BANK OF AMERICA MALAYSIA BERHAD

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

For the financial year ended 31 December 2024

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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 GHG emissions in 2003 for its consolidated group, this is the first publication of a Malaysia specific report.

This report is to be read in conjunction with "Sustainability at Bank of America" published on September 30, 2024 by BAC, which can be obtained from the following website location: https://about.bankofamerica.com/content/dam/about/report-center/esg/2024/Sustainability_at_Bank_of_America_2024_Report.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, Global Risk Management, other control functions and Corporate Audit. In addition, the Bank uses an internal enterprise Climate Risk Framework, which is built off of the Enterprise Risk Framework, that addresses how the Bank identifies, measures, monitors and controls climate risk. 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 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.

The Bank's Board of Directors (Board) oversees the business and affairs of the Bank, providing active and independent oversight of management, including the development and execution of climate-related activities. The Board, Risk Management Committee (RMC) comprise of independent directors, with an understanding of risk management principles, policies and practices, and have experience in identifying, assessing and managing risk exposures. Our directors' perspectives, experiences and expertise help inform and guide how we deliver long-term, sustainable value for our shareholders and share success with our communities. The Board actively oversees the Bank's drive toward Responsible Growth, a key tenet of which is to grow in a sustainable manner, through comprehensive governance and risk oversight practices.

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 strategy, 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 2024 included updates on progress against climate-related strategy, business updates, climate metrics, climate scenario analysis, the regulatory landscape and the continued enhancement to and evolution of climate risk management.

Supporting the Board in its oversight of climate-related activities are management-level routines comprised of senior leaders across major Lines of Business (LOBs) and control functions. The Bank 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).

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 BAC's 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 BAC's clients through times of economic stability and times of stress.

In 2021, BAC announced a goal of achieving Net Zero before 2050 in its financing activities, operations and supply chain (Net Zero goal). As part of this goal, BAC has set interim voluntary 2030 goals across BAC's financing activities related to certain high-emitting sectors (2030 Financing Activity goals), operations and supply chain, all of which are further supported and complemented by BAC's 10-year goal to mobilize and deploy USD $1.5 trillion in sustainable finance by 2030.

Further details on BAC's Net Zero goal can be found in the Sustainability at Bank of America document (www.bankofamerica.com/tcfd). The report also provides progress on BAC's USD $1.5 trillion sustainable finance by 2030 goal including USD $1 trillion to accelerate the environmental transition. 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 its own. The Bank's approach to managing climate-related risks is detailed within the "Climate Risk Management" section below.

Climate Risk Management

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 Identification

To be effectively managed, climate risk must be proactively identified and well understood. The Bank'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 the Bank is or may be exposed. In recent years, BAC has enhanced its Enterprise risk identification process to incorporate climate-related factors 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 and tools such as industry-, country- and borrower-level assessments as well as scenario analysis, 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. The Bank reports and escalates climate risks and related mitigation activities to senior management and the Board, as appropriate, via established governance routines. Climate risk is a regular agenda item at the RMC and Bank's Board meeting.

Climate Risk Controls

Climate risks are controlled like all other risks through processes, policies, procedures, limits and governance. Risk management policies have been updated to incorporate, where applicable, climate risk considerations to ensure 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

BAC uses a methodology to classify the possible financial risks of climate change at the industry level. Based on judgmental considerations for physical and transition climate-related risks, industries are rated as Very Low, Low, Moderate, High or Very High and use a 2030 time horizon in line with Bank of America's voluntary 2030 Financing Activity goals.

To manage country risk, a framework is used to assess climate-related risks to all countries in the Banks's coverage universe. The proprietary methodology uses subject matter expertise and a range of third-party indicators which cover physical, transition, and overall climate risk. Countries are rated using the same five categories as industry risk ratings (very low, low, moderate, high, or very high).

A Climate and Sustainability Centre of Excellence steers the ongoing implementation of borrower-level climate and environmental risk assessments ("CERAs"). The CERA score is generated on a 5 point scale derived from qualitative and quantitative inputs, where available and considers industry, physical and transition risk ratings and country climate risk classifications, where relevant. The CERA score is integrated into the underwriting and credit risk lifecycle.

In 2022, the Bank began 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 Bank Negara Malaysia's Climate Change and Principle-based Taxonomy ("BNM CCPT"). The Due Diligence Questionnaire ('DDQ") issued by the CCPT Implementation Group (IG) was also embedded as part of the Bank's internal credit risk policy requirement in 2024.

Climate Risk Management (cont'd)

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

Market Risk

Climate-related impacts to market risk are measured and monitored. Reporting has been developed, whereby market risk sensitivities and price impacts are aggregated by sector and/or geographies across various asset classes including fixed income, currencies and commodities ("FICC"), to identify and monitor climate-sensitive concentrations. This leverages both industry and country climate risk classifications described in the credit risk section above. Where applicable, country climate risk classifications are used to aggregate risk sensitivities for rates, foreign exchange and sovereign trading instruments into climate-sensitive exposures.

Stress tests are also used to understand the impact of climate risks on trading portfolios, with a particular focus on identifying concentrations of climate risk within a portfolio, including monitoring of results within a monthly dashboard. Metrics continue to be developed to take advantage of improved industry data and modelling for the measurement of both transition and physical risks.

Liquidity Risk

Climate-related impacts to Liquidity Risk continue to be measured and monitored at the portfolio level. This provides a summary of client deposits and unutilized commitments by industry climate risk classification ratings defined based on the Enterprise Industry Climate Risk Framework.

Compliance and Operational Risk

The Bank regularly assesses the operational and compliance risks related to climate change, which have been aligned to its processes. A dedicated coverage team executes this assessment by reviewing inherent risk, the control environment and residual risk based on independent coverage activities including compliance monitoring, tracking of issue trends, operational loss analysis, risk assessments and process management. The Bank also evaluates the applicability and impact of incoming new and changed laws, rules and regulations related to climate topics and executes changes needed to comply. Operational risks with climate triggers such as greenwashing and business continuity are managed through control frameworks at the enterprise and/ or line of business level.

The global regulatory landscape on climate risk management continues to evolve. In Malaysia, BNM has issued guidelines for financial institutions to manage climate risks, as well as requirements for regulatory reporting and disclosure. As new requirements are issued, teams across the Bank conduct gap assessments and create implementation plans as needed to achieve compliance in the required timeframes.

Climate Risk Management (cont'd)

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

Reputational and Strategic Risk Section

BAC assesses potential climate risks associated with client relationships, transactions and business decisions more likely to result in reputational risk. Certain business activities with heightened reputational risk arising from climate or broader sustainability concerns must go through an enhanced due diligence process, and if deemed necessary based on the level of risk involved, may be escalated to the global or regional risk governance body for decisioning. Through strategic risk governance routines, we continuously evaluate changes to the internal and external environment, including impacts due to climate risk.

Metrics and Targets

BAC is committed to improving the environment in how we approach our global business strategy, work with partners, make our operations more sustainable, support our employees, manage risks and govern our activities. Building on longstanding support for the Paris Climate Agreement, BAC have a goal to achieve net zero greenhouse gas (GHG) emissions in our financing activities, operations and supply chain before 2050.

The Bank, as a wholly-owned subsidiary of BAC, participates and actively engages in the BAC principles of Responsible Growth, including:
- Grow and win in the market, no excuses
- We have to be client-focused
- Grow within our risk framework
- Grow in a sustainable manner: driving operational excellence, making our company a great place to work and sharing our success

BAC has set a wide range of public operational and business target to manage our environmental impact and finance the transition to a low-carbon economy. The below section summarizes the Malaysia operational and financial data that support BAC climate strategy and performance and guide our progress towards BAC's Impact on the Environment: Net Zero before 2050. More information on BAC Approach to Zero is summarised and can be obtained from 2024 Proxy Statement page 42, from the following website:
https://investor.bankofamerica.com/annual-reports-and-proxy-statements

Metrics and Targets (cont'd)

Greenhouse Gas Emissions ("GHG")

Global environmental objectives are set at BAC Group level and the Bank contributes to these targets. Being a part of the BAC Group, the Bank recognises its responsibilities and below is the GHG emissions.

The GHG emissions in the table below have been produced in line with the World Resources Institute's "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard".

	2024 Gross Location based	2024 Gross Market based
Scope 1 direct emissions (tCO2e)	12	12
Scope 2 indirect emissions (tCO2e)		
Electricity	483	-
Scope 3 indirect emissions (tCO2e)		
Business travel	133	133
Total	628	145

2024 is the first year of reporting. Comparative data will be shown from next report onwards.

A location-based method reflects the average emissions intensity of the electricity grid.

A market-based method reflects emissions from electricity that the Bank has purposefully chosen and takes into account the impact of green contracts or other renewable energy products. The Bank is able to report minimal emissions under Scope 2 using the GHG Protocol Corporate Standards' market-based approach due to executed contracts that confirms 100% renewable electricity.

The International Energy Agency Year 2022 data (2024 Edition) emission factors, have been used to calculate location-based emissions from electricity. The United States Environmental Protection Agency emission factors have been used for natural gas and gas oil which is consistent with BAC's global GHG inventory. Global warming potentials from the Intergovernmental Panel on Climate Change 4th Assessment Report were used to convert CH4 and N2O to CO2e.

tCO2e = metric ton of carbon dioxide equivalent

Metrics and Targets (cont'd)

Climate Risk

Climate risk is divided into two major categories, both of which span across 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.

Transition risks of climate change 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 2024. 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.

Metrics and Targets (cont'd)

Transition Risks

Based on judgmental considerations for physical and transition climate-related risks, industry climate risk ratings have been assigned for industries utilizing the North American Industry Classification System (NAICS) and for Industry Groups as defined by BAC.

The table below illustrates the key industry sectors that have 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 December 31, 2024.

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
Electricity, gas, steam and air conditioning supply	3,587	0.5%
Financial and Insurance/ Takaful Activities	72,305	9.2%
Manufacturing	375,564	47.7%
Mining and Quarrying	980	0.1%
Transportation and storage	107,971	13.7%
Wholesale and retail trade; repair of motor vehicles and motorcycles	7,983	1.0%
Subtotal for sectors listed above	568,390	72.2%
Total Net loans and advances exposure (Source: BAMB Audited financial statements for FYE31Dec2024 - Note 32G)	786,776	

Note 32G of the Bank's audited financial statements for FYE31Dec2024 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 below table shows the outstanding loans as of 31 December 2024 inline with the reporting of climate-related exposure per the guiding principles and classification by BNM's Climate Change and Principles-based Taxonomy (CCPT).

(Amount in RM'000)

Sector	C1	C2	C3	C4	C5	
					C5a	C5b
Mining and quarrying	–	–	–	–	–	981
Manufacturing	–	–	–	–	21,243	357,157
Electricity, gas, steam and air conditioning supply	–	–	–	–	–	3,610
Construction	–	–	–	–	–	9,820
Wholesale and retail trade; repair of motor vehicle and motorcycles	–	–	–	–	–	8,039
Transportation and storage	–	–	–	–	–	108,970
Financial and insurance/ takaful activities	–	–	–	–	72,746	209,470
Total	–	–	–	–	93,989	698,047

Facilitating the classification of economic activities are classified into 3 broad categories and comprising 5 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 efforts to promote 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 adaption objectives), while GP3 and GP4 at the overall business level. GP3 and GP4 assessment are guided by the Due Diligence Questionnaire issued by the CCPT Implementation Group.

Majority of the outstanding loans as at 31 December 2024 is classified as C5b, where exposure has no significant harm to environment from 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 may contain statements regarding Responsible Growth and statements and opinions related to sustainability, including the environment, the Communities served by BAC and human capital (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. Any statements made in connection with BAC's aspirations, targets, goals, commitments, efforts or programs are not guarantees or promises that they will be met. 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," "green," 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 cannot be independently verified. For additional information, see Other Data Challenges on page 80 of the 2024 Sustainability at Bank of America document.

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 BAC's business and Sustainability Information, such as BAC's goal to achieve Net Zero greenhouse gas emissions before 2050 in its financing activities, operations and supply chain, interim 2030 Net Zero greenhouse gas emissions goals, including financed emissions targets and sustainable finance goals, which may evolve over time. 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.

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 compliance with expectations, policies and procedures and other unforeseen events or conditions. Discussion of additional factors, including uncertainties and risks,

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

can be found in BAC's 2024 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.