 per share for cash totalling RM112,450,000.

Other than above, there were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter and period ended 30 June 2024.

**7. DIVIDEND PAID**

No interim dividend was declared nor paid during the financial quarter and period ended 30 June 2024.

**8. SIGNIFICANT AND SUBSEQUENT EVENTS**

There were no material events subsequent to the date of statement of financial positions that require disclosures to the unaudited condensed interim financial statements.

**9. CASH AND SHORT-TERM FUNDS**

		<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions		218,234	166,142
Money at call and interbank placements maturing within one month		1,883,000	285,000
		<u>2,101,234</u>	<u>451,142</u>
Less: Allowance for credit loss	21	(187)	(184)
		<u>2,101,047</u>	<u>450,958</u>

Movement in allowances for ECL are as follows:

	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year	184	-
Allowance during the period	3	184
Balance at end of the financial period/year	<u>187</u>	<u>184</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. PLACEMENT WITH A BANK**

		<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Money at call and interbank placement maturing after one month		100,000	50,000
Less: Allowance for credit loss	21	(35)	(16)
		<u>99,965</u>	<u>49,984</u>

Movement in allowances for ECL are as follows:

		<b>30 June 2024</b>	<b>31 December 2023</b>
		<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of the financial year		16	-
Allowance during the period		19	16
Balance at end of the financial period/year		<u>35</u>	<u>16</u>

**11. FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

		<b>30 June 2024</b>	<b>31 December 2023</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Money Market Instrument:</b>			
Malaysian Government Securities		150,198	-
		<u>150,198</u>	<u>-</u>

**12. OTHER ASSETS**

		<b>30 June 2024</b>	<b>31 December 2023</b>
		<b>RM'000</b>	<b>RM'000</b>
Interest receivables		3,057	237
Deposits and prepayments		22,272	18,226
Other receivables		10,284	1,615
Deferred expenses		-	3,721
Amount due from related company		1,483	-
		<u>37,096</u>	<u>23,799</u>

**13. 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.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. DEPOSITS FROM CUSTOMERS**

All customer deposits as at 30 June 2024 are non-term deposits from retail customers payable on demand.

	<b>30 June 2024 RM'000</b>	<b>31 December 2023 RM'000</b>
Individuals saving deposits	1,924,174	195,370

**15. OTHER LIABILITIES**

	<b>30 June 2024 RM'000</b>	<b>31 December 2023 RM'000</b>
Accruals	37,361	36,014
Lease liabilities	1,071	1,562
Amounts due to related companies	9,898	5,209
Provision for reinstatement cost	278	271
Other payables	131,419	21,651
Deferred revenue	3,690	-
	<u>183,717</u>	<u>64,707</u>

**16. NET INTEREST INCOME**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30 June 2024 RM'000</b>	<b>30 June 2023 RM'000</b>	<b>30 June 2024 RM'000</b>	<b>30 June 2023 RM'000</b>
<b>Interest income</b>				
Balance and placements with banks	14,193	1,444	19,565	2,670
Financial investment at FVOCI	20	-	20	-
Other interest earning assets	55	-	108	-
Total interest income	<u>14,268</u>	<u>1,444</u>	<u>19,693</u>	<u>2,670</u>
<b>Interest expense</b>				
Deposits from customers	(14,665)	-	(17,861)	-
Lease liability	(16)	-	(35)	-
Total interest expense	<u>(14,681)</u>	<u>-</u>	<u>(17,896)</u>	<u>-</u>
<b>Net interest income</b>	<u><b>(413)</b></u>	<u><b>1,444</b></u>	<u><b>1,797</b></u>	<u><b>2,670</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. FEE AND COMMISSION**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fee and commission	238	-	38	-

**18. OTHER INCOME**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other income	-	-	250	-

**19. STAFF COSTS**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries, bonuses & other costs	15,757	12,101	32,661	22,769
Contributions to State Funds	1,479	932	2,845	1,932
Share based payments- charge/(writeback)	13,815	(117)	13,815	(117)
	31,051	12,916	49,321	24,584

**20. OTHER OPERATING EXPENSES**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Information technology expenses	24,549	7,399	39,738	13,953
Professional and consultancy expenses	433	2,679	2,188	7,359
Marketing expenses	2,935	15	7,885	92
Auditors' remuneration	75	55	150	75
Others	6,148	942	12,312	1,598
	34,140	11,090	62,273	23,077

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. ALLOWANCES/(WRITEBACK OF ALLOWANCES) FOR CREDIT AND OTHERS LOSSES**

	Individual Quarter		Cumulative Quarter	
	30 June	30 June	30 June	30 June
	2024	2023	2024	2023
Stage 1: 12-month ECL	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	(18)	(46)	3	9
Placement with a bank	35	35	19	35
	<b>17</b>	<b>(11)</b>	<b>22</b>	<b>44</b>

**22. CAPITAL ADEQUACY**

	30 June	31 December
	2024	2023
	RM'000	RM'000
<b>Tier 1 capital</b>		
Paid-up ordinary share capital	607,550	495,100
Accumulated losses	(368,882)	(258,443)
Other reserves	47,384	33,598
	<u>286,052</u>	<u>270,255</u>
Less: Regulatory deductions	(87)	(108)
	<u>285,965</u>	<u>270,147</u>
<b>Tier 2 capital</b>		
Expected credit losses	-	-
Regulatory reserve	-	-
Total Tier 2 capital	<u>-</u>	<u>-</u>
<b>Total capital base</b>	<b><u>285,965</u></b>	<b><u>270,147</u></b>
<b>Capital ratios</b>		
CET 1 Capital Ratio	186.692%	324.054%
Tier 1 Capital Ratio	186.692%	324.054%
Total Capital Ratio	186.692%	324.054%

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

	30 June	31 December
	2024	2023
	RM'000	RM'000
Credit risk	136,657	75,055
Market risk	10,557	3,726
Operational risk	5,961	4,584
Total risk-weighted assets	<u>153,175</u>	<u>83,365</u>
Credit risk-weighted assets breakdown:		
- subject to 20% risk weight	99,068	47,010
- subject to 100% risk weight	37,589	28,045

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23. FINANCIAL PERFORMANCE

GX 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. The Bank launched its debit card product to the general public in February 2024. For the financial period ended 30 June 2024, the Bank achieved customer deposit balances of RM1,924.2 million.

#### **Total Assets**

Total assets as at the financial period ended 30 June 2024 came in at RM2,393.9 million compared to RM530.3 million as at 31 December 2023. The increase of RM1,863.6 million is attributed towards RM1,650.1 million from cash and short-term funds, RM50.0 million from placement with a bank and RM150.2 million from financial investments at fair value through other comprehensive income.

#### **Total Liabilities**

Total liabilities as at the financial period ended 30 June 2024 came in at RM2,107.9 million which is mainly on account of customer deposits of RM1,924.2 million owing to the continued momentum since the successful launch of banking operations with a retail deposit and debit card products.

#### **Total Equity**

Total equity amounted to RM286.1 million as at 30 June 2024, which comprised of:

- Share Capital of RM607.6 million
- Accumulated losses of RM368.9 million
- Reserves of RM47.4 million relating to capital contribution from the immediate holding company in the form of equity incentive plans and FVOCI reserve.

#### **Loss before tax**

The Bank registered a Loss before tax of RM110.4 million for the financial period ended 30 June 2024, compared to a Loss before tax of RM45.1 million in the previous financial period ended 30 June 2023.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. PROSPECTS FOR THE FINANCIAL YEAR 2024

#### Outlook for full year 2024

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

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

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

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

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