

PASSION FOR INNOVATION

BOC AVIATION ANNUAL REPORT 2013



CHAIRMAN'S MESSAGE



BOC Aviation: Asia's Leading Aircraft Leasing Company

In 2013, BOC Aviation completed its seventh year under Bank of China's ownership and celebrated its 20th year. I am pleased to announce a new record net profit after tax of US\$277 million, 23 percent higher than the previous year, and thus 20 years of unbroken profitability.

Since the acquisition in 2006, BOC Aviation has achieved cumulative net profit after tax of US\$1.2 billion for Bank of China, of which US\$113 million was paid as a dividend for the first time last year. BOC Aviation's fleet as at end of 2013 comprised 226 aircraft, compared with 77 at the end of 2006. Total assets have grown to US\$10.2 billion from US\$3.1 billion at the time of acquisition. Today, BOC Aviation is the leading aircraft leasing company based in Asia, and the fourth largest globally based on owned assets.

BOC Aviation continued to make strides in 2013 in a strategic objective of diversifying the funding base by capitalizing on its investment grade credit ratings from Fitch Ratings (A-) and Standard & Poor's (BBB) by raising benchmark 10-year dollar

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Total assets have grown to US\$10.2 billion from US\$3.1 billion at the time of acquisition.

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bonds and becoming the first aircraft operating lessor to issue offshore RMB bonds. The Company continues to build a reputation as a financially prudent company with a business model that is responsive to external conditions. BOC Aviation ended the year with a diversified banking group of 47 lenders.

We continue to build a pipeline of new orders and purchase and leaseback transactions as we focus on future asset growth. We took delivery of a record 48 aircraft in 2013. In September, the Company built on a 2012 order of 50 Airbus A320 family aircraft by exercising options for 25 more, including 12 A320neo family aircraft, to be delivered by 2019.

In 2013 BOC Aviation continued to reinforce good corporate governance. BOC Aviation has board committees to assist the board in the discharge of its oversight function. During the year, a new Bank of China appointed director joined the board when Fang Yu

replaced Chen Jianzhong in August 2013 to be both a director and Chairman of the Compensation Committee. I would like to express my sincere gratitude to Chen Jianzhong for his contribution to BOC Aviation.

Lastly, I would like to thank our shareholders, customers and business partners for their ongoing support, and our directors, management and employees for all being part of that success. Together with the rest of Bank of China group, we cover the whole spectrum of services that both airlines and the aircraft supply chain will need going forward and continue to reach new heights.



Chen Siqing
Chairman

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BOC Aviation's success in the past 20 years rests on these core principles of leadership, vision, professionalism, financial acumen, risk-awareness, and innovation.

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Year in Review: Strategic Milestones

2013 was our busiest year with a number of notable firsts. We have now 20 years of consistent profitability, with a record 2013 net profit after tax of US\$277 million, based on revenue at a new high of US\$919 million. Assets expanded 12% to US\$10.2 billion. Shareholders' equity position improved 9% to US\$1.9 billion after payment of our first dividend of US\$113 million.

We took delivery of a record 48 new aircraft, and sold 21 owned aircraft. This took our portfolio of owned aircraft above 200 for the first time.

We closed the year with 206 owned and 20 managed aircraft in service with 56 airlines in 31 countries worldwide. We own a fuel-efficient modern fleet comprising Airbus A320, Airbus A330, Boeing 737 next generation, Boeing 777 and Embraer E190 families. Averaging less than four years of age, our owned fleet remains one of the youngest in the industry. During the year, we also signed leases for 50 aircraft and added five new customers.

To maintain our standing as the world's fourth largest aircraft operating lessor



by owned fleet, we continue to recruit talent to provide a full suite of services to our customers, underpinned by a robust risk management framework. In 2013, we appointed Gerard Kenneally as Chief Technical Officer to join a management team with a collective experience exceeding 200 years in aviation weathering industry downturns and economic challenges.

By the end of 2013, BOC Aviation had 114 employees of 14 nationalities based in offices in Singapore, Europe and USA, an increase of 10% over the past year reflecting our expanded scope of global operations.

The calibre of our human resources has been demonstrated by our innovation in the financial markets where we raised more than US\$2 billion, including US\$500 million 10-year unsecured notes, and setting another milestone by becoming the first global aircraft lessor to access the offshore RMB capital markets as we leveraged on our investment grade credit ratings from Fitch Ratings and Standard & Poor's. We ended the year with US\$538 million in cash and equivalents and more than US\$2 billion in unutilized committed credit facilities. We have an efficient capital structure with a conservative gross debt-to-equity ratio of 3.9:1 at end-2013. The average cost of debt was 1.9% per annum.

In 2013, we placed an order for 25 Airbus A320 family to be delivered between 2015 and 2019, upsizing from a 50-aircraft order to meet customer needs. We have now already placed 45 of these orders with airlines.

BOC Aviation's success in the past 20 years rests on these core principles of leadership, vision, professionalism, financial acumen, risk-awareness, and innovation. Most of all, the people who practice these values daily to deliver the results for our stakeholders display the passion to be the best in class in our field. It is this spirit that carries us into our third decade of operation and we are very grateful to our team for their dedication.



Robert Martin
Managing Director
& Chief Executive Officer

FINANCIAL HIGHLIGHTS & KEY STATISTICS

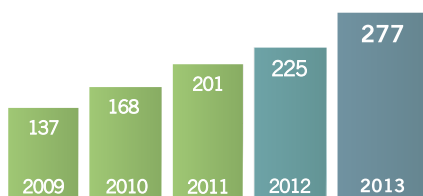
Net Profit After Tax (US\$ million)

+23%

2012: 225

2013:

277



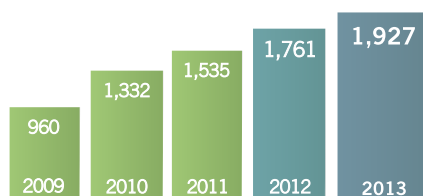
Shareholder's Funds (US\$ million)

+9%

2012: 1,761

2013:

1,927



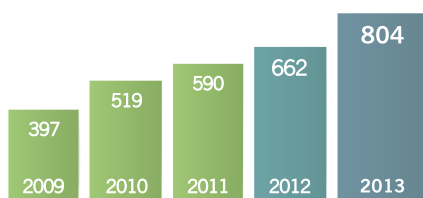
Lease Rentals (US\$ million)

+21%

2012: 662

2013:

804



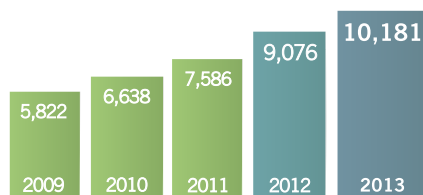
Total Assets (US\$ million)

+12%

2012: 9,076

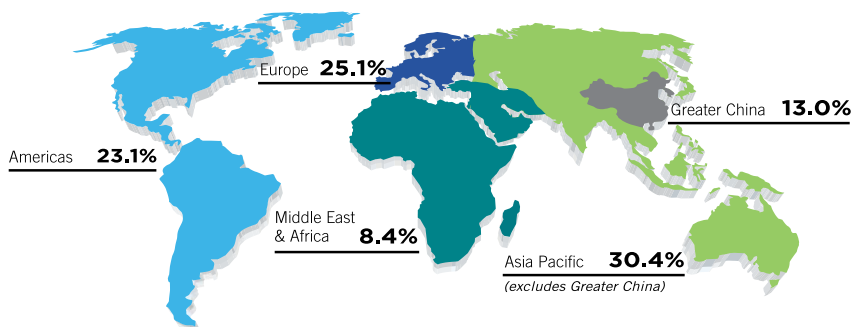
2013:

10,181



FINANCIAL HIGHLIGHTS & KEY STATISTICS

Distribution of Lease Rentals by Region as at 31 December 2013



Number of Owned Aircraft at Financial Year End

	DEC 2009	DEC 2010	DEC 2011	DEC 2012	DEC 2013
A319-100	16	16	13	13	13
A320-200	37	45	56	67	71
A321-200	2	2	2	2	2
A330-300	0	0	1	1	6
A330-200F	0	0	0	3	5
737-400	1	1	1	0	0
737-700	30	30	32	31	30
737-800	17	30	35	35	44
737-900ER	0	0	0	3	4
747-400F	1	1	1	1	1
777-200LRF	2	2	0	0	0
777-300	4	4	4	4	4
777-300ER	8	9	11	13	16
E195	0	0	2	5	4
E190	0	0	0	1	6
TOTAL	118	140	158	179	206

Number of Managed Aircraft at Financial Year End

	DEC 2009	DEC 2010	DEC 2011	DEC 2012	DEC 2013
A319-100	5	5	5	3	3
A320-200	4	5	5	2	1
A321-200	1	1	1	1	0
A330-200	3	3	1	1	1
A330-300	5	5	5	5	5
737-700	2	3	4	6	4
737-800	2	2	2	1	3
747-400ERF	0	0	0	3	3
777-200ER	2	2	2	2	0
TOTAL	24	26	25	24	20

2010

BOC increased equity investment by US\$100 million

Placed order for 30 A320 and eight Boeing 777-300ER



2011

Net profit after tax exceeded US\$200 million

Owned fleet exceeded 150 aircraft

First order with Embraer for E190 family aircraft

2009



Acquired US\$2.5 billion worth of aircraft

BOC increased equity investment by US\$100 million

Assets reached US\$5 billion as owned fleet exceeded 100 aircraft

2008



Net profit after tax exceeded US\$100 million

1997



Placed first order with Boeing for six 777 aircraft

Temasek and GIC each became 14.5% shareholders

1998

Robert Martin became Managing Director and joined the Board

1996



Placed first order with Airbus for 12 A320 Aircraft

1995



Purchased three Boeing 767-300ERs for lease to Alitalia

✈ 2012 ————— ✈ 2013



Inaugural credit ratings of A- from Fitch and BBB from S&P

Issued first unsecured US\$500 million five-year bonds

Issued 10-year benchmark bonds

Cumulative net profit after tax under BOC exceeded US\$1 billion

Total assets exceeded US\$10 billion

Owned fleet exceeded 200 aircraft

2007

Name changed to BOC Aviation



2006 ✈

Bank of China acquired 100% of SALE on 15 Dec 2006

✈ 2000 ————— ✈ 2005

Launched SALE's first bond issue

Placed first 737 order with Boeing for 20 of the Next Generation 737 series

1993 ✈



SALE established with 50:50 ownership between Singapore Airlines and Boullion Aviation Services

Co-arranged and managed for investors the purchase and leaseback of one Boeing 767-300ER aircraft with China Southern Airlines

TESTIMONIALS



AIRBUS

"Airbus and BOC Aviation have built a strong partnership over the past two decades based on a mutual commitment to deliver the most modern, fuel-efficient widebody and single-aisle aircraft to airlines around the world. BOC Aviation has been a central player in the tremendous growth of our industry, offering not only one of the youngest aircraft portfolios but also a wide range of competitive lease management and aircraft finance services, either directly or through their parent company Bank of China. We look forward to continuing to grow our business together with BOC Aviation for the years to come."

Fabrice Brégier
President and Chief Executive Officer



ASIANA

"On behalf of Asiana Airlines, a long-term partner of BOC Aviation, I would like to extend our sincere congratulations on the 20th Anniversary of BOC Aviation. It has been a great pleasure to work with BOC Aviation and see its impressive growth in the aircraft leasing industry. We are confident about BOC Aviation's continuing leadership in the market and further enhancement of our good relationship in the coming decade."

Han Chang-Soo
Senior Executive Vice-President and Chief Financial Officer



IBERIA

"When Iberia made a strategic decision to upgrade its fleet to meet the challenges of today's customers, we were ably supported by BOC Aviation, which not only provided innovative solutions that added financial and operational flexibility to our fleet but also demonstrated a high calibre of professionalism in customer support. We have been impressed as a new customer, and congratulate BOC Aviation for 20 years of excellence."

Javier Sánchez-Prieto
Chief Financial Officer



IATA

"In just two decades, BOC Aviation has grown from a regionally focused aircraft lessor into a global player with airline customers in all corners of the world. IATA is proud to count BOC Aviation among our strategic partners. I thank them for their support of many of IATA's industry programs and initiatives and congratulate them on the occasion of their 20th Anniversary. As we begin aviation's second century, we look forward to continuing to build sustainable global connectivity with successful businesses and forward-looking partners like BOC Aviation."

Tony Tyler
Chief Executive Officer and Director General



THAI AIRWAYS

"Over the past four years, Thai Airways International has built a strong relationship with BOC Aviation through the delivery of eight Boeing 777-300ER aircraft. THAI congratulates BOC Aviation on its 20th Anniversary and looks forward to more cooperation with BOC Aviation to meet our aircraft financing requirements in the years ahead."

Chokchai Panyayong
Acting President



BOEING

"Over the years, BOC Aviation and Boeing have worked together to deliver products with superior value and unmatched operating economics to the world's airlines. BOC Aviation, a leader in the commercial airplane leasing industry, understands the airplane needs and requirements of airlines, especially as carriers compete in an increasingly aggressive and dynamic marketplace."

Ray Conner
Vice Chairman, The Boeing Company
President and Chief Executive Officer,
Boeing Commercial Airplanes

BOC AVIATION PTE. LTD. AND ITS SUBSIDIARY COMPANIES

BANKERS

Apple Bank for Savings
Arab Bank plc
Bank of China
Bank of Communications Co., Ltd
Bank of East Asia Limited
Bank of Tokyo – Mitsubishi UFJ, Ltd.
BNP Paribas
Cathay United Bank Co., Ltd
CIMB Bank Berhad
Citibank, N.A.
Commerzbank Aktiengesellschaft
Commonwealth Bank of Australia
DBS Bank Ltd
DekaBank Deutsche Girozentrale
Deutsche Bank AG
Development Bank of Japan Inc
DVB Bank SE
Emirates NBD PJSC
Flushing Savings Bank, FSB
Hachijuni Bank Ltd.
Hiroshima Bank, Ltd
Hongkong and Shanghai Banking Corporation Limited
HSH Nordbank
Hua Nan Commercial Bank Ltd.
ING Bank N.V.
JPMorgan Chase Bank, N.A.
Kreditanstalt für Wiederaufbau
Landesbank Hessen – Thüringen Girozentrale
Lloyds Banking Group plc
Malayan Banking Berhad
Mega International Commercial Bank Co., Ltd
Morgan Stanley Bank, N.A.
National Australia Bank Limited
Nomura Trust and Banking Co., Ltd
Norddeutsche Landesbank Girozentrale
Oversea-Chinese Banking Corporation Limited
Portigon AG
Private Export Funding Corporation
Royal Bank of Scotland N.V.
Santander Corporate Banking
Sovereign Bank, N.A.
Standard Chartered Bank plc
Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui Trust Bank Company Limited
Toronto-Dominion Bank
United Overseas Bank Limited
Westpac Banking Corporation

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