# BANK OF AMERICA MALAYSIA BERHAD

*[Incorporated in Malaysia. Registration Number:  199401025304 (310983-V)]*

# CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

*For the financial year ended 31 December 2025*

**CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT**

## Contents

## Introduction

Bank of America Malaysia Berhad (the Bank) is a subsidiary of Bank of America Corporation (BAC), headquartered in Charlotte, USA. This report is prepared to address the Bank Negara Malaysia (BNM) disclosure under the Climate Risk Management and Scenario Analysis policy document.

While BAC started voluntarily reporting the operational greenhouse gas (GHG) emissions in 2003 for its consolidated group, this is the second publication of a Malaysia specific report.

This report can be read in conjunction with "Sustainability at Bank of America" published on December 18, 2025 by BAC, which can be obtained from the following website location: https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf

For Cautionary Information and Forward-Looking Statements, see Page 14 and 15.

The following sections provide more details on governance, climate strategy, risk management, and metrics and targets.

## Governance

The Bank has adopted BAC's Risk Framework which sets forth the roles and responsibilities for the management of risk by Lines of Business (LOBs)/ Control Functions, Global Risk Management and Corporate Audit. In addition, the Bank uses the BAC Climate Risk Framework, which is built off the BAC Risk Framework, that addresses how the Bank identifies, measures, monitors and controls climate risk. The framework also details the roles and responsibilities for climate risk management across the three lines of defense. The Bank expects the Climate Risk Framework to evolve over time as best practices in climate risk management continue to mature. BAC manages its climate strategy through the BAC Board of Directors and its management committees as well as through sustainability-related strategic, risk and regulatory governance routines which operate in each region: US, EMEA, Latin America and APAC.

Proper management and oversight of Climate risks and opportunities start with the Bank's Board of Directors (Board), which oversees management's development and implementation of climate-related activities. The Board and its Risk Management Committee (RMC) comprise of independent directors who have an understanding of risk management principles, policies and practices, and who have experience in identifying, assessing and managing risk exposures.

The Bank Board's responsibilities include consideration of climate risks and opportunities. The Board and the committees that report to it regularly discuss climate-related topics. For example:

- The Board receives periodic updates from management on the Bank climate-related approach, activities and opportunities.
- The RMC oversees activities of senior management in managing climate risk. The RMC receives periodic climate risk reports as well as briefings on climate-related topics.

Key topics covered by the Board or its management committees during 2025 included updates on progress against climate-related strategy, business updates, climate metrics, climate scenario analysis, BNM climate risk stress test regulatory landscape and the continued enhancement of and evolution of climate risk management.

Supporting the Board in its oversight of climate-related activities are management-level routines consisting of senior leaders across major LOBs and control functions. The Bank's Chief Executive Officer (CEO) has overall responsibility to oversee the effective management of climate-related risks and delegates the risk management related components to the Chief Risk Officer (CRO).

The Bank's Board education is vital to the ability of the Board to fulfill its roles, and in their continuous learning. The Bank's Board is invited and encouraged to attend the directors' continuous development courses provided by the Financial Institutions Directors' Education (FIDE) Forum in Malaysia. From time-to-time, the Bank arranges for members of management to address the directors on topics of interest and relevance.

## Strategy

The Bank, as part of BAC, is aligned to BAC's strategy. The tenets of Responsible Growth serve as the foundation for BAC's performance and progress. BAC adopted Responsible Growth in 2014 and has disclosed its progress on its core tenets in BAC's Annual Report to shareholders ever since. In keeping with these core tenets, it is BAC's responsibility to guide their clients through times of economic stability and times of stress.

At BAC, we are guided by Responsible Growth, which follows four tenets that help us to focus on how best to serve our clients, employees and communities in which we live and work:

1. Grow and win in the market, no excuses.
2. Grow with a customer focus.
3. Grow within our risk framework.
4. Grow in a sustainable manner: driving operational excellence, making our company a great place to work and sharing our success.

The Bank utilizes Enterprise-wide scenario analysis to assess climate-related risk, from a financial resilience perspective, supplemented by participating in the BNM Climate Risk Stress Test. The dual approach allows the Bank to test its approach against both global transition pathways and location-specific physical risk events. The Bank's approach to conduct climate scenario analysis is detailed in "Climate Scenario Analysis" section.

In 2021, BAC set a voluntary goal to achieve net zero GHG emissions across its financing activities, operations and supply chain before 2050 (Net Zero goal) and subsequently established interim 2030 targets to help us monitor near-term progress. The focus is to support and help enable clients seeking to minimize their own impact on the environment and provide financing for society's ongoing transition to a more sustainable economy. In addition, in 2021, we set our 10-year goal to mobilize and deploy $1.5 trillion of sustainable finance by 2030, with $1 trillion dedicated toward the environmental transition. BAC also seeks to minimize its own impact on the environment by incorporating sustainability considerations into everyday business operations and supply chain decisions.

Further details on BAC's Net Zero goal can be found in the Sustainability at Bank of America document available on the BAC website. BAC's strategy (focused on managing climate-related risks and capturing opportunities) is managed at an Enterprise level with the Bank contributing to these goals, where applicable, rather than setting their own. The Bank's approach to managing climate-related risks is detailed within the "Climate Risk Management" section below. The Bank cascades its sustainability strategy through regional and global governance routines. This is detailed within the "Governance" section above.

## Strategy (cont'd)

## Climate Scenario Analysis

*Assessing climate-related risk through scenario analysis*

Climate scenario analysis is an important tool that helps us understand how various risks and opportunities may manifest across a range of possible outcomes. In using climate scenario analysis to assess climate resilience we have adopted an approach that is commensurate to the Bank's circumstances, as a subsidiary of the BAC Group and a business with limited exposure to climate transition and physical risk.

As part of BAC's enterprise-wide scenario analysis framework, the Bank has explored a range of long-term climate scenarios published by the Network for Greening the Financial System (NGFS)[1], the last of which are from the Phase IV suite of scenarios, to explore the impacts of transition and chronic physical risk. This includes a high global warming scenario where the global average temperature well exceeds 2°C above pre-industrial levels (Current Policies scenario) and a low global warming scenario, in which the increase in global average temperature is limited to 1.5°C by the end of the century (Net Zero 2050 scenario).

In 2025, the Bank also participated in BNM Climate Risk Stress Test, which covered 39 banks and other financial institutions. This exercise included three long-term NGFS climate scenarios, based on Phase III suite of scenarios to assess transition risk, and a short-term acute physical risk scenario, which considered a one-off 1-in-200 year nationwide event in Malaysia.

Analysis has shown differentiation across sectors, with higher risk industries generally seeing greater loss rates than moderate or low risk industries. However, counterparty level attributes including starting point financial strength and emissions profile are also driving factors. The majority of the Bank's portfolio is concentrated in low and moderate risk sectors and the results in aggregate have not highlighted any vulnerabilities to the Bank's business model.

As with all forward-looking assessments, climate scenario analysis involves the use of assumptions and estimations. These are subject to inherent uncertainty and will continue to evolve and develop over time, in line with industry practices and regulatory standards. BAC plans to continue to develop and evolve enterprise-wide climate scenario analysis capabilities and risk management processes, and the Bank will continue to monitor and assess the relevant climate-related risk.

[1]Bank of America ISSB: IFRS S2 Disclosure 2025 (https://about.bankofamerica.com/content/dam/about/pdfs/BofA_ISSB_IFRSS2Disclosure_2025_ADA.pdf)

## Climate Risk Management

Climate risk is divided into two major categories, both of which span the seven key risk types:

- Physical Risk: Risks related to the physical impacts of climate change, driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts such as rising average global temperatures and sea levels, and
- Transition Risk: Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes.

Physical risks of climate change, such as more frequent and severe extreme weather events, can increase the Bank's risks, including credit risk by diminishing borrowers' repayment capacity or collateral values, and operational risk by negatively impacting the Bank’s facilities, employees, or third parties.

Climate-related transition risks may amplify credit risks through the financial impacts of changes in policy, technology or the market on the Bank or its counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk.

No material climate-related risk variables have been identified impacting the financial position of the Bank as of 31 December 2025. For financial instruments held at fair value, there have not been any adjustments to fair value specifically for climate risks. For financial assets held at amortised cost, there has been no material impact of climate risks on the Bank’s loss allowances for expected credit losses.

All risks, including climate risks, are managed through existing risk identification, measurement, monitoring and control processes. This is done, for example, by supplementing existing risk management policies, processes and activities with climate risk considerations, where appropriate.

## Climate Risk Management (cont'd)

*Climate Risk Identification*

BAC’s risk identification is an ongoing process that incorporates input from stakeholders across LOBs and control functions with relevant expertise. It is designed to be forward-looking and to capture relevant risk factors to which BAC is or may be exposed. In recent years, BAC has enhanced its risk identification process to incorporate climate-related risks such as physical (acute and chronic) and transition risk across LOBs and control functions. BAC is continuing to explore opportunities to expand risk identification capabilities related to physical and transition risk and the resulting impacts to our businesses.

*Climate Risk Measurement*

Measurement of climate risks is conducted using a range of qualitative and quantitative methods across the LOBs and Control Functions using scenario analysis along with tools such as industry-, country- and borrower-level assessments to better understand the climate risks posed to our business, operations, clients and counterparties.

*Climate Risk Monitoring*

To monitor physical and transition risk exposure across all seven risk types, climate risk has been embedded into existing risk management processes and integrated into climate risk metrics and reporting. Climate risk is a regular agenda item at the RMC and Bank’s Board meeting.

*Climate Risk Controls*

Risk controls are established through processes, policies, procedures and governance. Risk management policies are regularly updated to incorporate, where applicable, climate risk considerations to facilitate appropriate controls across risk categories.

The Bank continues to build out and enhance its climate-related risk management capabilities in line with the Bank and regulatory expectations.

## Climate Risk Management (cont'd)

*Climate-related Risk Management by Risk Type*

Examples of how potential climate risks to the Bank are managed are outlined below:

*Credit Risk*

Climate risk in BAC's portfolio arises from physical risks to client assets and operations, and transition risks as businesses adapt to policy, technology or market changes, including customer preferences. BAC actively monitors these risks by assessing potential impacts at an industry, geographic and counterparty-level. BAC classifies countries and industries from Very Low to Very High climate risk based on an individual country or industry's vulnerability to both physical and transition risks. Climate-related risks are evaluated during underwriting through industry risk guidelines and borrower level assessments. The results of these assessments trigger documentation requirements in the credit approval documents and considerations at underwriting (as appropriate).

The Bank continues to assess and categorize economic activities according to the extent the activities meet climate objectives and promote the transition to low-carbon economy based on the Guiding Principles of BNM's Climate Change and Principle-based Taxonomy (BNM CCPT). The resulting BNM CCPT classifications are integrated into the Bank's internal stress testing exercises.

*Market Risk*

BAC assesses potential risks stemming from physical climate perils and abrupt transition events, such as sudden regulatory changes or shifts in investor sentiment, which could materially impact asset valuations in higher risk locations or carbon-intensive sectors. Climate-related impacts on market risk are measured and monitored.

Stress tests are also used to understand the impact of climate risks on trading portfolios with a particular focus on identifying concentrations of risk. Metrics and reporting continue to be developed to take advantage of improved data and modelling.

## Climate Risk Management (cont'd)

*Climate-related Risk Management by Risk Type (cont'd)*

*Liquidity Risk*

Climate-related impacts to liquidity risk are measured and monitored at the portfolio level. Liquidity risk is actively managed through scenario analysis, counterparty assessments and integration into broader climate risk monitoring frameworks to maintain resilience under both physical and transition risk conditions.

*Compliance Risk*

Compliance risks associated with climate topics are regularly assessed and aligned to compliance processes. Applicability and impact of incoming new and amended laws, rules and regulations related to climate topics is evaluated and required changes are executed to comply.

*Operational Risk*

Operational risks associated with climate are assessed through the analysis of operational losses, controls monitoring and testing, and process focused risk reviews. In addition, climate-related operational losses are tracked and our reliance on locations with elevated climate risk is monitored to help maintain critical functions in the face of increasing climate volatility. Additionally, the business continuity program emphasizes climate risk as an important consideration in contingency planning.

*Reputational and Strategic Risk*

Certain business activities with heightened reputational risk arising from climate or broader sustainability concerns must go through an enhanced due diligence process. If deemed necessary based on the level of risk involved, they may be escalated to governance forums.

BAC proactively monitors and evaluates changes to the internal and external environment with regard to strategy, including impacts due to climate risk.

## Metrics and Targets

BAC is committed to improving the environment in its approach to global business strategy, partnerships, operations, employee support, risk management, and governance.

Over the past two decades, BAC has established climate-related goals, including reductions in GHG emissions across Scope 1, Scope 2 and Scope 3, as well as targets related to supplier engagement and financing activity. These goals are supported by strategies to manage and reduce environmental impacts across all GHG scopes and goal categories.

The Bank, as part of the BAC, contributes to these enterprise-wide targets but does not set climate-related goals on a stand-alone basis. The Bank recognises its responsibility to manage and reduce environmental impacts across all climate-related goals. The section below summarizes the Malaysia operational and financial data in support of BAC's climate strategy and performance.

## Greenhouse Gas Emissions (GHG) and Methodology

The GHG emissions in the table below have been produced in line with the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (GHG Protocol Corporate Standard). All metrics in this table undergo internal review, control and governance. As Scope 3: Category 7, Employee Commuting, was disclosed for the first time in FY2025, no prior year figures have been presented.

| | Units | 2025 Gross Location based | 2025 Gross Market based | 2024 Gross Location based | 2024 Gross Market based |
|---|---|---|---|---|---|
| Scope 1 direct emissions | Metric tons $CO_2e$ | 11 | 11 | 12 | 12 |
| Scope 2 indirect emissions | | | | | |
| Electricity | Metric tons $CO_2e$ | 473 | — | 483 | - |
| Scope 3 indirect emissions | | | | | |
| Category 6: Business travel | Metric tons $CO_2e$ | 142 | 142 | 133 | 133 |
| Category 7: Employee commuting | Metric tons $CO_2e$ | 148 | 148 | NA | NA |
| Total | Metric tons $CO_2e$ | 774 | 301 | 628 | 145 |

## Metrics and Targets (cont'd)

### Greenhouse Gas Emissions (GHG) and Methodology (cont'd)

Scope 1 GHG emissions represent the Bank's direct GHG emissions from sources that are owned or controlled by the Bank, in accordance with the GHG Protocol Corporate Standard.

Scope 2 GHG emissions represent indirect GHG emissions from the generation of purchased electricity that is acquired and consumed by the Bank at its facilities, including colocated server locations. The location-based method reflects the average emissions intensity of the electricity grid in the geographic area where consumption occurs. The market-based method reflects the emissions associated with the electricity that the Bank has purposefully chosen, incorporating the impact of energy attribute certificates or other renewable energy products.

Scopes 1 and 2 calculations are based on site-specific data for utilities purchased, applying published emission factors and 6th Assessment Report global warming potentials (GWPs) from the Intergovernmental Panel on Climate Change.

Scope 3 GHG emissions represent indirect GHG emissions from the Bank's value chain, specifically for Business Travel and Employee Commuting. Scope 3 calculations are based on data for the relevant activity, applying published emissions factors and GWPs. Where actual data is not available, estimates are made based on actual data collected in prior years.

## Metrics and Targets (cont'd)

### Credit Risk Exposure

The table below illustrates the key industry sectors that have been identified as having heightened vulnerability to climate-related risk, based on sub-sectors of each industry sector that are rated Moderate, High or Very High. The table represents credit exposure of net outstanding loans and advances which aligns with the Credit Risk exposure by economic sectors disclosure in the Bank's audited financial statements for the financial year ended 31 December 2025.

**Credit Risk Exposure (on Loans and advances) by Economic Sectors rated Moderate, High or Very High**

| Industry sector | Total Net loan and advances exposure (RM'000) | % of total MYR Exposure |
|---|---|---|
| Financial and Insurance/ Takaful Activities | 28,459 | 6.4% |
| Manufacturing | 227,704 | 51.6% |
| Mining and Quarrying | 4,496 | 1.0% |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 9,992 | 2.3% |
| Subtotal for sectors listed above | 270,651 | 61.3% |
| Total Net loans and advances exposure (Source: the Bank's Audited financial statements for FYE31Dec2025 - Note 32H) | 441,406 | |

Note 32H of the Bank's audited financial statements for the financial year ended 31 December 2025 represent total credit risk exposure at entity level predominantly related to total commitments and contingencies. Commitments and contingencies in the disclosure mainly arising from exposure related to notional of derivative transactions and undrawn loan commitments (mainly non-legally binding lending commitment). These balances are excluded from the above table.

## Metrics and Targets (cont'd)

## Capital Deployment

The table below shows the outstanding loans as of 31 December 2025 in line with the reporting of climate-related exposure per the guiding principles and classification of BNM's CCPT.

(Amount in RM'000)

| Sector | C1 | C2 | C3 | C4 | C5 | |
|---|---|---|---|---|---|---|
| | | | | | C5a | C5b |
| Mining and quarrying | – | – | – | – | – | 4,533 |
| Manufacturing | – | – | – | – | 5,019 | 235,722 |
| Construction | – | – | – | – | – | 1,657 |
| Wholesale and retail trade; repair of motor vehicle and motorcycles | – | – | – | – | – | 10,017 |
| Information and communication | – | – | – | – | – | 15,002 |
| Financial and insurance/ takaful activities | – | – | – | – | – | 168,729 |
| Others | – | – | – | – | – | 10,015 |
| Total | – | – | – | – | 5,019 | 445,675 |

Facilitating the classification of economic activities are 3 broad categories comprising of 5 CCPT classifications based on how they meet the criteria of Guiding Principles GP1 – GP4:

- Climate supporting (C1)
- Transitioning (C2 and C3)
- Watchlist (C4 and C5 [C5a and C5b])

Guiding Principles GP1 – GP4 as below:

- GP1: Climate change mitigation
- GP2: Climate change adaptation
- GP3: No significant harm to environment
- GP4: Remedial measures to transition

In reference to the BNM CCPT, GP1 and GP2 assessment is at transactional level (whether the purpose of financing or use of proceeds support climate change mitigation and/ or adaptation objectives), while GP3 and GP4 at the overall business level. GP3 and GP4 assessment are guided by the Due Diligence Questionnaire and Guidance Notes issued by the CCPT Implementation Group.

Majority of the outstanding loans as of 31 December 2025 are classified as C5b, where exposure has no significant harm to environment from an overall business perspective.

## Metrics and Targets (cont'd)

### Performance and Remuneration

BAC Board Compensation and Human Capital Committee oversees the governance of our pay-for-performance compensation philosophy, which focuses on pay for performance over the long-term, as well as on an annual basis. Performance considerations encompass both financial and non-financial measures, including the manner in which results are achieved for the Bank, LOBs and individual employees. The Bank is committed to a compensation governance structure that effectively contributes to overall risk management policies (all risks, including climate risks).

**Cautionary Information and Forward-Looking Statements**

This report contains statements regarding Responsible Growth and statements and opinions related to sustainability, including climate (all of the foregoing and any other contents of this report being, collectively, the Sustainability Information). Such sustainability Information may be based on current or historic aspirations, targets, goals, commitments, efforts, programs, estimates, assumptions, standards, metrics, methodologies and internal control frameworks and currently available data, which continue to evolve and develop and any statements thereto are not guarantees or promises, any particular outcome will occur. BAC and its affiliates may be engaged in certain business activities which could have increased scrutiny from a sustainability perspective. Any references to “sustainability”, “sustainable finance” or similar terms in this report are not intended to reflect any jurisdiction-specific regulatory definition, unless otherwise stated.

The Sustainability Information is as of the period referenced, subject to change without notice. Such Sustainability Information may also include the use of financial and nonfinancial metrics and/or other information that vary in source, quality, timeliness and completeness and are subject to significant measurement uncertainties and updates, which may include the methodology, collection and verification of complex data, estimates, judgments and assumptions and/or underlying data that is obtained from multiple third parties, often which we cannot independently verify.

Additionally, certain statements contained in this report may constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the Sustainability Information, such as BAC’s goal to achieve net zero greenhouse gas emissions across its financing activities, operations and supply chain before 2050, interim 2030 Net Zero greenhouse gas emissions targets and sustainable finance goal, which may evolve over time and may be the subject of proposed legislative and regulatory changes across jurisdictions, that may have a significant impact on our future measurement and reporting, as well as the results of the efforts and programs set forth in this report. Words such as “anticipates,” “targets,” “expects,” “hopes,” “estimates,” “intends,” “plans,” “goals,” “believes,” “continue” and other similar expressions or future or conditional verbs such as “will,” “may,” “might,” “should,” “would” and “could” may be used to identify forward-looking statements. Forward-looking statements are not based on historical facts, but reflect management’s current expectations, plans or forecasts, are not guarantees of future results or performance, involve certain known and unknown risks, uncertainties and assumptions that are difficult to predict and often beyond BAC’s control and are inherently uncertain. You should not place undue reliance on any forward-looking statement.

**Cautionary Information and Forward-Looking Statements (cont'd)**

Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements due to a variety of factors, including global socio-demographic and economic trends, energy prices, technological innovations and advances, climate-related conditions and weather events, legislative and regulatory changes, public policies, engagement with clients, suppliers, investors, government officials and other stakeholders, the quality and availability of third-party data, including data measured, tracked and provided by data providers, clients and other stakeholders, the ability to gather and verify data, the ability to successfully implement sustainability-related initiatives under expected time frames, third-party expectations, policies and procedures and other unforeseen events or conditions. Discussion of additional factors, including uncertainties and risks,
can be found in BAC's 2025 Annual Report on Form 10-K and subsequent SEC filings. Forward-looking statements speak only as of the date they are made and BAC undertakes no obligation to update or revise any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.

Website references and/or links in this report are provided for convenience only and the content on the referenced websites is not incorporated by reference into this report.