

FINAR

Raporlama | Markalama | Dijital | Yatırımcı iletişimi

Neden

bir faaliyet raporunuz
olmalı?

Bir iletişim aracı olarak
faaliyet raporu

Faaliyet raporu řirketinizin kartvizitidir.

řirketinizi tüm faaliyet alanlarıyla, kurumsal yapınızı, iş modelinizi ve yönetim yaklaşımınızı en doğru ve kanıtlarla desteklenmiş şekilde anlatabileceğiniz bir araçtır.



İyi hazırlanmış bir faaliyet raporu kurum itibarınıza katkı sağlar.

Nasıl bir insan için giyim-kuşam son derece önemliyse ve iyi görünmek için iyi giyinmek zorundaysak, iyi hazırlanmış, hem içerik hem de grafik tasarım olarak iyi tasarlanmış bir faaliyet raporu şirketlerin de daha itibarlı görünmeli katkı sunar.



Faaliyet raporu,
en prestijli
kurumsal
iletiřim aracıdır.

Bir faaliyet raporu,
sadece bir faaliyet
raporu deęildir. Temsil
ettięi kurumun tüm
paydařları ile kurduęu
açık iletiřimin en itibarlı
ve inandırıcı aracıdır
aynı zamanda.

Özak GYO'nun

GELECEK AJANDASI



Özak Gayrimenkul Yatırım Ortaklığı A.Ş.
2016 Faaliyet Raporu

Nasıl

bir faaliyet raporunuz
olmalı?

Faaliyet raporunuzun başarısını etkileyecek
10 faktör

Nasıl bir faaliyet raporunuz olmalı?

1

İçerik tasarımı ve akışı iyi olmalı

Raporunuz eğer, vermek istediğiniz ana mesaja uygun bir akışa sahip değilse bir çok şey okurun gözünden kaçacaktır. İyi çekilmiş ama kötü kurgulanmış bir film gibi, okuması da zor olacaktır.



Nasıl bir faaliyet raporunuz olmalı?

2

İlk sayfalar çok iyi değerlendirilmeli.

İlk sayfalar çok değerli. Onları iyi değerlendirmek, şirketiniz ve yıl hakkında kısa bir özeti bu sayfalara doğru ve çekici bir şekilde yerleştirmek, raporunuzun başarısını etkileyecektir.



Nasıl bir faaliyet raporunuz olmalı?

3

Basit ve özlü olmalı.

Rapor, lafı uzatmadan söylemeli. Uzun ve sıkıcı metinler yerine kısa ve carpıcı metinler kullanılmalı. Şirketin nereden gelip nereye gittiğini, bu yolculuğundaki temel iş ve yönetim stratejilerini, bulunduğu pazarı ve pazardaki konumunu, büyüme potansiyelini ve nakit akışını basit ve özlü bir şekilde yansıtmalı.



Özak GYO

Nasıl bir faaliyet raporunuz olmalı?

4

Dengeli bir anlatıma sahip olmalı.

Dürüst ve açık bir şekilde, şirketin başarıları, iyi yönleri ve yıl içinde karşılaştığı zorluklar ortaya konulmalı. Ortada bir başarısızlık varsa üstü örtülmemeli. Açıkca, nedenleri anlatılmalı. Okuru, kendimizden daha fazla önemsemeliyiz. Şuna emin olun, samimi misiniz değil misiniz hemen anlaşılır.



Nasıl bir faaliyet raporunuz olmalı?

5

Ambalajı çekici olmalı.

Nasıl bir süpermarket rafında, ambalajını beğenmediğimiz bir ürünü almıyorsak, elimiz ona gitmiyorsa, raporumuzun kapağı ya da kutusu yeterince çekici ve güzel olmazsa kimse yüzüne bile bakmayacaktır. Onca emek harcayarak ortaya çıkardığınız faaliyet raporunuz, uzaktan sessizce geçen bir gemi gibi, kimse farkına varmadan depoda miyadını dolduracaktır.



Nasıl bir faaliyet raporunuz olmalı?

6

Grafik tasarımı iyi ve doğru olmalı.

İyi ve doğru tasarlanmış bir faaliyet raporunun okunurluğu yüksek olacaktır. Raporda kullanılan başlık düzeni, spotlar, fotoğrafların yeri ve büyüklüğü, ana mesajların açık ve anlaşılır şekilde takip ediliyor olması son derece önemlidir.



Nasıl bir faaliyet raporunuz olmalı?

7

Bir hikayesi olmalı.

Hikayeler her zaman akılda kalır.
Hikayeler her zaman çalışır.
Eğer yıllık raporunuza herkesi
ilgilendirebilecek bir hikaye
ekleyebilirsiniz, onu şirketinizin
tüm unsurlarının sahipleneceği
bir yıllık etkinliğe dönüştürmeyi
başarabilirsiniz. Bir de bu hikayeyi
raporun ana mesajına doğru entegre
edebilirsiniz, emin olun, okunurluk
katsayısını epeyce artırırsınız.



Nasıl bir faaliyet raporunuz olmalı?

8

Raporunuz yaratıcı ve cesur olmalı.

Raporun ana mesajını açık, yalın, kanıtlarla desteklenmiş, yaratıcı ve cesur bir şekilde ortaya koyabilirsiniz okurun dikkatini çekebilirsiniz. Raporun entelektüel inandırıcılığını artırmanın yanı sıra bu inancı pekiştirecek mesajları da en etkili ve cesur şekilde okurla buluşturmak durumundasınız.



Nasıl bir faaliyet raporunuz olmalı?

9

Online cihazlarla entegre olmalı

Günümüz bilgi ve iletişim çağı. Yayınlandığında bile eski bilgilere sahip bir dokumanı mutlaka online erişime açık tutmalısınız. Mümkünse Paydaşlarınıza, mobil cihazlardan ve bilgisayarlardan etkileşimli bir okuma deneyimi sunmalısınız.



Nasıl bir faaliyet raporunuz olmalı?

10

Dağıtımı ve tanıtımı iyi yapılmalı

Onca emek vererek orataya çıkardığınız faaliyet raporunuzu doğru ellere göndermedikçe, doğru kişiler tarafından görülmesini sağlamadıkça etkisini göremezsiniz.

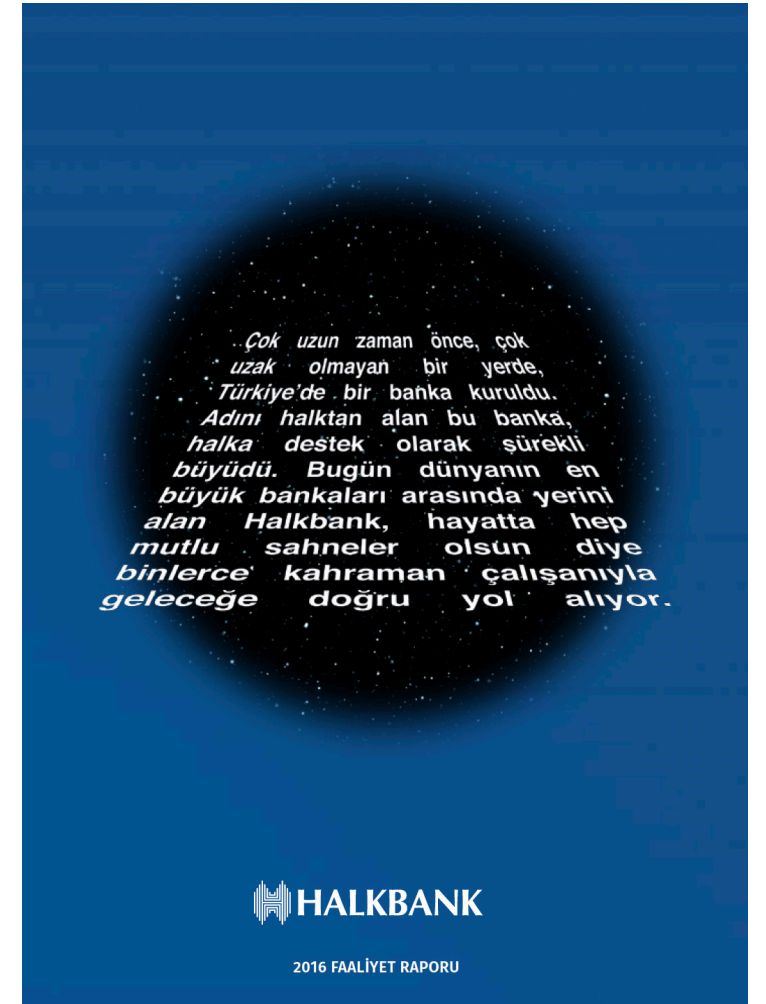
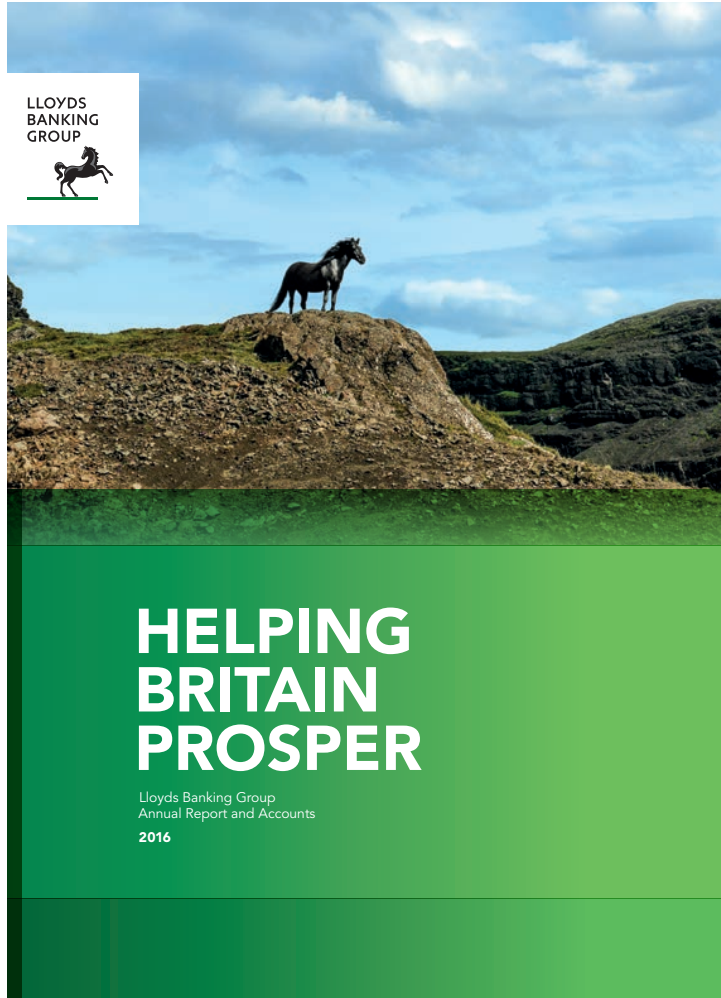


FTSE - NYSE - BİST

Neler oluyor?

FTSE - NYSE - BİST neler oluyor?

Batı cephesinde deęiřen bir řey yok





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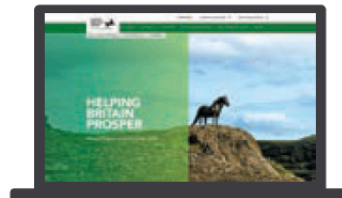
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This Annual Report and Accounts contains forward looking statements with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategic initiatives and objectives. For further details, reference should be made to the forward looking statements on page 288.

Reporting

Just as we operate in an integrated way, we aim to report in an integrated way. We have taken further steps towards this goal this year. As well as reporting our financial results, we also report on our approach to operating responsibly and take into account relevant economic, political, social, regulatory and environmental factors.



View our Annual Report and Accounts and other information about Lloyds Banking Group at www.lloydsbankinggroup.com

The 2016 Annual Report and Accounts incorporates the strategic report and the consolidated financial statements, both of which have been approved by the Board of Directors.

Lord Blackwell

On behalf of the Board
Lord Blackwell
Chairman
Lloyds Banking Group
21 February 2017

Please turn over

Lloyds Banking Group

Annual Report and Accounts 2016

ABOUT US

We are the leading provider of financial services to individual and business customers in the UK.

Our main business activities are retail and commercial banking, general insurance, and long-term savings, protection and investment. We provide our services under a number of well recognised brands including Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows and through a range of distribution channels including the largest branch network and digital bank in the UK.

We are creating a simpler, more responsive, customer focused business.

Doing the right thing for our customers by meeting their financial needs, helping them succeed, improving our service proposition and creating value for them, is key to the long-term sustainable success of our business.

Right: Sophie Unwin's 'Remade in Edinburgh' which was awarded a grant from the Lloyds Bank Social Entrepreneurs Scale Up Programme, teaches local people, including those who are homeless, unemployed, or refugees, to repair household goods to save money.



OUR PURPOSE

Helping Britain prosper

Read more on page 18

OUR AIM

To become the best bank for customers whilst delivering superior and sustainable returns for shareholders

OUR BUSINESS MODEL

Simple, low risk, UK focused, retail and commercial bank

Read more on page 12

OUR STRATEGIC PRIORITIES

- Creating the best customer experience
- Becoming simpler and more efficient
- Delivering sustainable growth

Supported by our colleagues

- Building the best team

Read more on page 14

Strategic report

Financial results

Governance

Risk management

Financial statements

Other information

01

Our competitive strengths

Our strengths and capabilities provide significant advantage and differentiation, driving value creation

UK focus

Operating primarily in the UK means we are focused on a single developed market that we truly understand while avoiding the complexities and costs of multi-jurisdictional operations.

Simple, low cost operating model

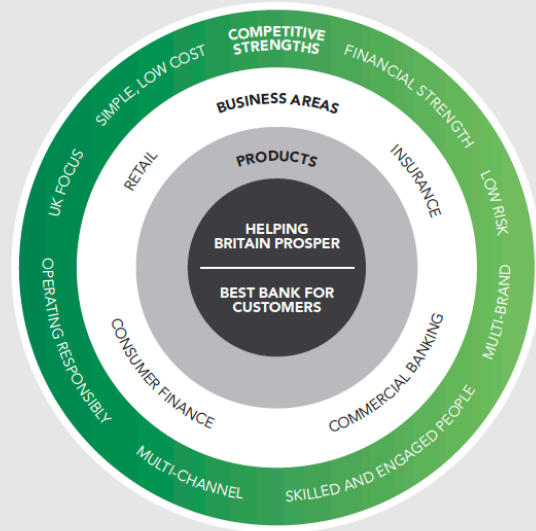
Our simpler operating model and focus on operational efficiency provides a cost advantage which benefits both customers and shareholders.

Financial strength

Our balance sheet and funding position have both been transformed in recent years and they are now amongst the strongest in the banking sector worldwide.

Low risk business

Being a low risk bank is fundamental to our business model. Our low risk appetite is reflected through the low level of non-performing loans and non-core assets and our credit default swap spread, which is amongst the best in the banking sector worldwide.



Operating responsibly

A sustainable and responsible approach to doing business is integral to everything we do.

Multi-channel approach

Operating in an integrated way through a range of distribution channels, including the largest branch network and digital bank in the UK, ensures our customers can interact with us when and how they want.

Multi-brand proposition

Offering our services through a number of recognised brands enables us to address the needs of different customer segments more effectively.

Skilled and engaged people

Our colleagues provide real advantage. We invest in skills and training while ensuring alignment to our customer focused strategy and commitment to build the best team.

Read more on page 12

Group highlights

ANOTHER YEAR OF GOOD PROGRESS

Underlying profit of

£7.9bn

Strong capital generation

c.190bps

pre dividend

Statutory profit before tax more than doubled to

£4.2bn

Acquisition of

MBNA

credit card business, announced in December

Strong balance sheet position with pro forma CET1 ratio (post dividend) of

13.8%

Progressive and sustainable ordinary dividend

2.55p per share

with an additional special dividend of 0.5p per share

Cost:income ratio of

48.7%

Our market leading cost:income ratio reduced further, reflecting our operational efficiency

Asset quality ratio of

15bps

Asset quality remains strong with no deterioration in the underlying portfolio

Read more on pages 33 to 36 or visit www.lloydsbankinggroup.com



Divisional highlights

We operate across four business areas to execute our strategy and drive value for all our stakeholders

 Read more on pages 40 to 47 or visit www.lloydsbankinggroup.com



RETAIL

Our Retail division is a leading provider of current accounts, savings and mortgages to personal and small business customers in the UK.

UNDERLYING PROFIT

£3,003m

40%¹

24%

market share of current account switchers

£11.7bn

of lending to first-time buyers

Active online users



Business start-ups supported



COMMERCIAL BANKING

Our Commercial Banking division has a rich heritage of supporting UK businesses from SMEs to large corporates and financial institutions.

UNDERLYING PROFIT

£2,468m

32%¹

3%

growth in SME lending

17%

share of mid-market banking relationships

Return on risk-weighted assets



Funding for UK manufacturers



¹ Proportion of Group underlying profit excluding run-off and central items.



CONSUMER FINANCE

Our Consumer Finance division provides motor finance solutions, consumer loans and credit cards to consumer and commercial customers.

UNDERLYING PROFIT

£1,283m

17%¹

15%

share of credit card balances

9%

growth in UK consumer finance assets

Motor finance UK balances



Credit card balance growth



¹ Proportion of Group underlying profit excluding run-off and central items.



INSURANCE

Our Insurance division provides customers with long-term savings, investment and protection products and general insurance.

UNDERLYING PROFIT

£837m

11%¹

6m

life, pensions and investments customers

14%

share of the home insurance market

Corporate pension, planning and retirement funds



Annualised payments to annuity customers in retirement



Group Chief Executive's review



We have delivered strong financial performance in 2016 as we continue to make good progress against our strategic priorities. We are well positioned for future success.

António Horta-Osório
Group Chief Executive

We have delivered strong financial performance in 2016 as we continue to make good progress against our strategic priorities. Underlying profit was £7.9 billion and statutory profit has more than doubled to £4.2 billion. We continue to improve our customers' experience, simplifying the business whilst growing in targeted areas and in December announced the acquisition of MBNA's prime UK credit card business. Strong capital generation, which is a consequence of our business model, has enabled us to fully cover the expected capital impact of the MBNA acquisition, increase our ordinary dividend by 13 per cent and pay a special dividend. As a simple, low risk, UK focused bank we are committed and well positioned to help Britain prosper and become the best bank for customers and shareholders.

Operating environment

Given our UK focus, our performance is inextricably linked to the health of the UK economy which has been more resilient than the market expected post referendum, with GDP growth of 2 per cent in 2016. The UK's decision to leave the European Union means the exact nature of our relationship with Europe going forward remains unclear and the economic outlook is uncertain. However, the recovery in recent years with low unemployment, reduced levels of household and corporate indebtedness and increased house prices means the UK is well positioned.

The regulatory environment also continues to evolve and there are a number of areas on which we await further clarity but, given the strength of our balance sheet and the capital generative nature of our business model, we are well placed to meet these regulatory requirements and the economic uncertainty. Following the de-risking of the balance sheet in recent years our PRA Buffer has been reduced but, in light of expected future regulatory capital developments, the Group will continue to target a CET1 ratio of around 13 per cent.

Financial performance

The Group has delivered strong financial performance in the year. Underlying profit was £7.9 billion with an underlying return on required equity of 13.2 per cent (return on tangible equity of 14.1 per cent). Income was slightly lower which was more than offset by lower operating costs, resulting in an improved cost:income ratio of 48.7 per cent. Impairment increased, primarily due to lower releases and write-backs, but asset quality remains strong with no signs of deterioration in the portfolio. The difference between underlying profit and statutory profit reduced significantly in 2016, as statutory profit before tax more than doubled to £4.2 billion, largely due to lower PPI provisions, and this enabled the Group to generate approximately 190 basis points of CET1 capital during the year.

Our balance sheet remains strong with a pro forma CET1 ratio of 13.8 per cent, a total capital ratio of 21.4 per cent and a pro forma leverage ratio of 5.0 per cent. In line with our progressive and sustainable ordinary dividend policy, the Board has recommended a final ordinary dividend of 1.7 pence per share, taking the total ordinary dividend for the year to 2.55 pence per share, an increase of 13 per cent on 2015. The Group has held back c.80 basis points of CET1 capital to cover the estimated capital impact of the MBNA acquisition; however, given our strong capital generation in the year, the Board has also recommended a special dividend of 0.5 pence per share.

Strategic progress

We have continued to make good progress on our strategic priorities in 2016.

Creating the best customer experience

We are committed to meeting our customers' evolving needs and preferences through our multi-brand and multi-channel approach. We operate the UK's largest branch network and the largest digital bank with over 12.5 million active online users. We have more than 8 million mobile banking users and for the second consecutive year, the Lloyds Bank app has been rated the best banking app of all the UK major banks for functionality.

Customer migration to digital channels continues at pace with more than 60 per cent of our simple customer needs now met online and digital is now the number one channel for new loans and credit cards. We continue to invest in our customer propositions to improve processes and the way our customers interact with us. In Commercial Banking we have continued to improve the online banking platform and in Retail Business Banking we are now able to open new customer accounts in 5-6 days, down from 21 days previously, with a best-in-class automated digital ID and verification process. In Consumer Finance, Black Horse has reduced processing times for new loans, while increasing security and protection for customers. In Insurance we have introduced online tools which will allow customers to consolidate their workplace pension assets and employers to process employee monthly pension contributions on the same day, down from 22 days in 2014.

This progress has been reflected in further reductions in the level of customer complaints and our net promoter score, which continued to improve in 2016 and is now nearly 50 per cent higher than at the end of 2011. Our latest 'Building the Best Team' survey results show that colleague engagement is at an all-time high and in line with top performing UK corporates. Our strong performance in 2016 reflects the hard work undertaken by colleagues across the Group and I would like to thank everyone for their significant efforts and commitment.

Becoming simpler and more efficient

Our cost leadership is a significant source of competitive advantage and cost management remains a strategic priority. In response to the lower rate environment we have accelerated the delivery of our cost initiatives, and announced at the half year an increase to the Simplification run-rate savings target and a reduction in our non-branch property portfolio. We remain on track to deliver both, having already achieved £0.9 billion of the increased £1.4 billion Simplification run-rate target. As a result of the continued focus on costs, our market-leading cost:income ratio has improved and we continue to target further reductions.

Delivering sustainable growth

The Group aims to deliver sustainable growth in line with its low risk business model. We have continued to make good progress in growing market share in areas where we are underrepresented, and have grown lending to SME and Mid Markets clients by around £2 billion in the year. In Consumer Finance we have continued to grow our motor finance and credit card portfolios organically and the agreement to acquire MBNA's prime UK credit card business will give us the opportunity to create a best-in-class credit card operation. In Insurance, we will continue to invest in developing the brand and the business, including our financial planning and retirement capabilities, and have also completed four bulk annuity deals. In addition, we are committed to supporting first-time home buyers and remain the largest lender to this customer group.

Helping Britain prosper

We remain committed to supporting the people, businesses and communities in the UK through our Helping Britain Prosper Plan. Notably, we have provided £1.2 billion of new funding to manufacturing businesses, supported 121,000 start-ups and helped 10,000 clients to start exporting in 2016. Our economic contribution to Britain extends beyond the products and services we offer and the funding we provide to our customers and clients. Since we launched our Apprenticeship Scheme we have created more than 4,000 roles, including 1,000 in 2016 and we have committed to creating 8,000 by 2020. We have also exceeded our target to create 20,000 digital champions, a year earlier than expected. Furthermore, we are the highest payer of UK tax in the most recent FwC Total Tax Contribution Survey for the 100 Group, having paid £1.8 billion in 2015. Our tax payment in 2016 was £2.3 billion.

The combination of the progress we have made towards our strategic priorities and our strong financial performance has enabled the UK government to further reduce its stake in the Group to less than 5 per cent, at a profit, returning over £18.5 billion to the UK taxpayer since 2009.

Outlook

Our financial targets reflect our confidence in the future prospects of the Group. In 2017 we expect the net interest margin to be greater than 2.70 per cent and the asset quality ratio to increase to around 25 basis points (before MBNA). We continue to target a cost:income ratio of around 45 per cent exiting 2019, with reductions every year. We now expect a return on required equity of between 12.0 and 13.5 per cent and a return on tangible equity of between 13.5 and 15.0 per cent in 2019. Going forward, the Group expects to generate between 170 and 200 basis points of CET1 capital per annum, pre dividend.

Summary

Following the simplification and transformation of our business in recent years, the Group is now focused on delivering the best customer experience and on continuing to develop our digital capabilities. Our cost leadership and lower risk positioning provide competitive advantage which enables us to deliver superior returns to shareholders. We continue to believe that our simple, low risk business model is the right one, and our strategic progress and strong financial performance position us well for future success.

António Horta-Osório
Group Chief Executive

KEY EVENTS IN THE YEAR

There have been a number of notable events and achievements for the Group in 2016, both within the Group and more widely across the UK. Read our timeline for some key events of the past 12 months.

JANUARY

Ambassador programme launch
Our senior leaders represent the Group, build strategic relationships and promote our ambition to help Britain prosper across the regions

MAY

Help to Grow scheme
We were the first bank to take part in a scheme designed to boost lending to fast growing businesses, committing £30 million of growth loans

JULY

Euromoney awards
We won Best Bank in the UK for the fourth year running and World's Best Bank for Adapting to the Regulatory Environment
Cost guidance updated in half year results announcement
Run-rate savings target increased from £1 billion to £1.4 billion per annum

SEPTEMBER

Commitment to helping Britain prosper
We announced our aim to provide over £60 billion of lending in the next 12 months

DECEMBER

MBNA acquisition
The Group announced it is to buy the credit card business, MBNA, from Bank of America, subject to competition and regulatory approval

FEBRUARY

Full year 2015 results
Total ordinary dividend declared for 2015 of 2.25 pence per ordinary share as well as a special dividend of 0.5 pence per share

APRIL

Top 50 employer
The Group was named in The Times 2016 Top 50 Employers for Women for the fifth consecutive year

JUNE

EU referendum
The UK voted to leave the European Union

AUGUST

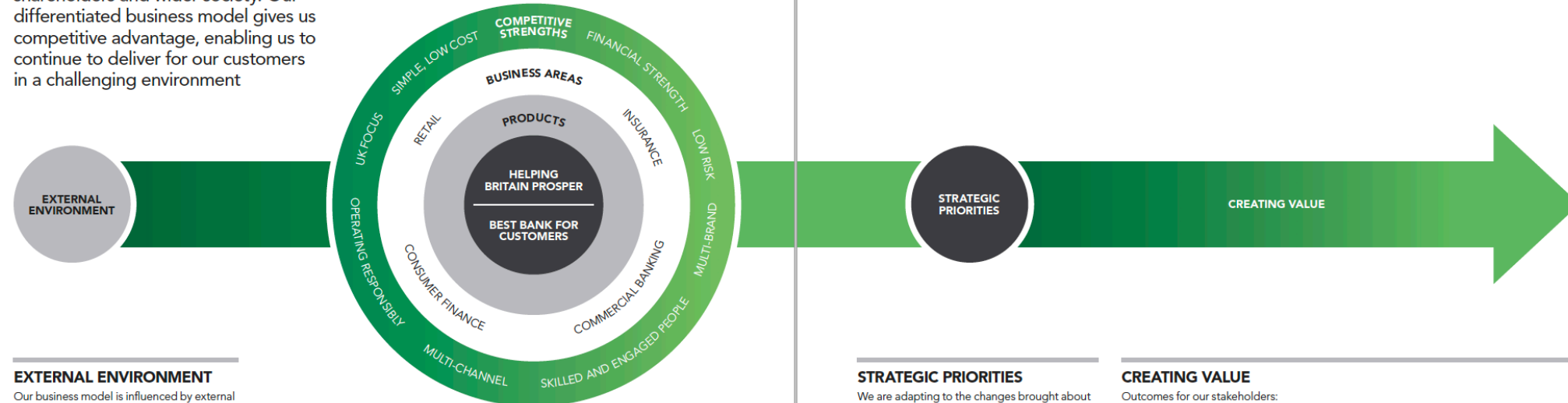
Interest rate cut
The Bank of England's Monetary Policy Committee cut UK interest rates to a record low of 0.25 per cent

OCTOBER

Top 10 employer
The Group was named as one of the UK's Top 10 Employers for Working Families

Our business model

As a UK focused bank we are well placed to help Britain prosper, delivering for customers, shareholders and wider society. Our differentiated business model gives us competitive advantage, enabling us to continue to deliver for our customers in a challenging environment



EXTERNAL ENVIRONMENT

Our business model is influenced by external factors which continue to evolve.

We are adapting to **changing customer behaviour** such as the increased adoption of digital products.

Our focus on the UK means our future is inextricably linked to the **UK economic and political environment**, so we need to be agile to adapt to the uncertainty following the vote to leave the European Union.

The level of **regulation** remains high, although we are now seeing more clarity around competition, conduct, capital and ring-fencing and resolution.

In a very **competitive market**, we continue to differentiate ourselves (see panel below for more information).

As a bank that supports millions of people, businesses and communities, we believe we are in a unique position to help tackle some of the biggest **social and economic issues** facing the UK today.

BUSINESS AREAS

Our business areas are structured according to the products and services we provide to best serve our customers' financial needs.

We currently have four business areas:

Retail
Insurance
Consumer Finance
Commercial Banking

PRODUCTS

Our product range is driven by the needs of our retail and commercial customers and informed through comprehensive customer analysis and insight.

Lending
mortgages, credit cards, personal and business loans

Deposit taking
current accounts, savings accounts

Insurance
home insurance, motor insurance, protection

Investment
pensions and investment products

Commercial financing
term lending, debt capital markets, private equity

Risk management
interest rate hedging, currency, liquidity

OUR COMPETITIVE STRENGTHS

UK focus

Operating primarily in the UK means we are focused on a single developed market that we truly understand while avoiding the complexities and costs of multi-jurisdictional operations.

Simple, low cost operating model

Our simpler operating model and focus on operational efficiency provides a cost advantage which benefits both customers and shareholders.

Low risk business

Being a low risk bank is fundamental to our business model. Our low risk appetite is reflected through the low level of non-performing loans and non-core assets and our credit default swap spread, which is amongst the best in the banking sector worldwide.

Financial strength

Our balance sheet and funding position have both been transformed in recent years and they are now amongst the strongest in the banking sector worldwide.

STRATEGIC PRIORITIES

We are adapting to the changes brought about by technology, changing customer behaviour and regulation in a competitive market environment. To achieve this, we are focusing on three strategic priorities whilst building the best team.

Creating the best customer experience

Becoming simpler and more efficient

Delivering sustainable growth

Supported by our colleagues

Building the best team

Read more on pages 14 to 15 or visit www.lloydsbankinggroup.com

CREATING VALUE

Outcomes for our stakeholders:

Best bank for customers

Doing the right thing for our customers by meeting their financial needs, helping them succeed, improving our service proposition and creating value for them, is fundamental to our business model and the long-term sustainability of the business.

Superior and sustainable returns

The successful delivery of our business model and strategy should enable delivery of superior and sustainable returns for our shareholders.

Helping Britain Prosper Plan

Our response to some of the social and economic issues facing the UK is our Helping Britain Prosper Plan which sets out clear targets to address issues where we can make a measurable and meaningful contribution. These include the shortage of affordable homes; supporting small businesses and the UK's manufacturing base; helping people and organisations acquire the digital skills and capabilities they need; and tackling disadvantage in local communities.

Multi-brand proposition

Offering our services through a number of recognised brands enables us to address the needs of different customers segments more effectively.

Multi-channel approach

Operating in an integrated way through a range of distribution channels, including the largest branch network digital bank in the UK, ensures our customers can interact with us when and how they want.

Skilled and engaged people

Our colleagues provide real advantage. We invest in skills and training while ensuring alignment to our customer focused strategy and commitment to build the best team.


Operating responsibly

A sustainable and responsible approach to doing business is integral to everything we do.

Our strategic priorities

In order to help Britain prosper and to achieve our aim of becoming the best bank for customers, we are focusing on three strategic priorities. These are supported by our commitment to building the best team

AREAS OF FOCUS



CREATING THE BEST CUSTOMER EXPERIENCE

- Improving customer experience with our multi-brand, multi-channel approach, combining digital capabilities with face-to-face services
- Transforming our digital presence, providing simpler, seamless interactions across online and mobile while sustaining extensive customer reach through our leading branch network

Progress in 2016

21%

digital market share

5-6 days

to open a business account, down from 21 days

>60%

of simple customer needs met via online and mobile

62.7 pts

customer satisfaction is increasing, up 3.4 points in the year

- Largest UK digital bank and enhanced digital offering
- 12.5 million active online users including 8 million mobile users with more than 2 billion logons in 2016
- Increasing market share
- Number 1 rated UK banking app for functionality
- Faster and easier banking
- Introduction of 'selfie' verification for account applications
- Video meetings and live webchat support for mortgage and remortgage applicants
- Instant mortgage lending decisions through our online Agreement in Principle
- Further investment in UK's largest branch network
- Branches reformatted to reflect changing customer needs with the number of mobile banking vans increased
- Net promoter score of 62.7 points, an increase of nearly 50 per cent since the end of 2011
- Total customer complaints have been on a downward trend since 2012



BECOMING SIMPLER AND MORE EFFICIENT

- Creating operational capability which is simpler and more efficient through further system enhancement and integration
- Becoming more responsive to changing customer expectations while maintaining our cost leadership amongst UK high street banks

Progress in 2016

48.7%

continued reduction in cost:income ratio

£0.9bn

Simplification run-rate savings on track

c.50%

reduction in time taken to open a savings account

55%

of approved mortgage applications to offer in less than 14 days

- Cost leadership with continued reductions in cost:income ratio to 48.7 per cent
- Actively responding to lower interest rates through accelerated cost delivery and targeting further efficiency savings
- On track to deliver £1.4 billion of Simplification run-rate savings: £0.9 billion achieved to date
- Transforming our key customer journeys, making it simpler, faster and more convenient to meet our customers' financial needs
- Time taken to open savings account in branch down from 45 minutes to 15-30 minutes
- 55 per cent of approved mortgage applications proceed to offer in less than 14 calendar days, up from 37 per cent
- Introduced a flexible online home insurance offering with new functionality and more choice for customers
- Launched a new digital service for employers, significantly reducing processing times for monthly corporate pension scheme management
- Simplification of SME on-boarding process from 15 paper application forms to 1 digital form



DELIVERING SUSTAINABLE GROWTH

- Further developing Group-wide growth opportunities within our prudent risk appetite
- Helping Britain prosper
- maintaining market leadership in our main retail businesses, making the most of our multi-brand, multi-channel strategy
- Leverage Group strengths to capture growth in underrepresented areas

Progress in 2016

3%

SME lending growth, ahead of the market

£2.8bn

Consumer Finance UK customer asset growth

121,000

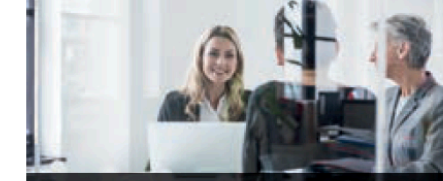
new business start-ups supported

75,000

first-time buyers supported

- Growth in targeted areas
- SME lending growth of 3 per cent, ahead of the market
- Consumer Finance UK customer asset growth of £2.8 billion
- Black Horse motor finance growth of 20 per cent
- Completion of four bulk annuity transactions, taking external deal size to more than £1.85 billion since our entry into the market in 2015
- Announced the acquisition of MBNA, a prime UK credit card business, in line with strategic goal to grow in consumer finance
- Maintain market leadership in key retail business lines
- Market leadership retained in current accounts and deposits
- Focus on protecting margin in current competitive low growth mortgage market. £39 billion of gross new mortgage lending in 2016 and remain largest lender to first-time buyers

SUPPORTED BY



BUILDING THE BEST TEAM

- Committed to building a business our colleagues are proud to work for by creating the best environment for our colleagues to succeed
- Providing colleagues with the right skills and tools; and giving them the opportunity to share their views

Progress in 2016

71pts

employee engagement at an all-time high

32.4%

of senior roles held by women

No.1

private sector employer for LGBT people

6 days

formal training per colleague on average per year

- Employee engagement at 71 points, equalling our highest ever score
- Line Manager Index at 86 points, our highest score ever
- Our Line Manager Academy, launched in 2015, won the 'Most effective cultural transformation initiative' award at the London Institute of Banking & Finance's Financial Innovation Awards 2016
- Average of 6 days formal training per colleague per year
- 32.4 per cent of senior roles now held by women
- Number 1 private sector employer in the Stonewall Top 100
- Launch of Families Matter, a network for parents and carers
- 40,000 colleagues on boarded to HIVE, a new collaboration platform; 59 per cent are active users against industry benchmarks of 20-24 per cent
- Provided new opportunities for colleagues to become shareholders; over 80 per cent now have an ownership interest



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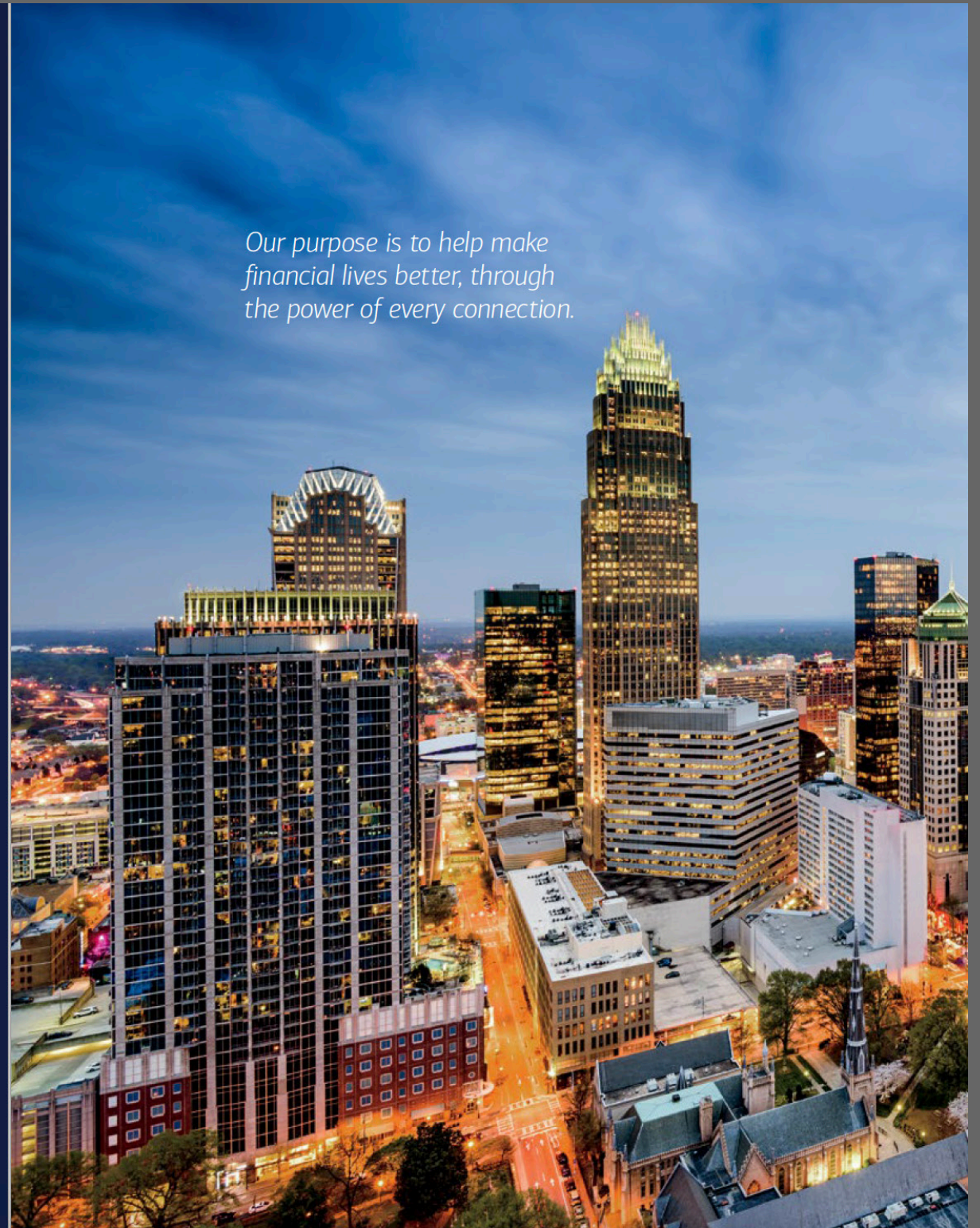
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Our purpose is to help make
financial lives better, through
the power of every connection.

A Letter from Chairman and CEO Brian Moynihan

Our strategy of responsible growth delivered in 2016, as we earned nearly \$18 billion, up 13 percent from a year ago. To put this into perspective, this was the second-most profitable year in our company's history, exceeded only by the \$21 billion we earned in 2006, prior to the economic and financial crisis.

Our strong performance allowed us to return \$6.6 billion in capital to shareholders through a higher dividend, and by repurchasing common shares. The latter helped offset significant shareholder dilution that occurred during the financial crisis, which I discuss in more detail below. These results reflect years of work to simplify the company, rebuild and strengthen the balance sheet, and focus on serving our core customers.

In a dynamic operating environment characterized by unexpected events around the world, we saw the benefits of remaining nimble, adapting to change in the near term, while adhering to our long-term strategy to support our customers and clients and deliver for our shareholders.

Through our responsible growth strategy, we grew revenue, reduced expenses, managed risks and continued to invest in our workforce and our capabilities. We also made steady progress relative to our long-term financial goals (return on tangible common equity of 12 percent and a return on assets of 1 percent). Our return on tangible common equity increased to 9.5 percent, while our return on assets improved to 0.82 percent. The efficiency ratio improved from 70 percent to 66 percent. Tangible book value per share, which measures the value we are creating for you, increased 9 percent in 2016 to \$16.95. In 2017, we will continue to drive this company further toward our goals.

We drove these results in part through operational excellence, working hard to manage expenses and reinvest in our capabilities. We reduced expenses by \$3 billion last year, and while we have more work to do, expenses are down \$22 billion, or nearly 30 percent, from their peak of \$77 billion in 2011.

It's important to note that we did this while growing the business. This created the operating leverage we need to invest for the future. We also accomplished this in a slow-growth U.S. and global economy.

However, as U.S. interest rates begin to rise, I am encouraged by what this signifies: an improving U.S. economy marked by low unemployment and increasing consumer and business confidence. It's our job to nurture this growth and help drive the real economy in the U.S. and around the world.

Committed to Capital Returns

I want to focus on what our results mean for long-term shareholder value, but a little background is necessary. In 2006, we earned the most in our history (\$21 billion). We had 4.6 billion shares outstanding, meaning our diluted earnings per share was \$4.58. We also paid a common stock dividend of \$2.12 per share, or 46 percent of our earnings. Now, compare this to our 2016 results: earnings were \$18 billion, but because we had more than twice as many shares outstanding, our EPS was \$1.50 per diluted share, and our common stock dividend was \$0.25 per share, or 17 percent of earnings.

The biggest difference between the two periods is the increase in common shares and a reduction in the dividend. Both were necessary to stabilize the company after the worst economic crisis since the Great Depression, and now that our company is stronger, we are focused on reducing the dilution and increasing the dividend.

Our shares outstanding, on a fully diluted basis, peaked at 11.6 billion. We issued more than 7 billion common shares during the crisis. We funded acquisitions, strengthened our balance sheet to meet higher capital requirements, and repaid the government's TARP investment within 13 months. We are working the share count down; at year end, we were at 11 billion shares. The market value of our company remains strong. As I write this letter, our market capitalization on a fully diluted basis is at an all-time high of more than \$280 billion.



Chairman and CEO Brian Moynihan
(Charlotte, N.C.)



We are also focused on increasing the dividend. Last June, we increased the quarterly common stock dividend by 50 percent, made possible by all the work we've done to simplify the company, strengthen the balance sheet and rebuild capital.

What are the lessons we learned from this?

First, we must grow organically. Acquisitions are not part of our strategy so we don't have to issue shares.

Second, our businesses generate more than sufficient capital to fund their growth. We have shed non-core businesses and we have everything we need to serve our clients, so we can focus on building stronger relationships with them and optimizing returns.

Third, we need to continue to reduce the number of shares outstanding. This is essential if we want our stock price to exceed the record highs we have achieved in our market capitalization and in our tangible book value per share. And, because our stock is trading at a price that is close to our book value, repurchasing shares now creates long-term value for remaining shareholders when we buy from the selling shareholders at this level.

Finally, by staying focused on these things, and executing our strategy of responsible growth, we can deliver the returns that you expect from us and continue to return excess capital to you through dividends and common stock repurchases.

Responsible Growth Is Working

We will remain on the path that led us to near-record earnings in 2016. Responsible growth means remaining steadfast in delivering on our purpose to help our customers and clients live their financial lives by connecting them to all of our capabilities.

This strategy has four tenets:

- Grow and win in the market, no excuses.
- Grow with our customer-focused strategy.
- Grow within our Risk Framework.
- Grow in a sustainable manner.

To put it more simply: Not every dollar is a good dollar, unless it comes from activities that satisfy a customer need and fit our risk parameters. We are here to serve our customers and clients and to nurture those relationships and drive growth with the leading capabilities we have across our company. Ours is a relationship business, and in this report, you will read about the relationships

we've built with several client companies and how we've helped them achieve their financial goals.

Advancing the Goals of People, Companies, and Institutional Investors

I'll begin with the people we serve. We serve 46 million households, and every week, we interact with customers more than 130 million times. In the time it takes you to read this letter, we will have had more than 100,000 contacts with customers.

Last year, our Consumer and Wealth Management segments grew deposits by \$57 billion, or 7 percent, and increased loans by \$29 billion, or 8 percent. We originated \$79 billion in residential mortgages, up 13 percent, helping more than 260,000 families buy or refinance a home.

We continue to see strong enrollment in our preferred rewards program, up more than 40 percent from 2015, and we're seeing a 99 percent retention rate in this program. We have more than 33 million online customers, and nearly 22 million mobile banking users. You can learn more about how we are redefining the retail financial services experience in the comments from Dean Athanasia and Thong Nguyen, the co-heads of our Consumer Banking business, on pages 10–11.

In Merrill Lynch and U.S. Trust, we have two of the best brands in the wealth management business, as well as the No. 1 market position across assets, deposits and loans. As Merrill Lynch Private Wealth Advisor Raj Sharma explains on page 10, these businesses continue to integrate the broad capabilities of our company to meet client needs.

Turning to the companies we serve, our Global Banking business works with virtually every one of the S&P 500 firms. In addition to a range of lending and other solutions, we have one of the world's top-tier investment banks, ranked No. 3 globally in investment banking fees last year. We also are one of the largest lenders to mid-sized companies and to small businesses. As you will see from the stories of our great clients Cisco, WeWork, and Yoobi in this report, we bring the broadest array of capabilities to our clients—cash management, trade financing, lending in local currencies, and more—to support businesses that are driving the real economy here in the U.S. and around the world.

Finally, through our Global Markets business, we serve many of the world's largest institutional investors, who are managing savings and investments through pension and retirement funds. This is a balanced business, narrower in its scope of activities than before the financial crisis, and focused on clients needing to raise capital and investors seeking the best opportunities to put their capital to work.

Because of our balanced approach, Global Markets can weather market volatility and make money in a wide range of economic scenarios. Our sales and trading business was profitable on all but three days last year, despite the volatility caused by macroeconomic events, including the United Kingdom vote to leave the European Union and the U.S. elections.

A differentiator for us is our Global Research team. For the sixth year in a row, our team was ranked No. 1 in the world by Institutional Investor magazine. Our research capabilities help drive our entire company, providing valuable insights to our markets business, corporate banking, and our wealth management clients.

Managing Risk Well Is Central to Everything We Do

In addition to keeping a clear focus on customers and clients, our responsible growth strategy includes growing within a clear Risk Framework so that we can maintain our balanced, stable and financially strong platform. This means understanding the risk and reward in everything we do and empowering our teammates to share their opinions and ideas so we make better decisions.

In the last quarter of 2016, we had the lowest charge-off ratio in our company's history. For all of 2016, we grew core loan balances by 6 percent, yet charge-offs declined by 12 percent, which demonstrates our focus on growing the right way. In this report, Chief Risk Officer Geoff Greener discusses how we continue to strengthen our risk management so that every employee understands his or her role.

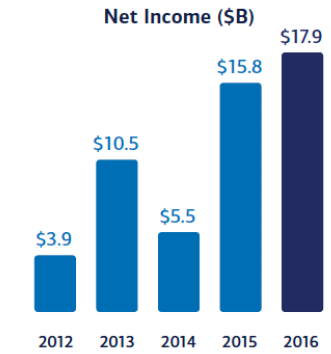
Ensuring Our Growth Is Sustainable

The final tenet of responsible growth is that we must grow in a sustainable manner. That means we must adhere to rigorous standards of corporate governance; we must invest in our communities; and we must strive to be the best place to work by helping our 200,000 teammates achieve their goals and aspirations.

Our environmental, social, and governance (ESG) practices are central to growing in a sustainable manner. A special ESG supplement enclosed in our Annual Report mailing this year provides additional details. There is also an extended discussion of our ESG practices in the proxy statement. Let me highlight a few key elements.

We are committed to best practices in corporate governance, including a strong, independent Board of Directors and other measures. The Board oversees our responsible growth strategy to deliver long-term value for you, our shareholders. Also, the Board has empowered a lead independent director whose duties and responsibilities meet or exceed corporate best practices. You can learn more about how the Board discharges its responsibilities in the Q&A with Lead Independent Director Jack Bovender in this report, and in the 2017 proxy statement. We also view the nearly \$200 million in philanthropic investments we make in communities around the world, and the nearly 2 million volunteer hours our teammates commit to the causes they care about, as critical to creating the conditions for long-term, sustainable growth.

Also critical to fostering sustainable growth is the way we invest in our workforce and create an environment where they can thrive. As of early 2017, we've increased our minimum wage so that all employees earn more than \$15 an hour. We will continue to adjust that, as we have regularly for several years now. In 2016, we also increased our fully paid parental leave from 12 to 16 weeks for all new parents. We create sustainable results through our Simplify and Improve (SIM) program, as well. Driven by thousands of ideas generated by our own teammates, SIM is our ongoing process of simplifying our



company, eliminating or streamlining our internal and external processes, and reducing costs so we can reinvest in future growth.

It's the hard work of our team that makes everything we are sharing with you on these pages possible. And, it's our duty to create an environment that reflects and honors the diversity they represent, promotes inclusiveness and the sharing of different viewpoints, and provides benefits and career development opportunities so they can continue to grow and thrive.

Helping to Drive the Economy

To continue the strong performance we saw in 2016, we remain focused on executing our responsible growth strategy. There will be external impacts from changes in the markets, driven by political and economic factors that we cannot predict. We may see changes to banking laws, or to how regulations are implemented, in the United States and in other jurisdictions where we operate. Reasonable regulation is important for the safety and soundness of our financial system, and we support a review by policymakers and elected officials to ensure they strike the right balance to drive responsible economic growth.

As always, we must be agile and adaptive, but what will not change are the principles upon which we run our company. In both the near term and for the long term, given the current regulatory environment and because of the way we rebuilt our balance sheet and how we are executing our responsible growth strategy, we will have excess capital to put to work driving the economy. We are lending, and we will continue returning capital to shareholders through dividends and stock repurchases. There is a discussion in some quarters about perceived trade-offs between those important objectives, but we can do both while growing the company. We will continue investing in our business, our people, and our communities because we understand that when our customers, communities and employees succeed, we all succeed.

Thank you for investing in Bank of America.

Brian Moynihan
March 3, 2017

Working together to reinvent the future of work

When co-founders Adam Neumann and Miguel McKelvey started WeWork, they spent nearly six months trying to find the right name for the business. They wanted something that spoke to what they thought the mission of business should be: to create a world where people work to make a life, not just a living.

WeWork's first step for achieving its mission can be seen in its custom-designed office spaces, which are intended to allow colleagues, creators and collaborators to share a stimulating environment, explore new ideas, and ignite the creative spark that's vital for any successful new business today.

Today, six years after the company launched, the vision for WeWork goes beyond a new way of working. WeWork is now being approached by some of the world's largest companies—Bank of America included—to create spaces that allow for creative thinking and positive social engagement. And WeLive, the company's new community-based living offering, saw a high-profile launch in 2016.

Connecting with Bank of America

WeWork's founders knew that delivering a new kind of work experience required partners who shared their vision. Bank of America not only had the foresight to grasp the potential in WeWork's concept, but also the ability to work across various business lines to support them as they grew and evolved.

The relationship between WeWork and Bank of America began with an innovative joint initiative. Building on our position as a leader in providing credit and digital solutions to small businesses, we stationed small business officers in several WeWork locations in the U.S. Bringing the bank to the customer in this way provided WeWork members access to an array of products and services, from business checking and credit cards to lines of credit and cash management.

Over time, the relationship progressed to other financing and capital markets services. Bank of America Merrill Lynch's Cross Asset Solutions and Strategies Group, started by Karen Fang, was able to bring together solutions and expertise from every corner of the organization. The team also recognized the importance of providing a relatively young company the right kind of services at the right time, consistent with our responsible growth principles. For example, we are providing a creative real estate financing solution that will enable WeWork to create a flagship location in New York City combining both its workspace and WeLive concept.

Since launching its first shared workspace in New York City's SoHo neighborhood in 2010, WeWork has grown to over 100,000 members who collaborate in person at more than 130 locations across 10 countries. In 2016 alone, the company doubled its number of buildings, cities, countries and members, as well as revenue run rate, and tripled gross profit in locations open longer than 18 months.

The efforts of the Cross Asset Solutions and Strategies Group were vital to the success of the WeWork relationship. "The bank empowered a team that could focus on the 'big picture' strategic needs of clients, and was well-versed in what we could provide across our platform so we were able to deliver solutions across small business banking, investment banking, capital markets, and global

markets sales and trading," said Fang, who continues to support WeWork as head of Americas Fixed Income, Currency and Commodities Sales. "This approach differentiated Bank of America from the competition and was viewed by WeWork as thoughtful and strategic."

"Call me old fashioned but I still believe in relationship banking. Tom Montag, Karen Fang and the team at Bank of America understand this and know that these things take time and commitment. They took our business and our vision seriously, made the introductions to people across the bank that we need to flourish and helped us along our journey," said WeWork CEO Adam Neumann.

"As our business has grown, and our needs have grown, we've been able to call on different areas of the bank,"

continued Neumann. "Best of all, from our point of view, the bank is a believer in the WeWork mission and has seen the value that WeWork can create through its thoughtful approach to design and the creative and collaborative communities that it generates."

The way we have built and grown our relationship with WeWork is an excellent example of how the bank has gone to great lengths to make our global resources available to clients in an integrated manner. As innovative companies reinvent the way people and companies work, Bank of America is changing the way they bank.



Adam Neumann, WeWork CEO
(New York City, N.Y.)



Chuck Robbins, Cisco CEO
(San Jose, Calif.)

Delivering for a global networking giant

Cisco Systems, the world's largest networking solutions company, knows a thing or two about the power of connections. Cisco helps customers embrace the opportunities of our increasingly connected world by providing highly secure, automated, and intelligent solutions that connect nearly everything that can be digitally connected.

Serving the financial needs of a global networking giant requires an equally pioneering provider with vast global resources, a role the team at Bank of America Merrill Lynch (BofAML) has played for nearly 20 years.

With our help, Cisco is forging ahead in the rapidly evolving technology industry with an innovation strategy that integrates its ability to build, buy, partner, invest, and codevelop to create the next generation of industry-changing solutions.

Few financial companies can assemble the range of leading products and solutions that we can provide around the world. For example, Cisco relies on our Global Transaction Services team to seamlessly transact and move money around the globe, while our leading foreign

exchange capabilities allow Cisco to book global revenue more confidently and with less earnings volatility by managing the risk that comes from conducting business in multiple currencies. Whether our teammates are working in Singapore, Switzerland or San Jose, Cisco knows the transactions will follow our high standards for customer service, while delivering the local knowledge required to competently execute transactions.

"Because we've worked with Cisco for so long, our relationship and understanding of where they're going is so deep; we're their trusted adviser," said Gary Kirkham, senior investment banker at BofAML. "And because we can execute 24 hours a day, seven days a week, we deliver the full capabilities of Bank of America to the Cisco team."

"Bank of America Merrill Lynch is a trusted and valued one-stop shop," said Cisco CEO Chuck Robbins.

"Their 360-degree offering, whether helping employees through their retail capabilities, advising on strategic mergers and acquisitions, or providing treasury services, drives efficiencies and productivity globally."

Our long-term support of Cisco includes helping the company access credit markets to fund its innovation and growth strategy. We have been a bookrunner for Cisco in all eight debt issuances in the company's history, totaling in excess of \$45 billion, with the most recent transaction exceeding \$6 billion in September 2016. We also have advised Cisco on numerous acquisitions through the years as Cisco seeks to enhance its capabilities, with such notable acquisitions as Meraki, Sourcefire and Acano.

Robbins added, "BofAML understands Cisco's strategic objectives. Their full suite of institutional offerings, including advisory services and corporate and investment banking, has consistently provided best-in-class solutions to help Cisco attain its goals. In addition, BofAML is a consistent leader in deploying innovative new technology to enable its business. This forward-leaning posture helps Cisco evaluate new technology areas and consistently improve our innovation in core businesses."

Bonds for a better planet



Members of the BofAML Green Bonds underwriting team
Left: Natalie Mordt-Hillaert, Jeff Tannenbaum and Suzanne Buchta (London)
Right: Rebecca Burns and Ariana Meinz (New York City)

The ultimate win-win in global banking may be the green bond, an innovative financial product that allows investors to support the growth of eco-friendly projects, such as clean energy, while receiving market returns.

Bank of America played a pivotal role in developing the green bond market, both as an issuer and as an underwriter. To date, we've issued a total of \$2.1 billion in three separate offerings, including a \$1 billion offering in November 2016. Through these offerings, we are advancing renewable energy generation by financing new projects, such as a multi-state residential solar portfolio and a utility scale wind farm in Oklahoma.

"Our responsible growth strategy includes the belief that we have an important role to play in funding the future of clean energy and using our expertise in global banking to help clients fund their organization's environmental and sustainable initiatives," said Vice Chairman Anne Finucane.

In addition to issuing our own bonds, Bank of America Merrill Lynch (BofAML) was the top underwriter of green bonds in 2014, 2015 and 2016¹. In 2016 alone, we underwrote more than \$25 billion in green bonds on behalf of 27 unique clients, and led offerings for clients including the Chinese automobile company Zhejiang Geely Holdings (\$400 million), the New York Metropolitan Transportation Authority (\$588 million), Banco Nacional de Costa Rica (\$500 million) and the European Investment Bank (five bonds in 2016 totalling \$3.6 billion). Proceeds from these bonds are helping to finance various emissions-reducing projects.

"The global green bond market has seen rapid growth driven by a growing number of environmentally conscious clients, investors and shareholders," said Suzanne Buchta, managing director, Green Bonds, at BofAML. "In driving the growth of the green bond market, our teams at Bank of America have helped clients access capital, diversify their funding opportunities, create jobs through new investments and advance alternative energy sources, while delivering returns for our shareholders."

¹Bloomberg New Energy Finance

Focusing on client goals

A conversation with
Merrill Lynch Private Wealth
Advisor Raj Sharma

Q: How do you feel you help clients make their financial lives better?

A: We live in a world of infinite information, filled with constant change. Understandably, clients are seeking clarity and peace of mind. They want to be sure someone is looking out for them. Our job is to distill all of that information and help our clients pursue their goals.

To do that, we start by focusing on what they want to accomplish. So, whether it is saving for college, retirement, supporting philanthropy or ensuring their legacy, we help our clients clarify their objectives and goals.



Raj Sharma

Often, our clients ask their children to join these discussions because they want them to look at their inheritance as something to preserve, enhance and use to do great things in the world.

Through these conversations, we construct an investment strategy and create a personalized

portfolio. The process recognizes the need for review and, sometimes, rebalancing. Markets can be volatile. While we strive to remain calm and steadfast, we also understand the importance of managing change.

Q: What does responsible growth mean to you and your practice?

A: Responsible growth means never compromising our standards of service. It means accepting responsibility to ensure systems and processes are in place to monitor what we do, and help to deliver what our clients need and expect. Put simply, we work to serve. Our goal is to gain our clients' confidence so they will entrust us with their wealth and refer new clients. That's how we pursue responsible growth. The key, just as Charlie Merrill said more than 100 years ago, is always putting the clients' interests first.

Q: How does being part of Bank of America help your business succeed?

A: When I came to Merrill Lynch, I thought we had good capabilities. What I see today, thanks to the broader Bank of America platform, is far more than that. We have the intellectual capital and experience to provide access to compelling solutions to meet virtually any challenge—in estate planning services, alternative investments, and lending from Bank of America, N.A. I believe our capabilities are unmatched—and I'm excited to see this great company uniting around Brian's vision to make our clients' lives better, one connection at a time.

Redefining the client experience

Dean Athanasia and Thong Nguyen,
co-heads of Consumer Banking, on the
future of banking

Technology is transforming financial services, fundamentally changing the relationship people have with their bank by delivering the best of high tech and high touch. Mobility, in particular, is dramatically improving access to financial services, regardless of income, geography or technological familiarity.

While our more than 65 million consumer and small business clients have many different needs, they generally agree on three things: they want everyday banking to be easy enough that they don't have to think about it; they want us to be there when they really need us; and they want us to help them reach their financial goals.



We're turning more of our financial centers into destination centers, where clients can speak to a representative face to face and get advice.

That's why we've made changes in how we work with clients across every channel: when they come into a financial center, when they use their computer or mobile device, and when they call us on the phone. Each of these avenues has been revolutionized by technology.

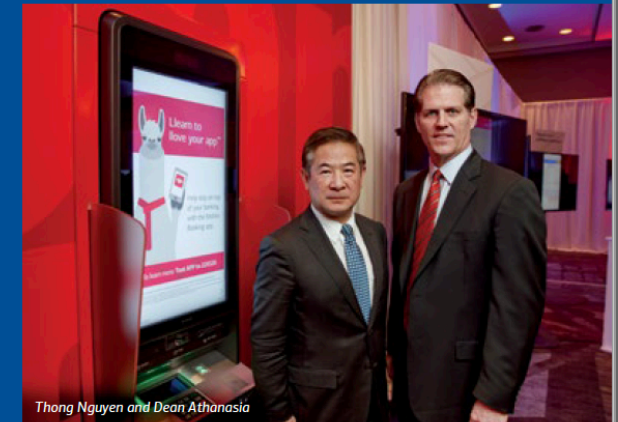
For example, more than five years ago, two-thirds of deposits were made at financial centers; today, that proportion has been cut in half. At the time, we had just over 9 million mobile banking users; now, that number is close to 22 million, and mobile logins have increased 1,000 percent.

Mobile banking goes far beyond checking balances and transferring money. Today, clients can deposit checks, manage their investments, and get an auto or home loan. Nearly nine in 10 clients also use mobile banking alerts, helping them reduce fees, track their finances, manage spending and budgeting, and improve decision-making. They can also choose to navigate our mobile banking app in either English or Spanish.

But this is just the beginning of the mobile revolution, especially as mobile payments begin to transform how people pay each other and buy goods. In 2017, we're making it easier for clients to send, receive and request money, allowing them to use the existing contacts on their mobile device to securely transfer money to (or request money from) almost anyone, regardless of where they bank. They'll be able to split expenses among multiple contacts or friends—such as a group dinner check—and they can even add a personal note along with the payment transfer or request.

Innovation is also changing the way we help our clients pursue their life priorities, such as saving for a home, for their children's education and for retirement. We recently introduced Merrill Edge Guided Investing, which delivers the simplicity of online investing, backed by an investment strategy designed by experts from Global Wealth and Investment Management's Chief Investment Office. By giving our clients the freedom to choose how, when and where they invest—independently, with an advisor or a combination of both—we're integrating advice with technology to create deeper relationships with our clients.

Number of Mobile Banking
Active Users (in millions)



Thong Nguyen and Dean Athanasia

Still, when it comes to making big financial decisions, there is no substitute for meeting face to face with the people we serve.

That's why we're investing heavily in improving our financial centers, making them destinations for our clients when they need expert help and advice. Over the next few years, we plan to open nearly 300 new centers, including some in new markets, while upgrading more than 1,500 others to a more modern and client-friendly format, staffing the centers with professionals to provide solutions and guidance to clients. We also recently introduced the first community-focused financial center, with 25 more planned for 2017. These centers are designed to help us better serve our clients in low- to moderate-income communities by providing the services and connections they need most, such as increased access to financial coaching and education that will help them stay financially on track. Also, we have deployed even more Digital Ambassadors to help them get the most out of our latest technology.

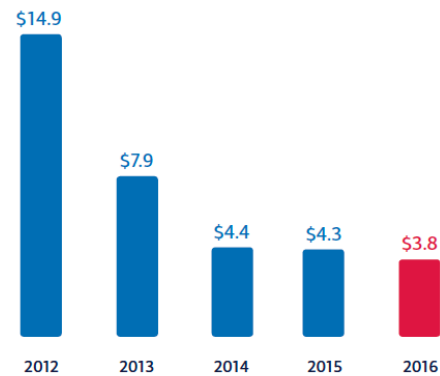
Smart use of innovation to deliver the best of high tech and high touch is the key to building stronger connections with our clients and communities, and improving financial lives to make a positive and lasting impact on the overall economy. It's a better way to accomplish what has always been our purpose and mission.

Growing within our Risk Framework

A conversation about managing risk with
Bank of America's Chief Risk Officer Geoff Greener



Annual Net Charge-Offs (\$B)



Q: What is responsible growth?

A: Responsible growth means being true to our purpose and values, growing with our core customers and always being there to help them achieve their financial goals. It means we proactively and thoroughly assess risk and reward so we can stand tall through economic cycles and provide sustainable returns for our shareholders over time. No matter where we work in the organization, managing risk well is foundational to delivering responsible growth. Our success depends on the intellectual curiosity and sound judgment of every employee across the company.

Q: How do you know you make the right decisions?

A: At the end of the day, our job is to understand the risk and reward in what we do. We work hard to create an environment where our teams can challenge conventional wisdom and think outside the box to identify the risks we face, regardless of the likelihood of them occurring at a given point in time. We also believe that the more our teammates feel empowered to speak up and share their views, and the more we listen carefully to one another, the better informed our decisions will be.

Q: How do you measure success?

A: The most direct signs of success can be found in our financial results and in key risk metrics. In 2016, net charge-offs, delinquencies and nonperforming assets all improved, and we had positive trading revenue on all but three trading days. Just as important, throughout the company, teammates are identifying areas for greater effectiveness and efficiency and driving change one step at a time. To me, this shows a culture of humility and a hunger to keep improving.

Finally, we measure success in how we live our purpose — helping our customers and clients live better financial lives and by having a positive impact on the communities we serve.

We've built a strong balance sheet and transformed the way we manage risk to be more proactive, foster debate and challenge, with strong independent oversight and governance. These efforts have positioned us to grow responsibly and be there to serve our customers and clients through good times and bad.

A Q&A with Lead Independent Director Jack Bovender

Q: Tell us how the Board addresses the responsibility to represent the interests of shareholders.

A: Our shareholders are represented by an experienced, independent Board of Directors with diverse perspectives. The only non-independent director is our CEO, Brian Moynihan. In 2016, we added two directors: a seasoned financial services executive and a leader in consumer business and technology. We focus on maintaining the right balance between new and longer-seated directors. The average director tenure is about five and a half years, significantly below the S&P 500 average of over eight years.

Q: What is the Board's role in helping set the company's strategy? How do you and the other directors balance near-term issues with long-term goals?

A: It starts with the Board's regular engagement with the company's management about the issues we face and the environment in which we operate. These meetings extend well into the company, including business leaders, risk and audit executives, and others. The independent directors also meet privately after all Board meetings.

We focus on the long term through our year-round strategic assessment and planning process, during which we review with management the company's multi-year responsible growth strategy. The process begins over several days each fall, when we conduct a detailed assessment of the company's progress, highlight areas of focus and adjustment to management, and reaffirm the strategy. As we proceed through the year, we receive regular updates from management to evaluate our company's performance against the plan. We temper and shape our long-term view through ongoing discussions with management regarding industry trends and other macro and geopolitical developments that may impact our strategy, including input from investors.

Q: How do you stay connected with shareholders and key stakeholders?

A: The directors and management engage stockholders and solicit their views and input on matters including the company's performance, governance practices, environmental, social, and governance (ESG) priorities, executive compensation, and how we maximize the potential of our greatest asset — our employees. In 2016, we contacted our 100 largest shareholders representing nearly half of our outstanding shares, discussed regular updates regarding developments at the company, and invited them to



meet with our directors. In addition to stockholders, I maintain a regular dialogue with our company's regulators. We often include regulators in our in-person Board meetings, too. Hearing directly from shareholders and from regulators provides the independent Board members important perspective. We will continue this engagement in 2017.

Key Statistics Regarding Our Board

Average tenure — below the 8.3-year S&P 500 average

5.6 yrs

93% are independent

have CEO experience

64%



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*Halkbank'ta
her müşterimizin
mutluluklarla dolu
bir hikayesi
vardır.*

78 yıldır müşterilerimizin mutluluğu için çalışıyoruz. Bizim için üreten Türkiye'yi desteklemek, müşterilerimizin ihtiyaç ve beklentilerini karşılamak, hayatlarını kolaylaştıracak veya işlerini büyütecek yeni ürün ve hizmetler geliştirmek, her biri mutluluklarla dolu güzel hikayeler yazmak aynı zamanda.

**Bu yüzden “Halk ister, Halkbank yapar” diyoruz.
Müşterilerimizin mutluluğu için her şeyi yapıyoruz.**

**Dünyaya açılacak
tüm yollar kapalıydı.**

Şirketini daha da büyütmek isteyen Egemen Bey'in tek çaresi
ihracat yapmaktı. Böylelikle dünyaya açılacak,
üretim kapasitesini ve kârlılığını artırabilecekti.

Ama üstün bir güç keşfetmeliydi.

**HALKBANK
SUNAR**

EGEMEN

EGEMEN KRIPTAN
GİRİŞİMCİ

HASAN MERTCAN
KOBİ TEMSİLCİSİ

EGEMEN BEY, DÜNYAYA AÇILMAK İÇİN HALKBANK'LA
İÇİNDEKİ GÜCÜ ORTAYA ÇIKARDI. KOBİ İHRACAT KREDİSİYLE
ÖNÜNDEKİ TÜM ENGELLERİ AŞTI, SATIŞLARI UÇURDU.
BÖYLECE ŞİRKETİNİN KAHRAMANI OLDU.

KURUMSAL PROFİL

1938 yılında esnaf ve sanatkârları desteklemek ve kalıcı ekonomik kalkınmayı hızlandırmak amacıyla kurulan Halkbank'ın ana iş stratejisi 78 yıldır hiç değişmemiştir.



REEL SEKTÖRE DESTEK

Türkiye'de refah ve zenginliğin artışının, üretim alanındaki aktörlerin sayısının çoğalması sayesinde gerçekleşeceğine inanıyor, kurulduğumuz günden bu yana reel sektörü desteklemeye devam ediyoruz.



TOPLUMSAL REFAHA DESTEK

Müşterilerimizi reel ekonominin en önemli oyuncularını olarak görüyor, son yıllarda yakalanan büyüme grafiğinin, çalışmalarımıza artan milli gelir ve toplumsal refahın arkasındaki temel gücün onlar olduğunun bilinciyle yön veriyoruz.



MÜŞTERİLERE DESTEK

Faaliyetlerimizi, her yerde ve her zaman müşterilerimizin yanında olma ve desteğimizi kesintisiz sürdürme ilkesiyle planlıyoruz. Bu anlayışın en somut göstergesi, kriz zamanlarında bile artan kredi hacmimiz ve açtığımız yeni şubelerdir.



KOBİ'LERE DESTEK

Türkiye'de KOBİ'ler Halkbank desteğiyle üretiyor, büyüyor ve geleceğe umutla bakıyor. Onların başarısı, bizim başarımızdır... Halkbank'ın başarısı, büyüyen ve gelişen Türkiye'nin başarısıdır.

BAŞLICA GÖSTERGELER VE ORANLAR

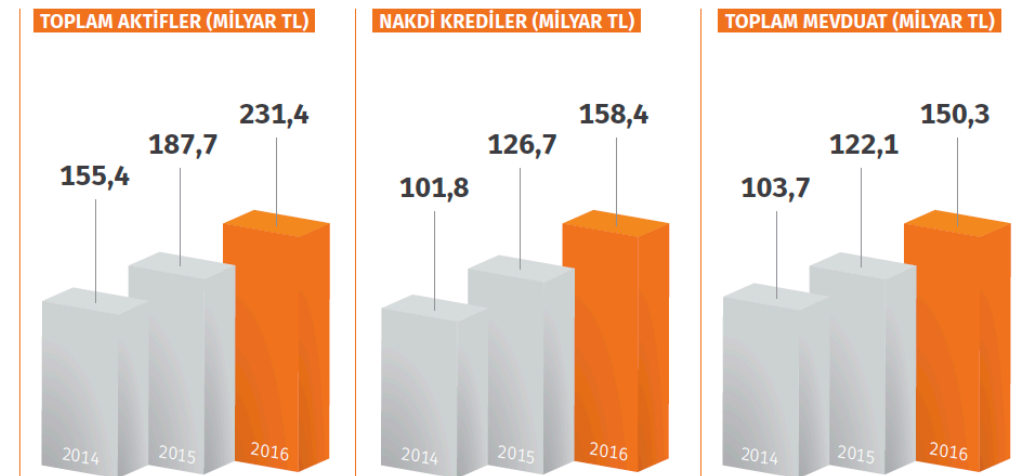
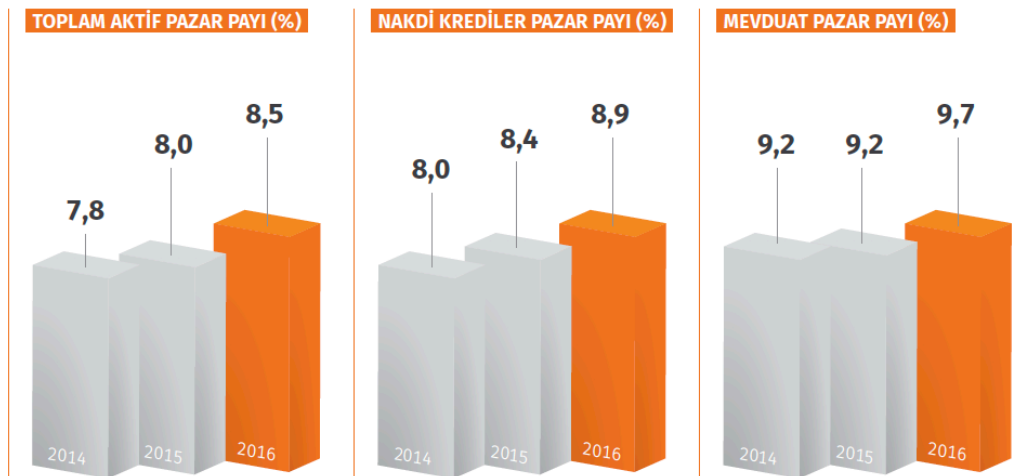
Halkbank 2016 yılında toplam aktiflerini 231,4 milyar TL'ye yükseltmiştir. Toplam mevduatı 150,3 milyar TL'ye ulaşan Banka'nın, kredileri 158,4 milyar TL'ye, net kârı ise 2 milyar 558 milyon TL'ye yükselmiştir.

HALKBANK'IN SEKTÖREL KONUMU

PAY ORANI (%)	2015	2016
Toplam Aktifler	8,0	8,5
Nakdi Krediler	8,4	8,9
Menkul Değerler	7,8	8,8
Mevduat	9,2	9,7
Özkaynaklar	7,4	7,1
Kâr	8,9	6,8

FİNANSAL GÖSTERGELER (MİLYON TL)	2015	2016	DEĞİŞİM (%)
Toplam Aktifler	187.729	231.441	23,3
Likit Aktifler	25.838	31.660	22,5
Nakdi Krediler	126.745	158.354	24,9
Menkul Kıymetler	27.908	33.216	19,0
Toplam Mevduat	122.146	150.263	23,0
Özkaynaklar	19.424	21.317	9,7
Net Faiz Geliri	5.663	6.957	22,8
Net Ücret ve Komisyon Geliri	1.194	1.375	15,2
Brüt Kâr	2.856	3.352	17,4
Net Kâr	2.315	2.558	10,5

BAŞLICA ORANLAR (%)	2015	2016
Faiz Getirili Aktifler/Aktif Toplamı	82,9	82,5
Nakdi Krediler/Aktif Toplamı	67,5	68,4
Takipteki Krediler/Toplam Nakdi Krediler (Brüt)	3,06	3,17
Vadesiz Mevduat/Toplam Mevduat	16,8	19,2
Kredi/Mevduat	103,8	105,4
Ortalama Aktif Kârlılığı	1,3	1,2
Ortalama Özkaynak Kârlılığı	12,9	12,6
Sermaye Yeterlilik Rasyosu	13,8	13,1



* Rapor'da yer alan 31.12.2016 tarihli sektör verileri, BDDK'nın 30.01.2017 tarihinde açıkladığı verilerdir.

**Emine, özgür ruhlu ama
sorumluluk sahibi genç bir anneydi**

İki çocuk sahibi olan Emine hanım, kızının üçüncü yaş gününü kutlamak için bir mekan aradı ancak isteklerini karşılayacak sağlıklı ve keyifli bir yer bulamadı. Ama harika bir iş fikri buldu.

Fakat önemli bir sorunu vardı...

**HALKBANK
SUNAR**

EMİNE ŞENGÜZ
BİR GİRİŞİMCİ KADINIMIZ

BAHADIR AKSU
KOBİ MÜŞTERİ TEMSİLCİSİ

*Bir girişimci
ruh macerası*

Emine

EMİNE HANIM KOBİ'LERİN BANKASI HALKBANK'A GELDİ. ORGANİK ÜRÜNLER ÜRETEK PASTANE FİKRİNİ ANLATTI. NE DENLİ GEREKLİ VE İYİ BİR GİRİŞİM OLDUĞU KONUSUNDA HEMFİKİR KALDIK. ÖZEL KOBİ KREDİSİ'NDEN YARARLANAN EMİNE HANIM BUGÜNLERDE PASTANESİNİN İKİNCİ ŞUBESİNİ AÇMANIN PLANLARINI YAPIYOR...

YÖNETİM KURULU BAŞKANI'NIN DEĞERLENDİRMESİ

Güçlü sermaye tabanı ve etkin risk yönetimi anlayışıyla sadece Türkiye'nin değil bölgemizin önde gelen finansal kuruluşları arasında yer alan Halkbank, gücünü 2016 yılında yaşadığımız zorlu süreçte bir kez daha göstermiştir.

Değerli Paydaşlarımız,

Finans piyasaları başta olmak üzere, küresel ekonomide yaşanan belirsizliklerin yatırımcılar üzerindeki olumsuz etkisi, dünya ticaret hacmini daraltırken hem ülkelerin hem de özel şirketlerin küresel borç seviyelerinin artmasına neden oldu. Parasal genişleme politikalarının son bulduğu 2016 yılında bölgesel çatışmalar ve güven bunalımı devam ederken, uluslararası ilişkilerdeki güvensizlik ortamı gelişmekte olan ülkelere sermaye çıkışının yaşanmasına, mülteci sorunlarının derinleşmesi gibi konuların ön plana çıkmasına yol açtı.

ABD Merkez Bankası'nın (Fed), 2015 yılsonu itibarıyla 9 yılın ardından ilk kez faizleri artırmasının etkisiyle, finansal piyasalar 2016'ya negatif başlarken fiyatlandırmalar yıl içinde 4 kez faiz artırımına olacağı öngörüsüyle gerçekleşti. ABD ekonomisindeki toparlanma sinyallerine rağmen, yaşanan seçim gündemi ve başta Brexit referandumu olmak üzere küresel piyasalardaki dalgalanmalar nedeniyle Fed, piyasalarda fiyatlandırması yapılan artırımları gerçekleştirmedi. IMF ve OECD gibi uluslararası kuruluşların küresel ekonomiye ilişkin büyüme tahminlerini düşürdüğü ilk yarıda, Çin ekonomisinin 2009 yılından bu yana en zayıf büyüme performansını ortaya koyması da önemli gündem konularından biri oldu.

Bu dönemde Türkiye ise ilk yarısında yakaladığı %4,5 büyüme oranıyla Avrupa ekonomileri arasında üst sıralara yerleşirken, yılın ikinci yarısında yaşanan iç ve dış müdahaleler nedeniyle Orta Vadeli Program'da (OVP) birtakım revizyon gereklilikleri oluştu. 15 Temmuz'da milletine vefası, ülkesine bağlılığı olmayan birtakım grupların cüret ettiği kalkışma, Türk ekonomisinin yönetmesi gereken konulara yenilerini ekledi. Ancak güçlü altyapısıyla her türlü iç ve dış müdahale girişimini bertaraf eden ülkemiz, istikrarını her anlamda korumayı başardı. Geçiş sürecinde herhangi bir likidite sıkıntısı yaşanmadığı gibi, piyasalar çok kısa sürede normalleşti. Çok şükür ki, tedbirler sayesinde yönetilemeyecek kadar ciddi bir finansal dalgalanma yaşanmadı ve ekonomik istikrar yönünde ne kadar kararlı olduğumuz bir kez daha ispatlandı.



R. SÜLEYMAN ÖZDİL
Yönetim Kurulu Başkanı



DÜNYA TİCARET HACMİNDE DARALMA

Finans piyasaları başta olmak üzere, küresel ekonomide yaşanan belirsizliklerin yatırımcılar üzerindeki olumsuz etkisi, dünya ticaret hacminde daralmaya yol açmıştır.



TÜRKİYE, BÜYÜME İVMESİNİ SÜRDÜRDÜ...

Türkiye, 2016'nın ilk yarısında yakaladığı %4,5 büyüme oranıyla Avrupa ekonomileri arasında üst sıralara yerleşirken, yılın ikinci yarısında yaşanan iç ve dış müdahaleler nedeniyle Orta Vadeli Program'da (OVP) birtakım revizyon gereklilikleri oluştu.



KÜRESEL PİYASALARDA DALGALANMALAR

ABD ekonomisindeki toparlanma sinyallerine rağmen, yaşanan seçim gündemi ve başta Brexit referandumu olmak üzere küresel piyasalardaki dalgalanmalar nedeniyle Fed, piyasalarda fiyatlandırması yapılan artırımları gerçekleştirmedi.

Mehmet
SARIKAYA
GİRİŞİMCİ - ENERJİ VERİMLİLİĞİ UZMANI

Erdal
KARAHASAN
GİRİŞİMCİ - MÜHENDİS

HALKBANK
SUNAR

YARIN İÇİN
BİR ŞARKI DA SEN
SÖYLE

Dünyanın enerji kaynakları
hızla tükeniyordu.

Dünya karanlık ve soğuğa mahkûm olmadan birilerinin
bir şey yapması gerekiyordu. İki cesur adam oturup bir plan hazırladılar;
rüzgârı kullanacaklardı!

Fakat büyük bir sorunla karşı karşıyaydılar,
yeterince paraları yoktu.

Umutları tükenmek üzereyken Halkbank'la karşılaştılar

MEHMET SARIKAYA VE ERDAL KARAHASAN HALKBANK'A GELDİLER.
HAZIRLADIKLARI 'RÜZGAR TARLALARI' PROJESİNİN KURULUM MALİYETİNİ,
ÜRETİM POTANSİYELİNİ VE ÇEVRE DEĞERİNİ UZUN UZUN ANLATTILAR.
PROJİYİ DEĞERLENDİRMeye ALAN HALKBANK PROJE FİNANSMAN EKİBİ
PROJENİN DESTEK KREDİSİNİ KISA SÜREDE ONAYLADI. GİRİŞİMCİLER ÇOK
YAKINDA 'RÜZGAR TARLALARI' SANTRALİNİN AÇILIŞINI YAPACAKLAR.

Yatırımcı ilişkilerinin geleceđi

Gelecek, ok hızlı gelecek.

Bu adamın sizce
iři nedir?

Bir faaliyet raporu
100 bin basılıyor.

FTSE’de bir faaliyet raporu 100 bin basılıyor.

1980’ler

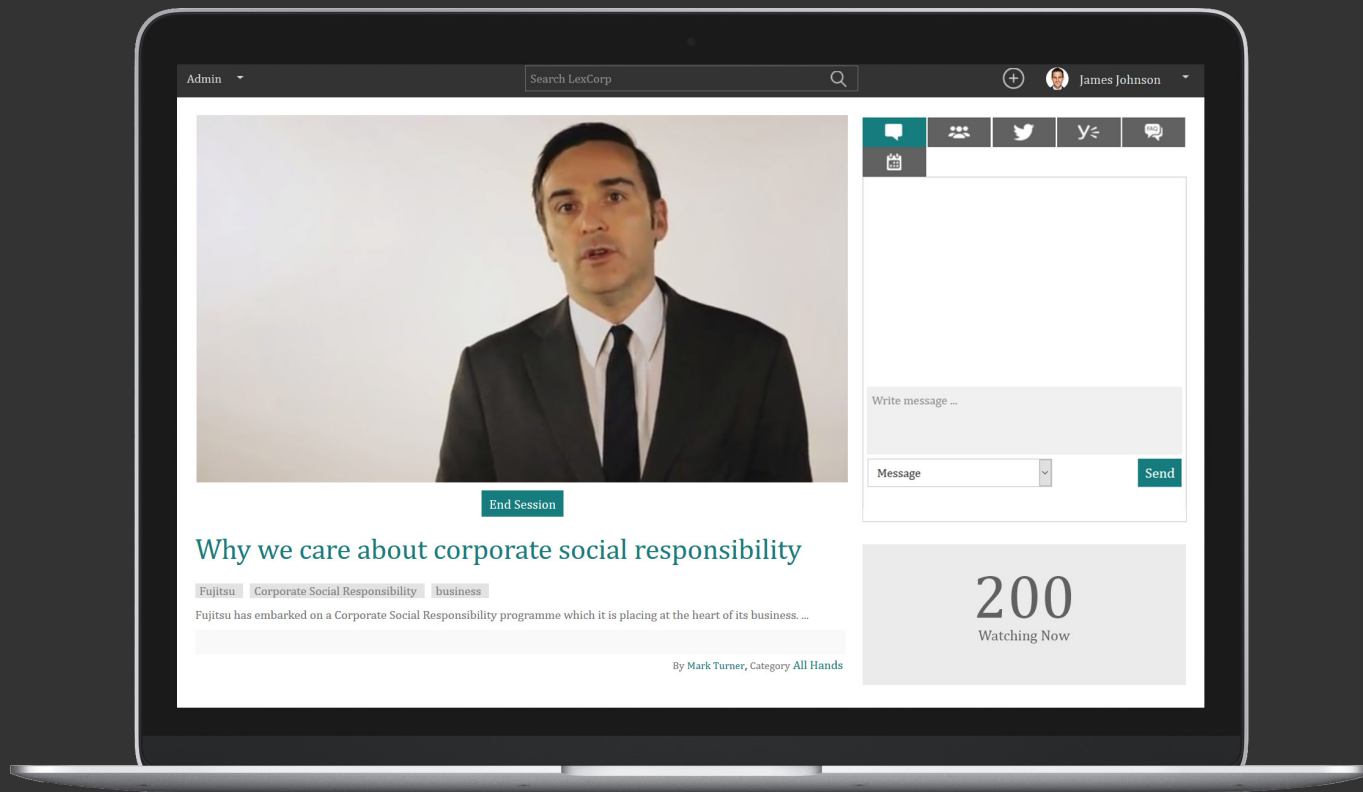


2000’ler



2010'lar

IR web siteleri, mobil uygulamalar, webinar, webcast'ler, sosyal medya ve daha fazlası ile yatırımcı ile sürekli temas kuruluyor...



BİST: 11, FTSE: 28, NYSE 8

Yarın. ve 2020'lar

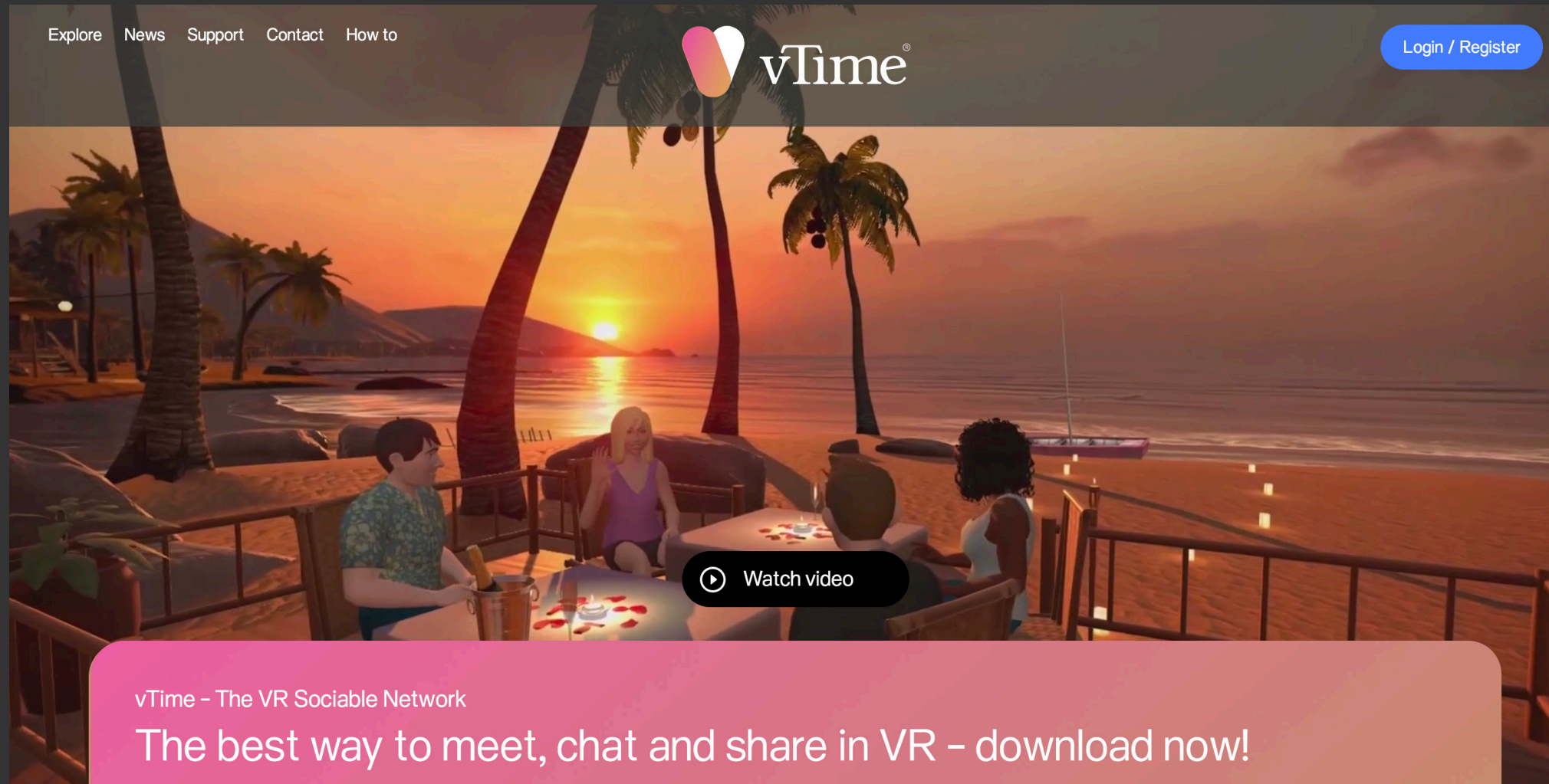
Şu anki internet hızlarımız 10'a, 100'e katlanacak.
Video içerikler internetin tüm içeriğinin %90'ının
kaplayacak (2019).

Daha fazla video içerik
üreteceksiniz.



Yarın. ve 2020'lar

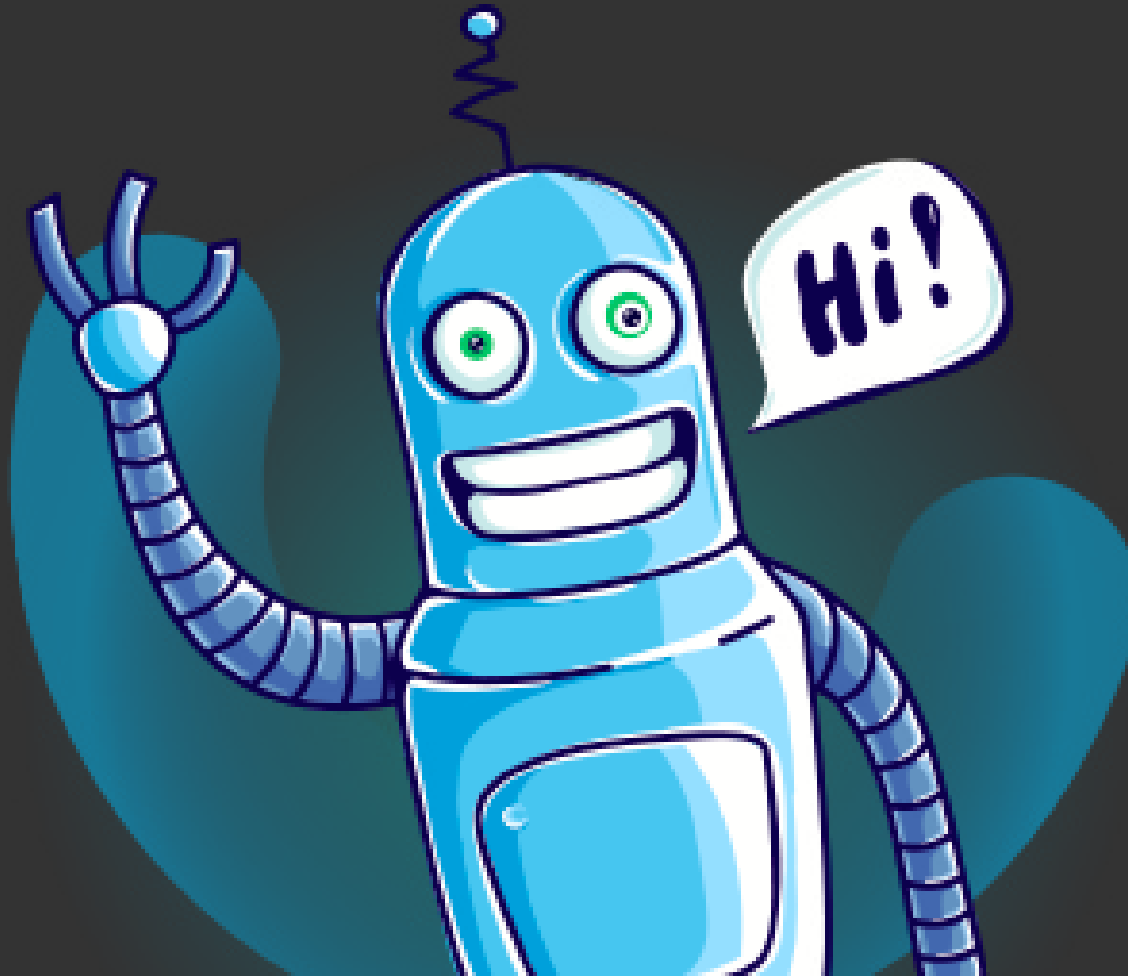
Sosyal medyanın hayatımıza etkisi olağan üstü aratacak. Yatırımcı sunumlarınızı dilediğiniz yerde yapacaksınız.



Yarın. ve 2020'lar

AI, iş ve özel hayatımızın ayrılmaz bir parçası olacak.

Chatbot'lar yatırımcı ilişkilerine gelen soruları
yanıtlayabilecek.



Beni dinlediğiniz için teşekkür ederim.