

## **Bank of America Malaysia Berhad Corporate Governance Disclosures for Performance Year 2022**

### **Introduction**

The following information sets forth the qualitative remuneration disclosures required under Part F, section (22), paragraphs (22.1)-(22.7), of the Bank Negara Malaysia's Corporate Governance regulation ("CGR") as in force at 31 December 2016, regarding information on remuneration in performance year 2022 for Bank of America Corporation ("Bank of America" or the "Company"). The quantitative disclosures required under Part F, section (22), paragraph (22.3) of the CGR appear after this section.

The Company's remuneration policies, principles and practices are applied across the enterprise and are therefore applicable to Bank of America Malaysia Berhad ("BAMB").

The Company applies prudent risk management practices to its incentive remuneration programs and is committed to a remuneration governance structure that effectively contributes to its overall risk management policies.

In order to provide an appropriate balance of risk and reward, incentive remuneration plans are developed in accordance with the Company's Compensation Governance Policy and the Global Compensation Principles therein:

Principle 1 Remuneration should be comprised of an appropriate mix of salary, benefits and incentives paid over time that properly aligns employee and stockholder interests.

Principle 2 Criteria for payment of incentive remuneration should take into account Company-wide, business unit and individual factors.

Principle 3 Remuneration should be determined on the basis of a combination of financial and non-financial factors that reflect both the current period and a longer period.

Principle 4 Remuneration programs should incorporate appropriate governance processes and procedures.

These principles work in conjunction with broader remuneration practices, including the Company's overall commitment to pay for performance, remuneration policies and risk management processes set forth in the Company's Risk Framework.

### ***Governance and the Decision-making Process for Determining the Remuneration Policy***

The Company applies its remuneration policy on a global basis. In addition to BAMB's Board of Directors and its Remuneration Committee, the Company has four primary levels for the governance of remuneration plans:

- (i) the Company's Board of Directors (the "Board"),
- (ii) the Board's Compensation and Human Capital Committee (the "Committee"), which is wholly made up of independent directors and functions as the Company's global Remuneration Committee,
- (iii) the Management Compensation Committee ("MCC"), and
- (iv) governance by line of business management and independent control functions aligned to the line of business and regional governance.

The Committee oversees the establishment, maintenance and administration of the Company's remuneration programs and employee benefit plans, including approving the remuneration of the direct reports of the Chief Executive Officer (the "CEO") and approving and recommending the remuneration of the CEO to the Board for its further approval. Under the supervision of the Committee, oversight, review and responsibility for remuneration

decision-making is allocated to the appropriate level of the Company's structure so that the most relevant level of management makes remuneration decisions with documented input from the Company's independent control functions.

The Committee has adopted and annually reviews the Bank of America Compensation Governance Policy ("CGP"), an enterprise policy, which is designed to be consistent with global regulatory initiatives so that the Company's remuneration plans do not encourage excessive risk taking. As described in the CGP, line of business incentive remuneration plans are also periodically reviewed and evaluated by line of business management, independent control functions aligned to the line of business and the MCC in light of any risk posed by the programs and so that they do not encourage excessive risk taking. In addition, the Committee reviews senior executive officer remuneration programs so that they do not encourage excessive risk taking.

The Committee receives, from time to time, direct feedback from the independent control functions on remuneration programs. For performance year 2022, in addition to reviewing the individual incentive remuneration awards for executive officers and other senior executives who report directly to the CEO, the Committee also reviewed the outcomes of the Company's robust control function feedback process, conduct reviews and individual incentive remuneration awards for certain highly compensated employees and material risk takers. As part of its governance routine, the Committee met with the heads of the Company's independent control functions (including the Chief Risk Officer ("CRO")) and business lines to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, the Company's CRO also certified all incentive plans across the Company as part of the MCC's governance process.

As a result of these processes and reviews, and in combination with the risk management and clawback features of the Company's remuneration programs, Bank of America believes that its remuneration policies and practices appropriately balance risks and rewards in a manner that does not encourage excessive risk taking or create risks that are reasonably likely to have a material adverse effect on the Company. Moreover, oversight by the Committee, MCC, independent control functions, and line of business management help the Company maintain a remuneration program that is intended to mitigate the potential for conflicts of interest.

As authorized under its charter, the Committee has engaged Farient Advisors, LLC as its independent remuneration consultant. The independent remuneration consultant meets regularly with the Committee outside of the presence of management and alone with the Committee Chair, and also reviews management's incentive plan certifications with the Committee.

During performance year 2022, the Committee held nine (9) meetings. Additional information regarding the Committee is included in the annual Proxy Statement available on Bank of America's Investor Relations website: <http://investor.bankofamerica.com>.

### ***The Link Between Pay and Performance***

The cornerstone of Bank of America's remuneration philosophy across all lines of business is to pay for performance – Company, line of business and individual performance. Through the Company's Performance Management process, employees understand performance expectations for their role through ongoing dialogue with their manager. The Performance Management process is designed and monitored by the Global Talent function in Human Resources. This process is reviewed periodically so that it meets the needs of managers to assess and communicate performance expectations. Throughout the year, employees receive coaching on their performance and ultimately receive a rating for their full year of performance based upon their achievement of goals for their job.

In addition, the Company does not remunerate or assess employees' performance in a way that encourages employees to act in a manner that conflicts with the duties owed to the Company's clients and performance assessment routines are designed to reflect this. Each employee's performance is assessed on quantitative and qualitative objectives as well as specific behaviors, and performance is factored into each employee's incentive remuneration award. Depending on the employee, quantitative performance objectives may be focused on

Company-wide, line of business or product results. Qualitative performance objectives may include quality and sustainability of earnings, successful implementation of strategic initiatives, adoption of risk culture/adherence to the Risk Framework and operating principles, adherence to the Company's Code of Conduct and other core values of the Company.

Employees receive two ratings – a Result rating (based on factors such as business performance) and a Behavior rating (based on factors such as conduct, broader contributions to the Company, leadership, teamwork, etc.). The scale for both ratings is Exceeds Expectations, Meets Expectations and Does Not Meet Expectations. Both the Result and Behavior ratings are used in determining employees' remuneration. As a result, an employee's remuneration can be influenced not only by what the employee achieves, but how the employee achieves it and the employee may receive no variable award if performance is not sufficiently strong.

The Company's pay-for-performance program also requires that all employees complete annual mandatory risk and compliance training.

### ***Risk Management and Incentive Plans***

Risk is inherent in every material business activity that the Company undertakes. The Company's business exposes it to strategic, credit, market, liquidity, compliance, operational and reputational risks, which incorporate environmental and social considerations. The Company must manage these risks to maximize its long-term results by ensuring the integrity of its assets and the quality of its earnings. To support the Company's corporate goals and objectives, risk appetite, and business and risk strategies, the Company maintains a governance structure that delineates the responsibility for risk management activities, as well as governance and oversight of those activities, by management and the Company's Board.

Executive management develops for Board approval the Company's Risk Framework, which defines the accountability of the Company and its employees in managing risk; the Company's Risk Appetite Statement, which defines the parameters under which the Company will take risk; and the Company's strategic and financial operating plans. Management monitors, and the Board oversees directly and through its committees, including local governance (remuneration) committees, as applicable, the Company's financial performance, execution against the strategic and financial operating plans, compliance with risk appetite metrics and adequacy of internal controls. The Company continually evaluates the design of its remuneration programs in accordance with the Risk Framework. Also, Risk conducts an annual review of the Company's remuneration programs and processes.

The Company applies prudent risk management practices to its incentive remuneration programs and is committed to a remuneration governance structure that effectively contributes to the Company's overall risk management policies.

The Company's incentive plans are designed to compensate employees based on their performance ratings for results against their individual performance plan and behaviors, as well as overall Company and line of business performance. Annual budgets for incentive pools are established as part of the overall financial planning process so that planned incentives align to the overall anticipated performance of the Company. Incentive pools are based on a combination of financial, risk and non-financial measures and performance. The determination of incentive pools is also subject to management discretion, taking into account overall performance, inclusive of risk, of the Company and/or specific lines of business and other factors including the achievement of strategic objectives and a qualitative assessment of the quality and sustainability of earnings over time. Incentive pools may be adjusted to reflect all current and long-term risks, considering the Company's Risk Framework, arising through line of business and product performance.

Risk is also taken into account and managed in connection with the Company's incentive remuneration programs through arrangements permitting performance adjustment of deferred variable remuneration. Employees in positions where the greatest risk is being taken are subject to higher levels of deferral and potential performance adjustments.

The remuneration of the independent control functions operates independently from the lines of business they support. To this end, independent control functions operate as separate lines of business, and remuneration of independent control function employees (including salary levels and incentive awards) is not based on the financial performance of the individual lines of business they support.

### ***Employee Pay***

Bank of America compensates its employees using a balanced mix of fixed remuneration, benefits, annual cash incentives and deferred incentives (which are delivered in equity, equity-based instruments or cash). In general, the more senior the employee's position, the greater the proportion of incentive remuneration that should be (i) subject to deferral and (ii) delivered in the form of equity-based remuneration. The Company believes equity-based awards are the simplest, most direct way to align employee interests with those of stockholders. A portion of the incentive award is provided as a deferred incentive that generally becomes earned and payable over a period of three or four years after grant. Deferred incentives will be cancelled in case of detrimental conduct and, for certain risk takers may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. This approach serves two key objectives, which are to focus employees on long-term sustainable results and to subject remuneration awards to risk over an appropriate time horizon that can be easily communicated and understood.

### ***Senior Management and Material Risk Taker Pay***

The Company operates an enterprise-wide approach in the identification of material risk takers, which has included determining where Senior Management and other material risk takers (or equivalent designations) are located. Senior Management, for the purposes of the CGR, refers to the BAMB CEO and senior officers. Other material risk takers include individual employees who "can materially commit or control significant amounts of the financial institution's resources or whose actions are likely to have a significant impact on its risk profile, or who are among the most highly remunerated officers in the financial institution." The Company considers that it applies its remuneration policies (including the determination of Senior Management and other material risk takers) in a way that is appropriate to the size, internal organization and the nature, scope and complexity of its activities in all the countries in which it operates.

Variable pay for certain members of Senior Management and other material risk takers for performance year 2022 generally consists of a mixture of upfront and deferred payments. Deferred awards will be cancelled in the case of detrimental conduct and may be cancelled if the Company, line of business or business unit, as applicable, incurs a loss for any reason outside the ordinary course of business, including due to strategic, credit, market (including interest rate risk), liquidity, operational, compliance or reputational risk issues. For certain risk takers, if risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to Company standards, the value of the deferred award may be impacted.

By combining cancellation and detrimental conduct clawback provisions, the Company believes that it places a strong focus on sustainable long-term results and appropriate behaviors.

## Quantitative Data

This section contains the information required under Part F, section (22), paragraph (22.3) of the CGR in respect of BAMB. The quantitative information describes remuneration for performance year 2022 including (i) the BAMB CEO, (ii) BAMB non-executive directors, (iii) Senior Management and (iv) other material risk takers.

	BAMB CEO	
	Non-deferred (\$ 000's)	Deferred (\$ 000's)
<b>Total value of remuneration awards for the current financial year</b>		
<b>Fixed remuneration</b>		
Cash based (MYR)	1,496	-
Shares and shared-linked instruments (MYR)	-	-
<b>Variable remuneration</b>		
Cash based (MYR)	1,296	-
Shares and shared-linked instruments (MYR)	-	1,010

	Independent Director – Dato' Wan Kamaruzaman Bin Wan Ahmad <sup>1</sup>		Independent Director – Mr. Andrew Mark Sill <sup>1</sup>	
	Non-deferred (\$ 000's)	Deferred (\$ 000's)	Non-deferred (\$ 000's)	Deferred (\$ 000's)
<b>Total value of remuneration awards for the current financial year</b>				
<b>Fixed remuneration</b>				
Cash based (MYR)	59	-	11	-
Shares and shared-linked instruments (MYR)	-	-	-	-
<b>Variable remuneration</b>				
Cash based (MYR)	-	-	-	-
Shares and shared-linked instruments (MYR)	-	-	-	-

	Independent Director – Ms. Sarena Cheah Year Tih <sup>1</sup>		Independent Director – Mr. Anthony Lim Choon Eng <sup>1</sup>	
	Non-deferred (\$ 000's)	Deferred (\$ 000's)	Non-deferred (\$ 000's)	Deferred (\$ 000's)
<b>Total value of remuneration awards for the current financial year</b>				
<b>Fixed remuneration</b>				
Cash based (MYR)	135	-	135	-
Shares and shared-linked instruments (MYR)	-	-	-	-
<b>Variable remuneration</b>				
Cash based (MYR)	-	-	-	-
Shares and shared-linked instruments (MYR)	-	-	-	-

1. Dato' Wan Kamaruzaman Bin Wan Ahmad was appointed as an Independent Director on 26 July 2022; Andrew Mark Sill was appointed as Independent Director on 1 December 2022; Kellee Kam Chee Khiong resigned as Chairperson effective 22 August 2022 and Dato' Mohammed Bin Haji Che Hussein resigned effective 28 June 2022. The remuneration reported above are based on their actual amount received in 2022.

	Independent Director – Mr. Kellee Kam Chee Khiong <sup>1</sup>		Independent Director – Dato' Mohammed Bin Haji Che Hussein <sup>1</sup>	
Total value of remuneration awards for the current financial year	Non-deferred (\$ 000's)	Deferred (\$ 000's)	Non-deferred (\$ 000's)	Deferred (\$ 000's)
<b>Fixed remuneration</b>				
Cash based (MYR)	120	-	63	-
Shares and shared-linked instruments (MYR)	-	-	-	-
<b>Variable remuneration</b>				
Cash based (MYR)	-	-	-	-
Shares and shared-linked instruments (MYR)	-	-	-	-

	Senior Management (8 Beneficiaries)		Other Material Risk Takers (8 Beneficiaries)	
Total value of remuneration awards for the current financial year	Non-deferred (\$ 000's)	Deferred (\$ 000's)	Non-deferred (\$ 000's)	Deferred (\$ 000's)
<b>Fixed Remuneration</b>				
Cash based (MYR)	4,484	-	4,902	-
Shares and shared-linked instruments (MYR)	-	-	-	-
Other	-	-	-	-
<b>Variable Remuneration</b>				
Cash based (MYR)	1,702	-	2,898	-
Shares and shared-linked instruments (MYR)	-	1,179	-	1,536
Other	-	-	-	-
<b>Other Remuneration</b>				
Total guaranteed bonuses (MYR)	-	-	-	-
Number of guarantees awarded (MYR)	-	-	-	-
Total sign-on awards (MYR)	-	-	-	-
Number of sign-on awards (MYR)	-	-	-	-
Total severance payments (MYR)	-	-	168	-
Number of severance payments (MYR)	-	-	1	-
<b>Deferred Remuneration</b>				
Outstanding Cash based (MYR)	-		-	
Outstanding Shares and shared-linked instruments (MYR)	3,894		2,191	
Outstanding Other (MYR)	-		-	
Paid out during financial year (MYR)	1,918		983	

1. Dato' Wan Kamaruzaman Bin Wan Ahmad was appointed as an Independent Director on 26 July 2022; Andrew Mark Sill was appointed as Independent Director on 1 December 2022; Kellee Kam Chee Khiong resigned as Chairperson effective 22 August 2022 and Dato' Mohammed Bin Haji Che Hussein resigned effective 28 June 2022. The remuneration reported above are based on their actual amount received in 2022.

<b>Implicit/Explicit Adjustments</b>		
Total amount exposed to adjustments (MYR)	3,894	2,191
Total reduction due to ex-post explicit adjustments (MYR)	-	-
Total reduction due to ex-post implicit adjustments (MYR)	1,596	919