



BOC Aviation Investor Day 2022

10 NOVEMBER 2022

Disclaimer

This presentation contains information about BOC Aviation Limited ("BOC Aviation"), current as at the date hereof or as at such earlier date as may be specified herein. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of BOC Aviation or any of its subsidiaries or affiliates or any other person in any jurisdiction or an inducement to enter into investment activity and does not constitute marketing material in connection with any such securities.

Certain of the information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the information or opinions contained herein or in any verbal or written communication made in connection with this presentation. The information set out herein may be subject to revision and may change materially. BOC Aviation is not under any obligation to keep current the information contained in this document and any opinions expressed in it are subject to change without notice.

No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither BOC Aviation nor any of its affiliates, advisors, agents or representatives including directors, officers and employees shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is highly confidential and is being given solely for your information and for your use and may not, in whole or in part, be shared, copied, reproduced or redistributed to any other person in any manner.

This document may contain "forward-looking statements", which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond BOC Aviation's control that could cause the actual results, performance or achievements of BOC Aviation to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Neither BOC Aviation nor any of its affiliates, agents, advisors or representatives (including directors, officers and employees) intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document.

Any securities or strategies mentioned herein (if any) may not be suitable for all investors. Recipients of this document are required to make their own independent investigation and appraisal of the business and financial condition of BOC Aviation and/or any other relevant person, and any tax, legal, accounting and economic considerations that may be relevant. This document contains data sourced from and the views of independent third parties. In replicating such data in this document, BOC Aviation does not make any representation, whether express or implied, as to the accuracy of such data. The replication of any views in this document should not be treated as an indication that BOC Aviation agrees with or concurs with such views.

Setting the scene

Timothy Ross
Head of Investor Relations and
Corporate Communications

Timothy Ross

Head of Investor Relations &
Corporate Communications



- More than 30 years of investment banking and aviation-related experience
- In charge of Investor Relations and Corporate Communications
- In depth knowledge of capital markets and industry investment community

Agenda

Topic	Time	Presenter
Welcome and introduction	10.00am – 10.15am	Timothy Ross Head of Investor Relations and Corporate Communications
BOC Aviation Strategy and the external environment	10.15am – 11.00am	Robert Martin Managing Director & Chief Executive Officer
How we manage our investment, divestment and ESG	11.00am – 11.45am	David Walton Deputy Managing Director and Chief Operating Officer
Capital management & allocation; changing financial markets	11.45am – 12.20pm	Steven Townend Deputy Managing Director & Chief Financial Officer
Lunch Guest speaker (The OEM perspective)	12.20pm – 12.50pm 12.50pm – 1.20pm	Guest speaker: Paul Meijers EVP Aircraft Leasing, Trading & Financing, Airbus
Managing risk on a 360° basis	1.20pm – 1.50pm	Stephen Barnes Chief Risk Officer
Managing aircraft transitions	1.50pm – 2.20pm	Chris Gruener Head of Technical
Coffee break	2.20pm – 2.35pm	
The future of SAF	2.35pm – 3.20pm	Lee Ee Pin Commercial Development Manager, APAC, Neste
Managing liquidity and future funding plans	3.20pm – 3.50pm	Chan Mui Sin Head of Treasury
Closing remarks	3.50pm – 4.00pm	Steven Townend Deputy Managing Director & Chief Financial Officer

Covering the core competencies

Since inception in 1993:

- | | |
|--------------|--|
| • Purchasing | More than 990 aircraft purchased totalling US\$57 billion |
| • Leasing | More than 1,190 leases executed with >180 airlines in 61 countries and regions |
| • Financing | More than US\$38 billion in debt raised since 1 January 2007 |

David Walton

Robert Martin

Steven Townend

- | | |
|------------------------------|---------------------------------|
| • Sales | More than 400 aircraft sold |
| • Transitions | 116 transitions |
| • Repossessions ¹ | 65 aircraft in 19 jurisdictions |

David Walton

Chris Gruener

Stephen Barnes

Delivering our business model

All data as at 30 September 2022, since inception unless otherwise indicated

Note:

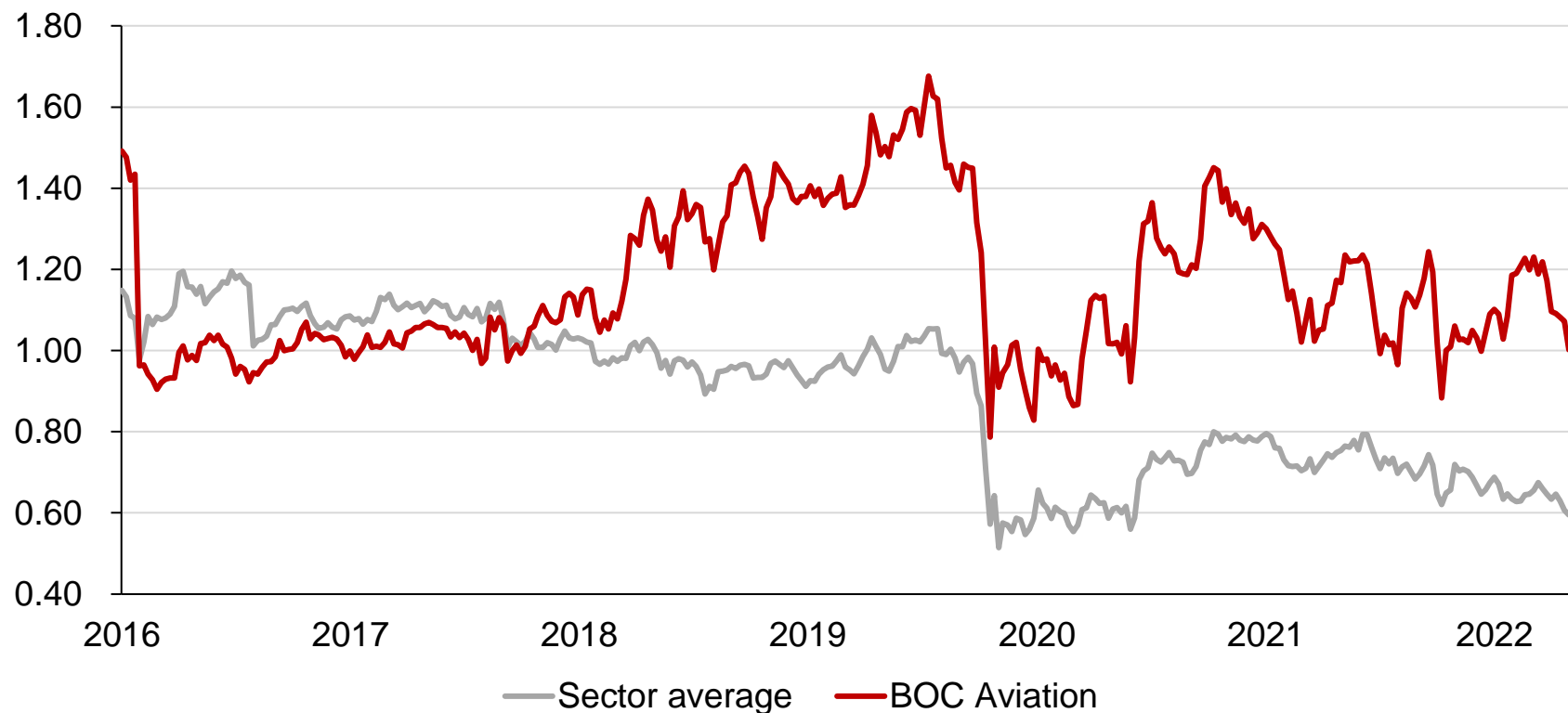
1. Includes repossessions and consensual early returns



Sustained valuation premium

Consistent P/BV premium to the sector average since March 2018

P/Book Value: BOC Aviation vs. sector average (current year)



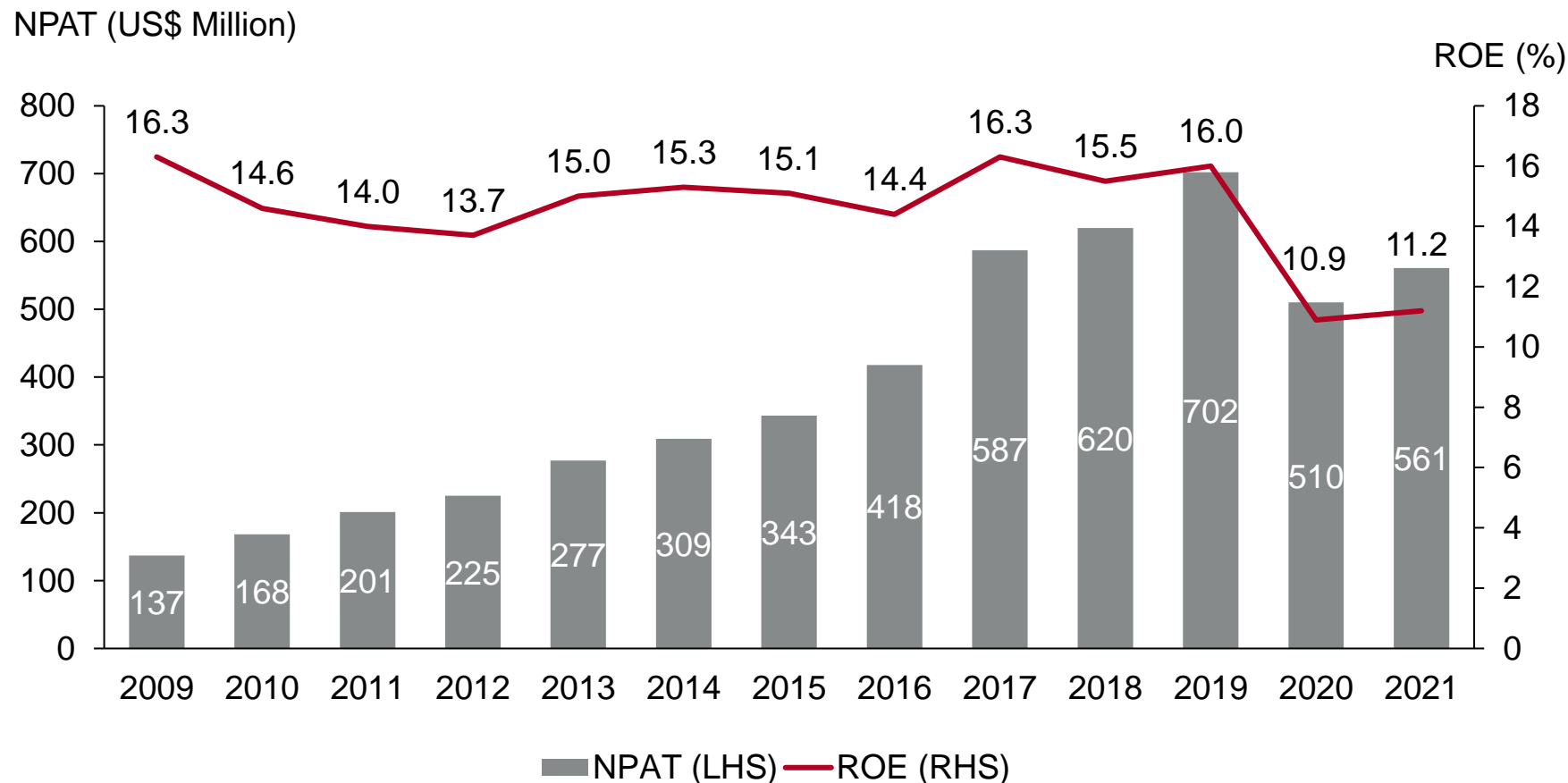
Premium to sector has averaged 36% since IPO

Source: Bloomberg (31 October 2022), UBS estimates



Stability of returns valued as much as their magnitude

Driven by long-term sustainable growth



Market anticipates a substantial recovery in 2023

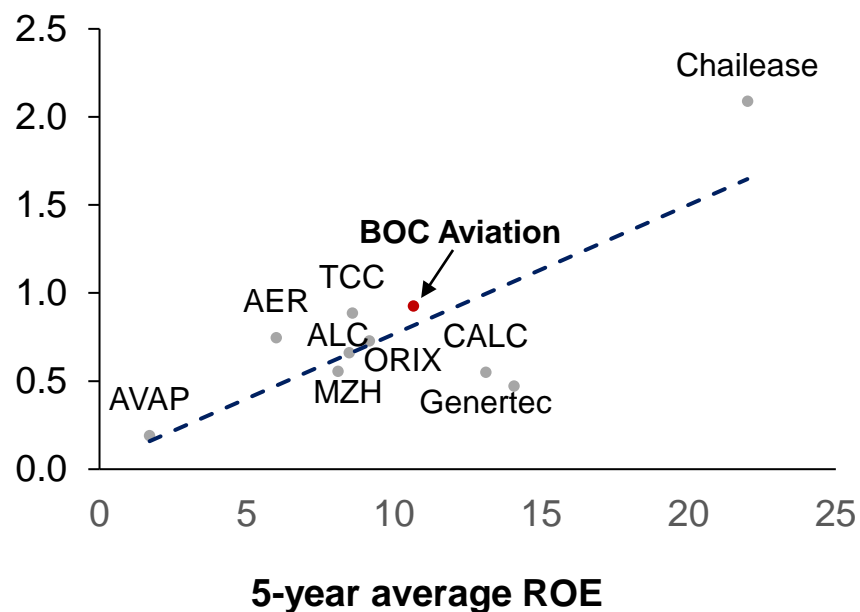
All data as at 31 December of relevant year unless otherwise indicated

Valuations reflect rates of return

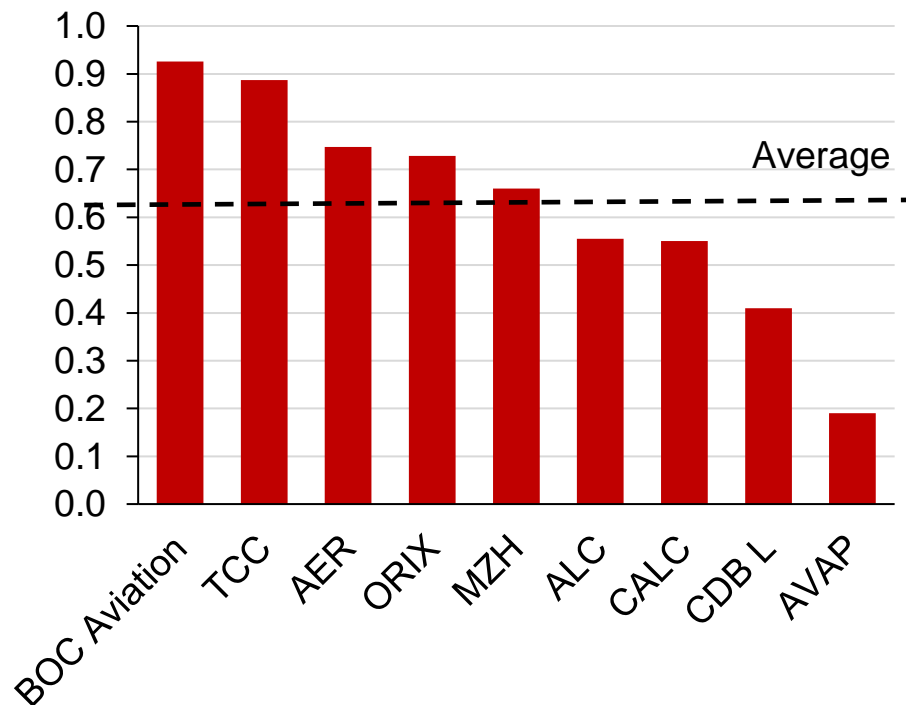
Need to normalise returns to make sense of valuation

P/Book Value (2022E) vs 5-year average ROE (2019-23E)

P/Book



P/Book Value vs Peers (2022E)



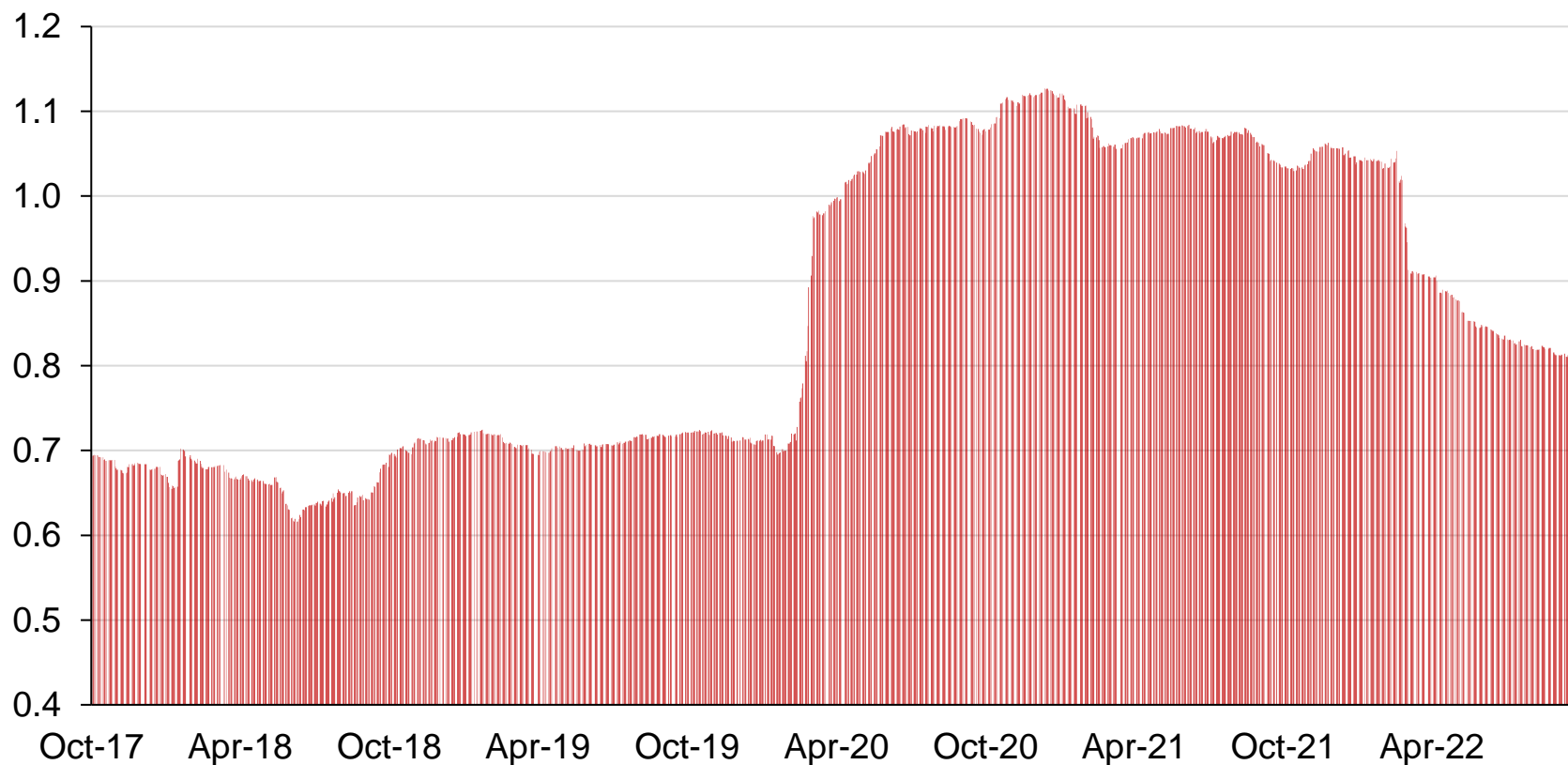
BOC Aviation premium to book in line with ROE relative to peers

Source: Bloomberg (31 October 2022)



Low beta stock

Price now driven less by direction of HKEx



Beta has fallen 27% since October 2020

Source: Bloomberg (31 October 2022)

Summing up – back to the future

- Consistently delivered double-digit returns on equity since BOC's acquisition in 2006
 - Consistently amongst the highest returns in the sector
 - Achieved on conservative leverage
 - Good stewards of capital: disciplined investment in premium assets
- High ROE and low COF recognised in Price: Book premium to sector
- Catalysts for value involve North Asia re-opening
 - Good for sentiment (multiple expansion)
 - Good for business (NAV growth)

History holds the key to the future

BOC Aviation strategy and the external environment

Robert Martin
Managing Director & Chief Executive Officer

Robert Martin

Managing Director &
Chief Executive Officer



- 35 years of banking and leasing experience
- Appointed Managing Director on 4th July 1998; a member of Board of Directors since 4th July 1998
- BOC Aviation's Chief Executive Officer for 24 years, a record as the longest serving Chief Executive Officer of an aircraft leasing company

BOC AVIATION – WHO ARE WE

BOC Aviation – who are we?

Top 5

Global aircraft operating lessor¹

Bank of China

70% owned by BOC

Listed on HKEX

HKEX code: 2588

A- Investment grade credit ratings
from S&P and Fitch

>US\$5.0 billion

Cumulative profits since inception²

US\$22.8 billion

Total assets²

US\$6.0 billion

Available liquidity²

612

Aircraft in fleet⁴

181

Aircraft on order³

4.3 years; 8.2 years

Average fleet age & lease term remaining⁵

Industry leader focused on long-term sustainable earnings

All data as at 30 September 2022 unless otherwise indicated

Notes:

1. By net book value of owned aircraft
2. As at 30 June 2022
3. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
4. Includes owned, managed and aircraft on order as at 30 September 2022
5. Weighted by net book value of owned fleet as at 30 September 2022



Core competencies - BOC Aviation track record

Since inception in 1993:

- Purchasing More than 990 aircraft purchased totalling close to US\$57 billion
 - Leasing More than 1,190 leases executed with >180 airlines in 61 countries and regions
 - Financing¹ More than US\$38 billion in debt raised since 1 January 2007
-
- Sales More than 400 aircraft sold
 - Transitions More than 110 transitions
 - Repossessions² 65 aircraft in 19 jurisdictions

The outcome:

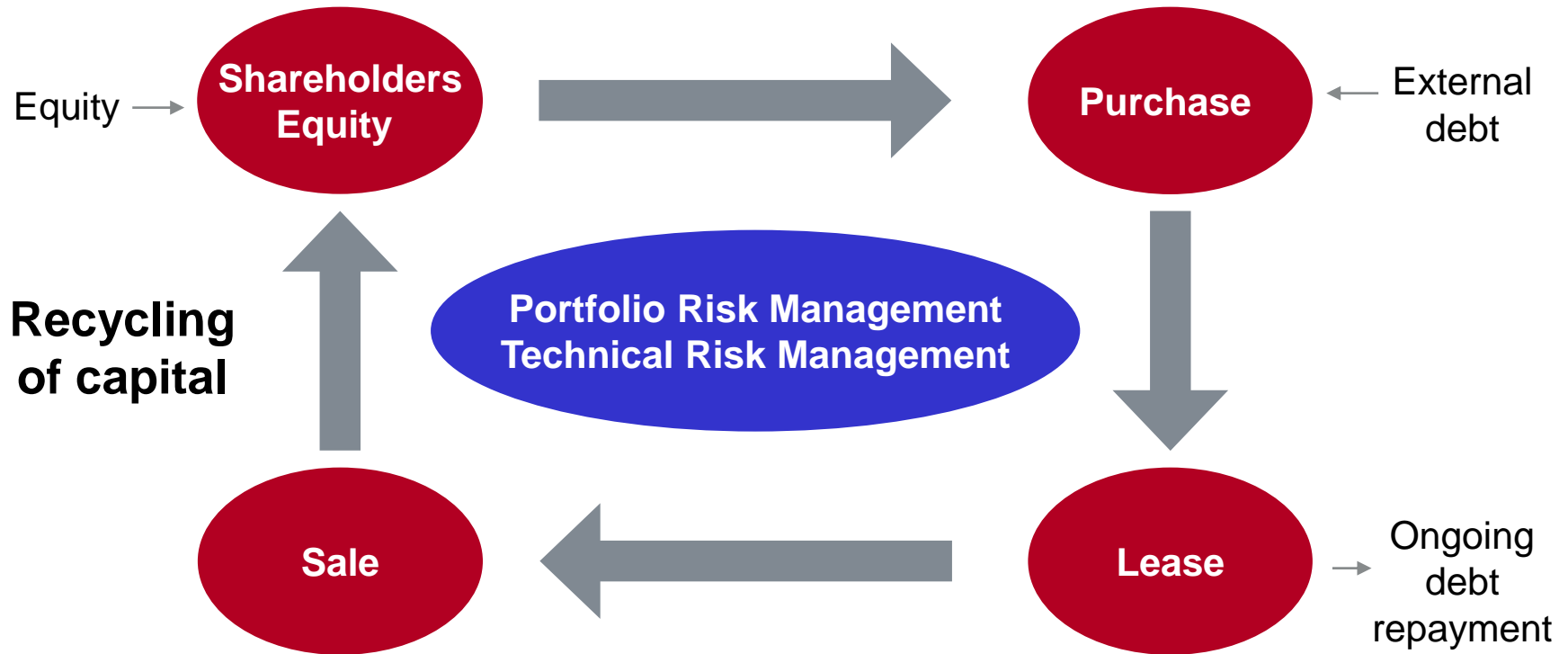
- Total number of aircraft delivered **812**
- Proportion of aircraft sold³ **50%**
- Proportion of transitions⁴ **10%**
- Proportion of repossessions⁴ **5%**

All data as at 30 September 2022, since inception unless otherwise indicated

Notes:

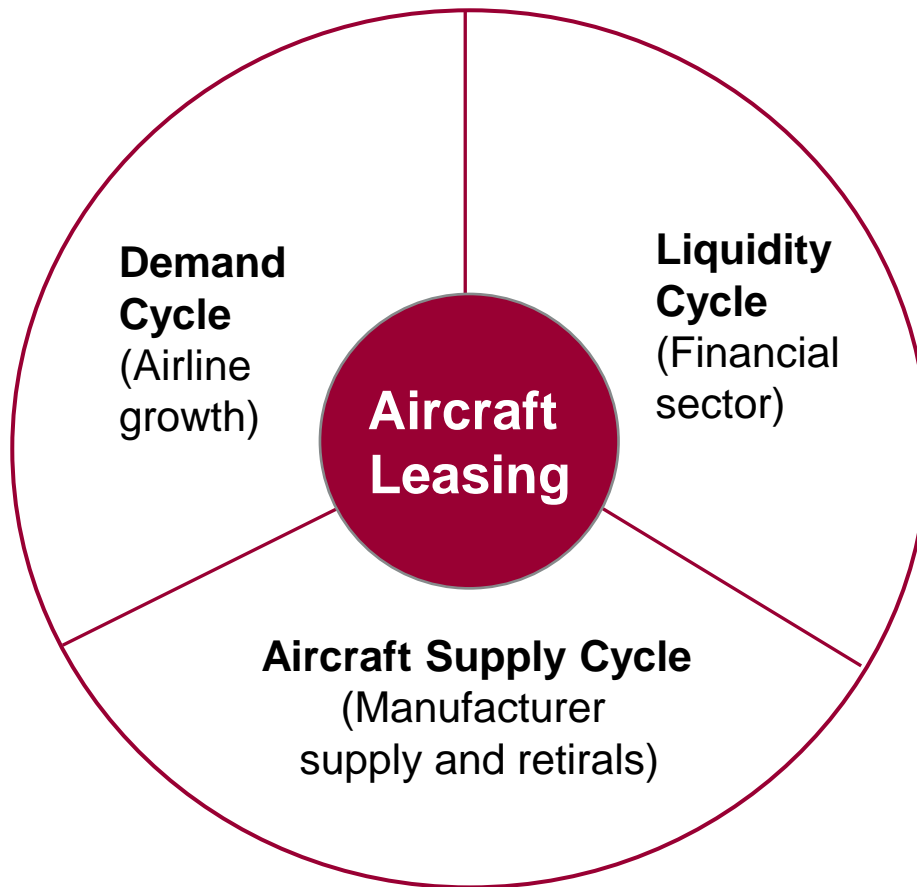
1. As at 30 June 2022
2. Includes repossessions and consensual early returns
3. As a proportion of aircraft delivered
4. As a proportion of leases executed

Our business model



Current equity base of US\$5 billion

Operating leasing driven by three independent cycles



Airline Market Demand (Revenue)

Airline cash flows driven by:

- GDP growth
- Government border controls and financial support
- Trade flows
- Fuel costs

Supply of Aircraft (Procurement)

- Manufacturer supply
- On time delivery
- Availability of financing to airlines
- Parked aircraft and aircraft retirements

Supply of Financing (Financing, Sales of Aircraft, Competitors)

- Government support for markets
- Financial confidence
- Commercial debt
- Bond market
- Export credit
- Equity

Aircraft leasing sits at the intersection of all three key industry cycles

THE BIGGER PICTURE

The operating leasing industry today

Customers

700+ airlines globally

39,500 new aircraft required over the next 20 years¹

Suppliers

4 key airframe manufacturers

4 key engine manufacturers

10,000+ supply chain partners

**Aircraft
Leasing
Industry**

Funding

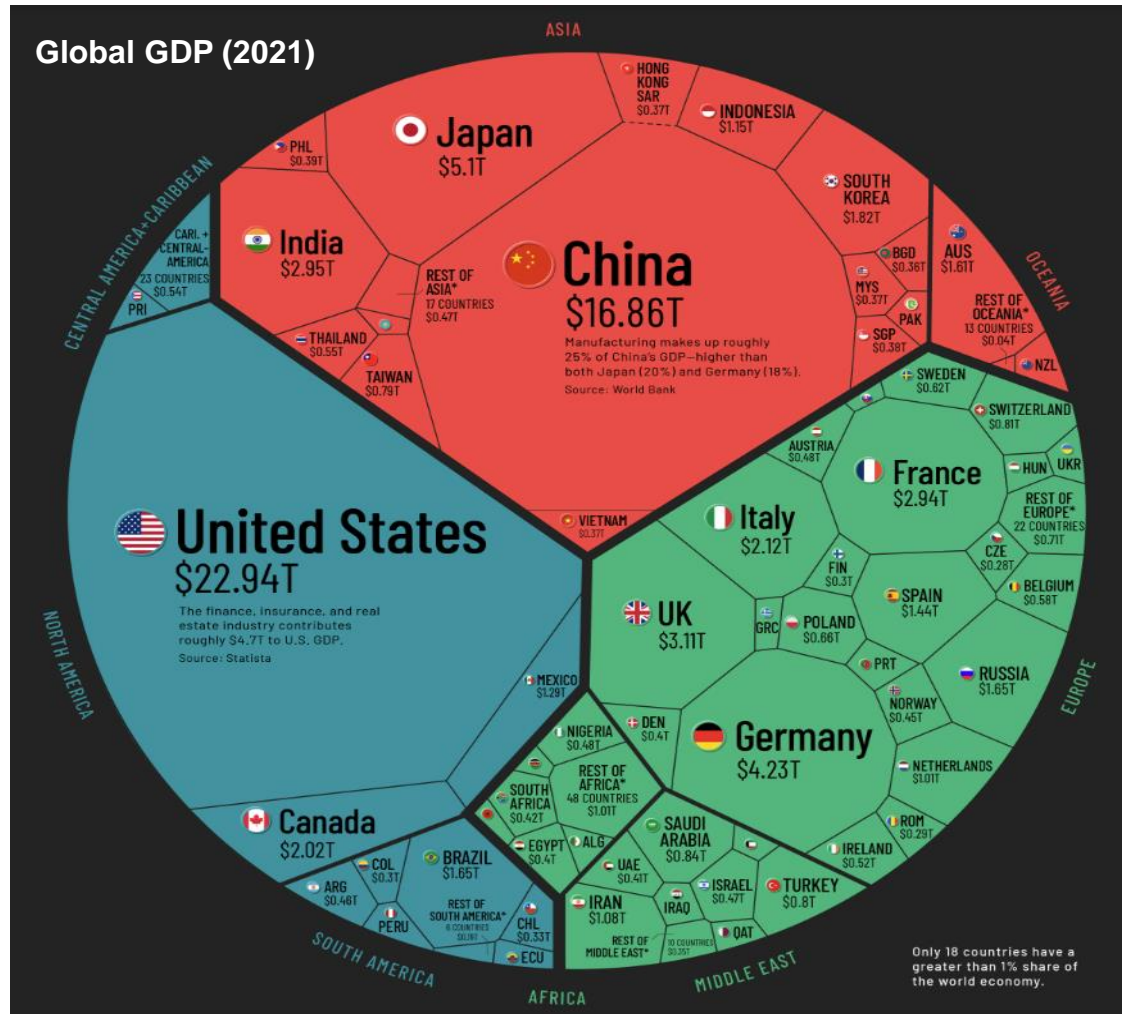
200+ active banks

1,000+ capital market investors

Investors

300+ aircraft lessors

Leasing is a global industry



Need global reach to be an effective aircraft operating lessor

Source: IMF

Our global footprint



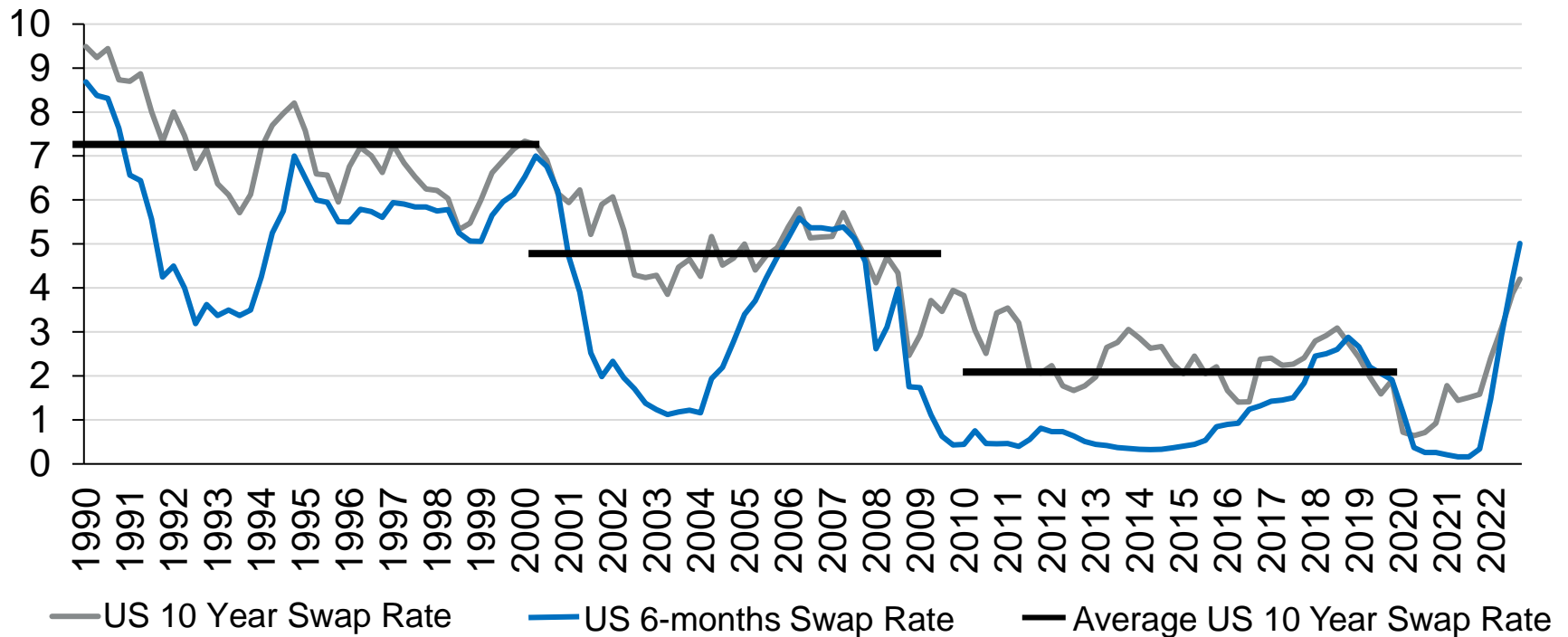
187 employees globally

As at 30 September 2022

[] indicates headcount

Low interest rate environment has come to an end

10Y USD SWAP and 6M USD LIBOR, %

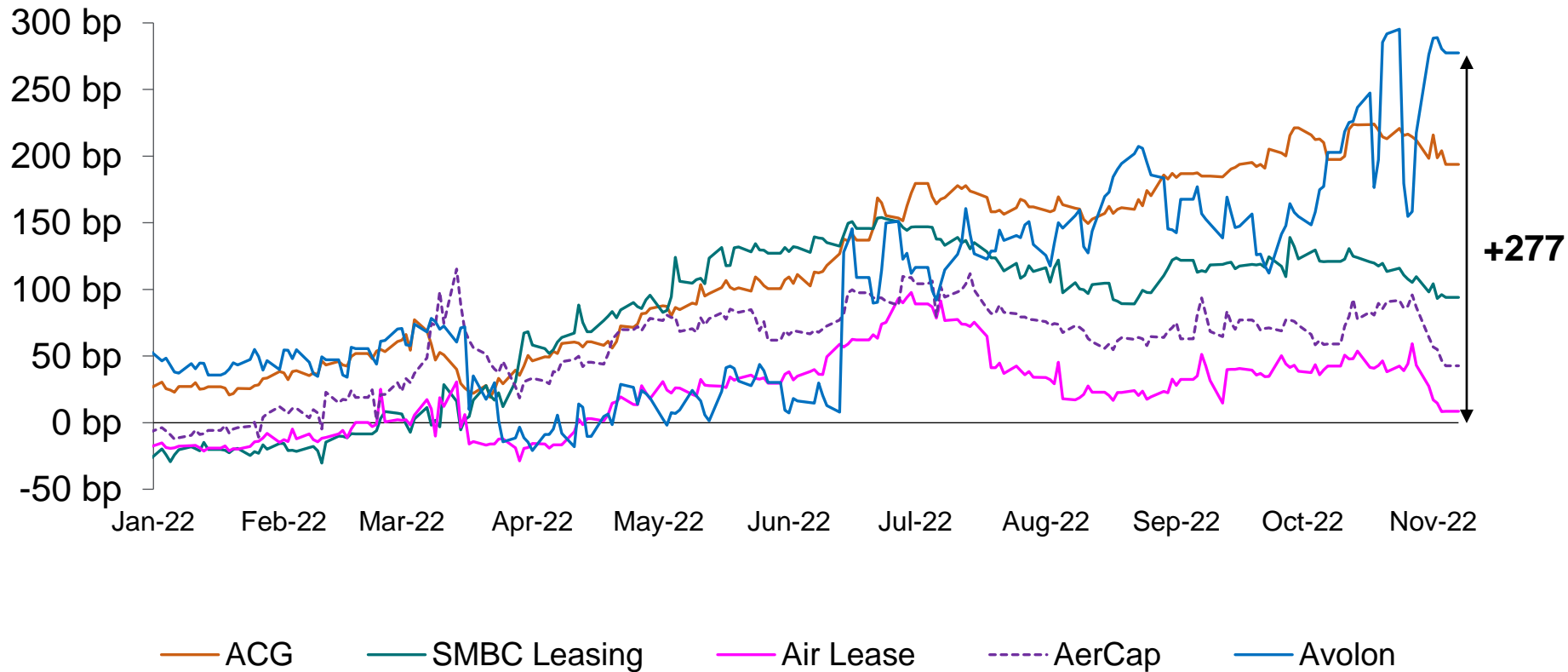


10 years of low interest rate have come to an end!

Source: Bloomberg (7 November 2022)

Strength in our cost of debt

Historical G-Spread Differential vs. BOC Aviation



Spreads reflect relative credit strength

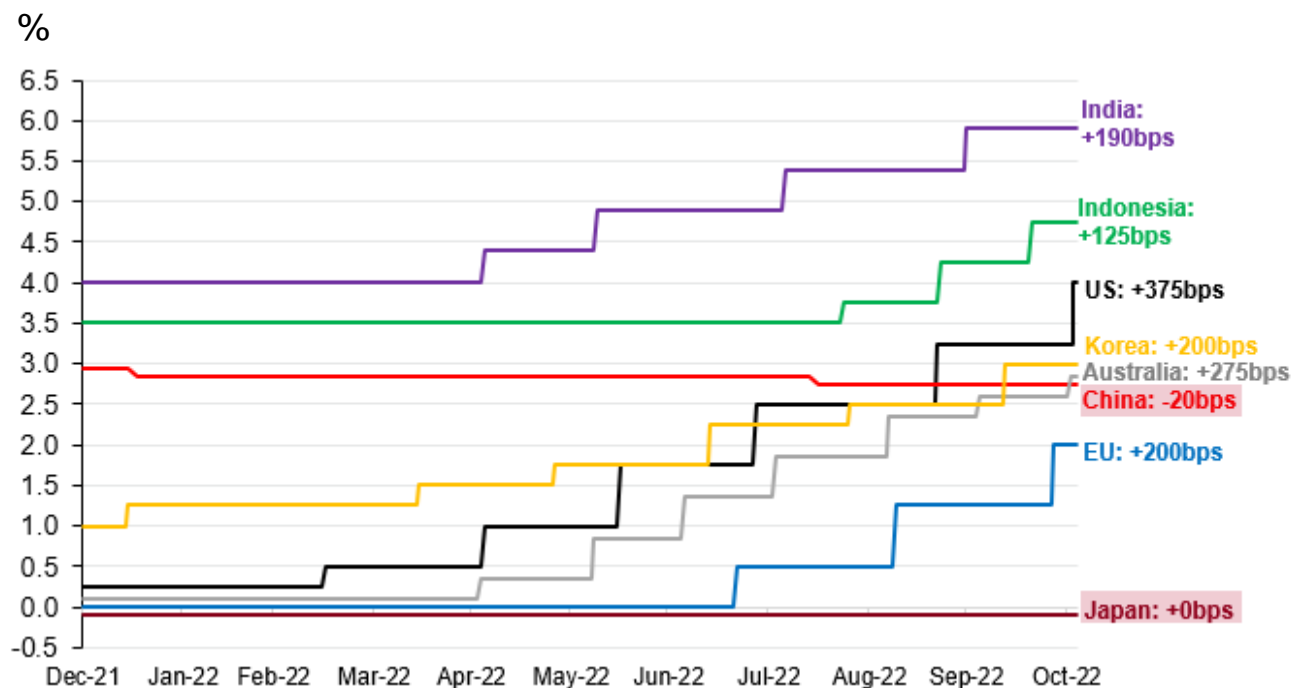
Source: Bloomberg (7 November 2022)



Interest rates in China and Japan this year are relatively stable

YTD Central Bank Rate Increases (%)

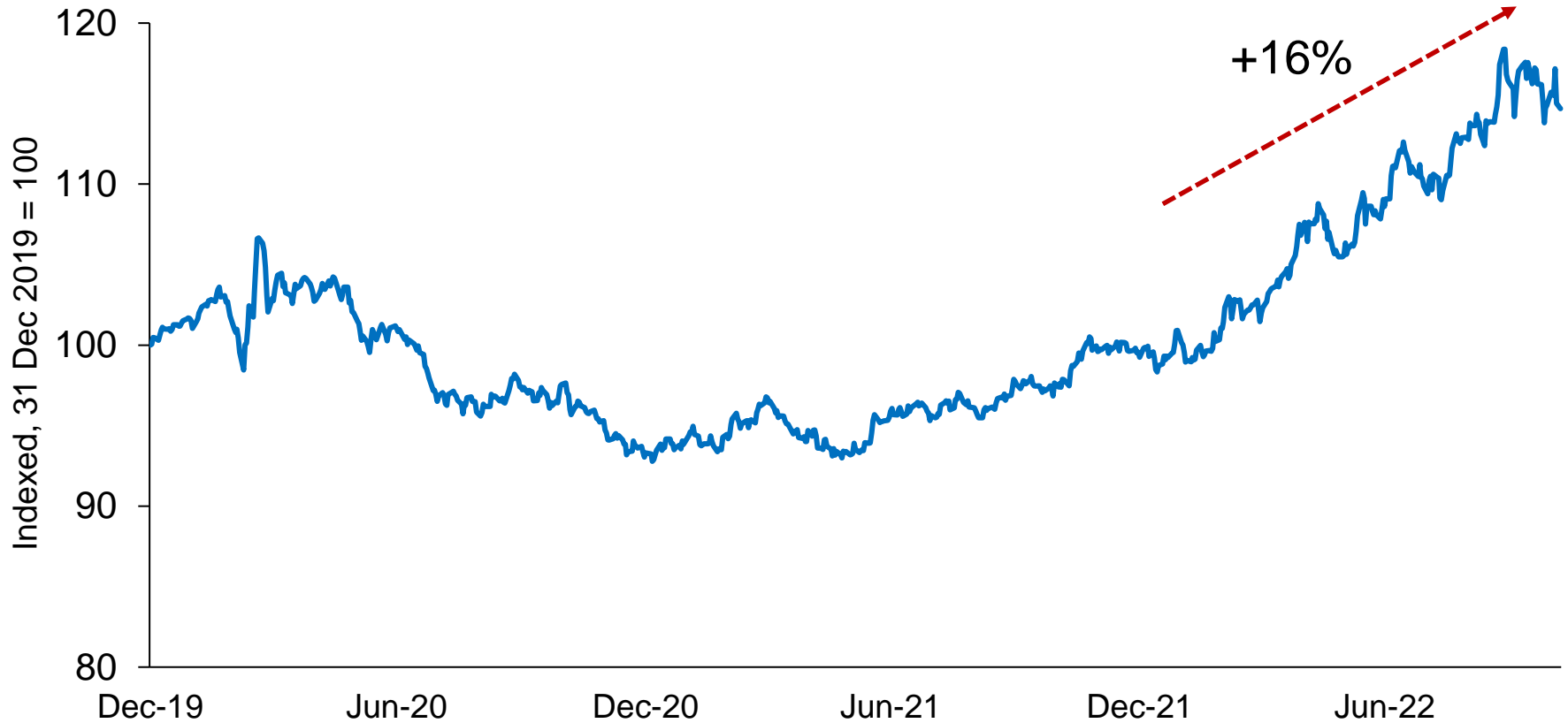
31 Dec 2021 to 3 Nov 2022



FX Rate Changes vs USD		
Currency	FX Rate	YTD % Depreciation
IDR	15,700	-9%
INR	83.0	-10%
AUD	1.59	-13%
CNY	7.30	-13%
EUR	0.98	-14%
KRW	1419	-17%
GBP	1.12	-18%
JPY	148	-22%

Source: Bloomberg (3 November 2022)

Strengthening USD

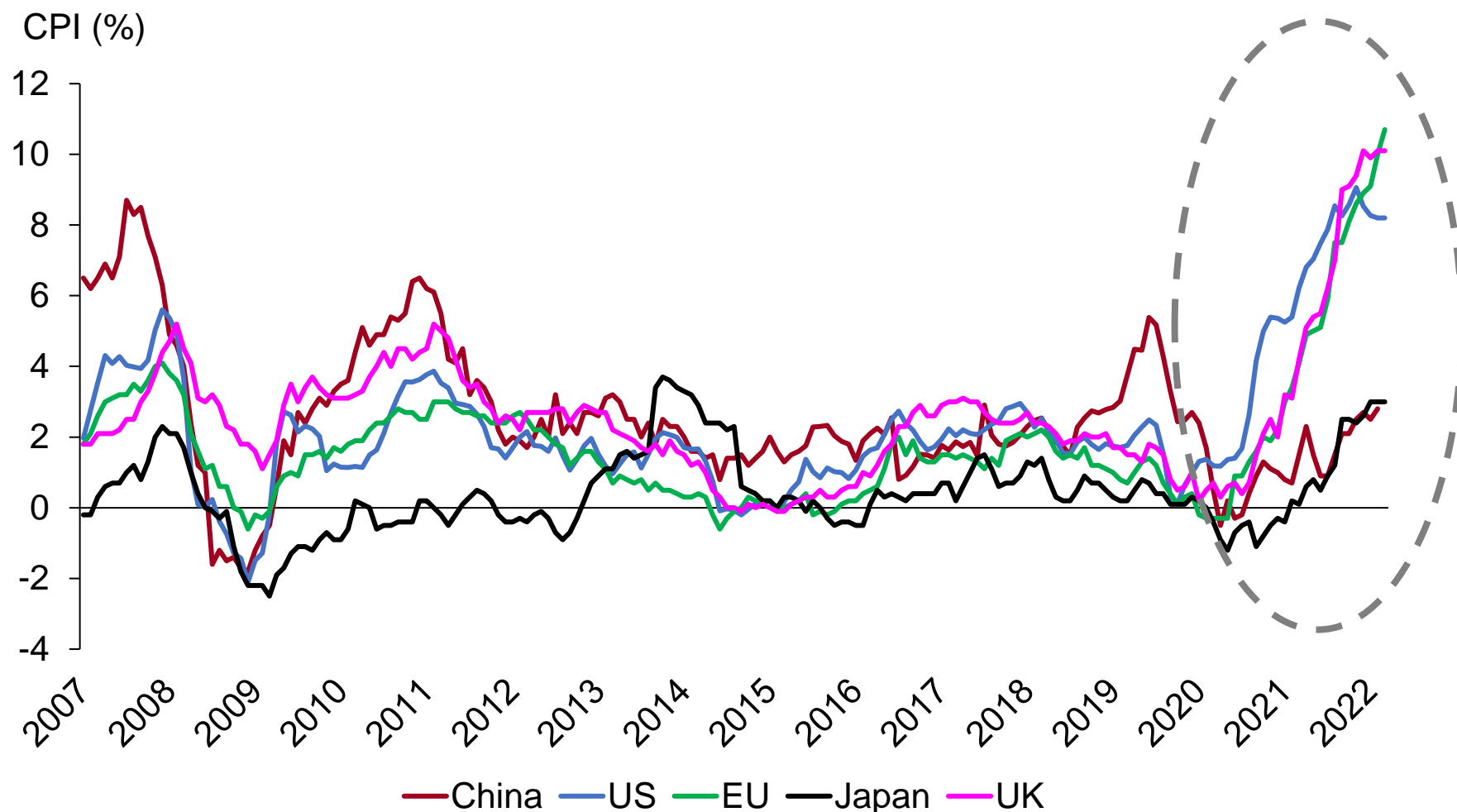


Sharp appreciation of USD since 2021



Source: Bloomberg (7 November 2022)

Managing cost inflation is important



Fixed rate debt and escalation caps insulate us from rising prices

Jet fuel prices

Jet fuel price, US\$

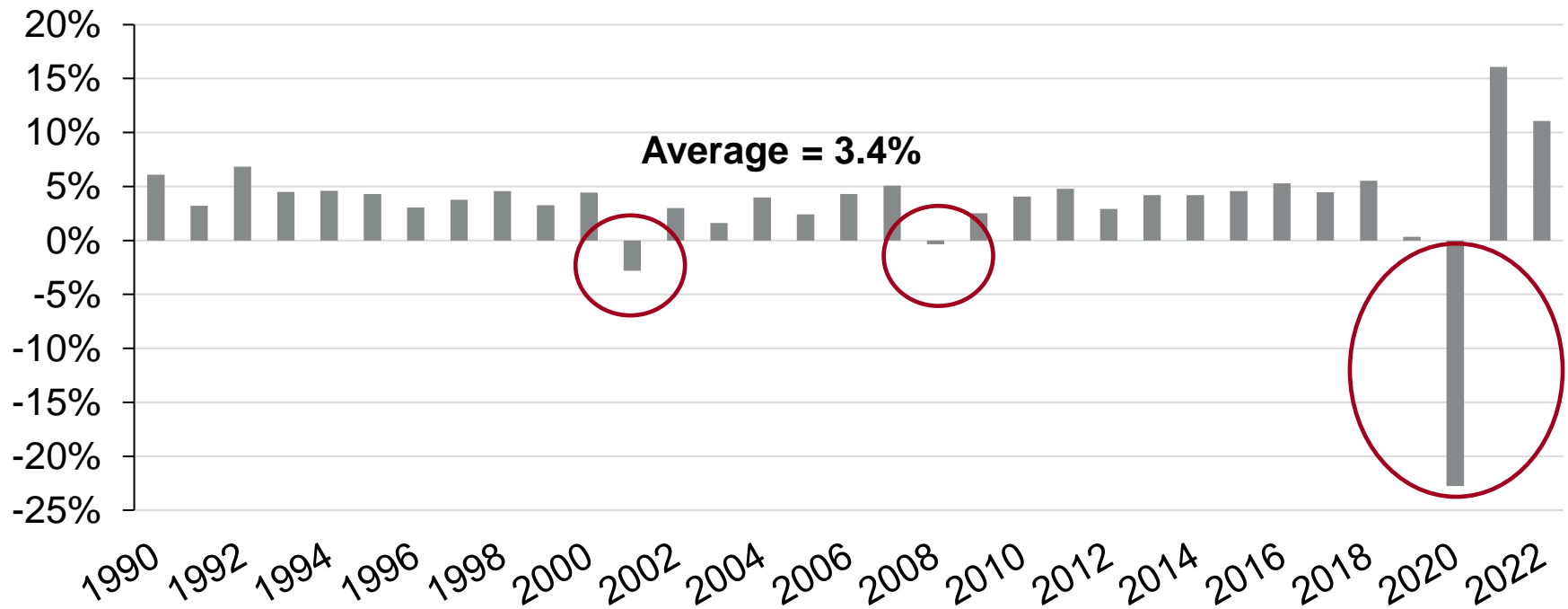


Higher jet fuel prices drive demand for more fuel efficient aircraft

Source: Bloomberg (7 November 2022)

Impact of Covid higher than in previous downturns

Global annual in-service fleet change (YoY, %)

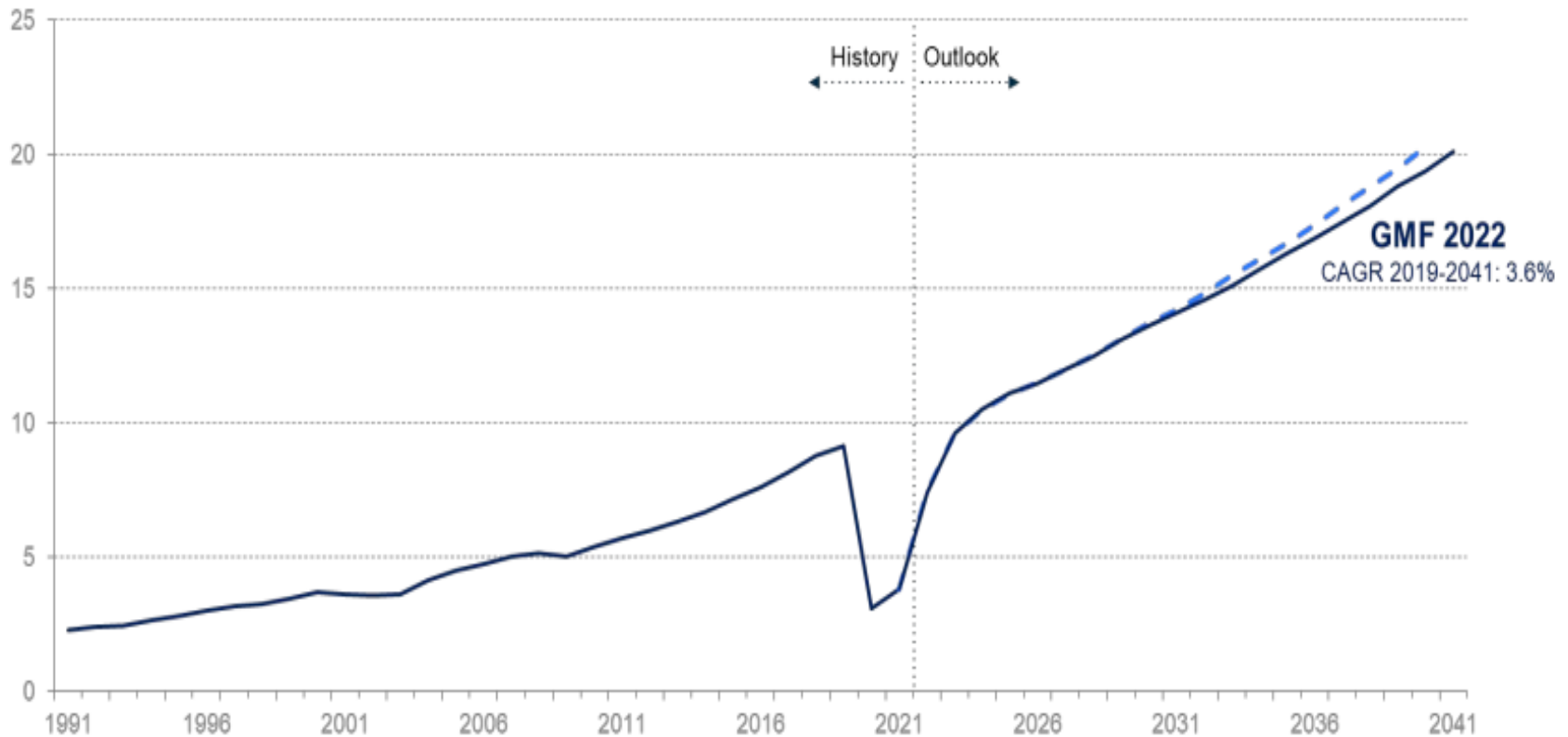


Significant recovery continuing into 2023 as China reopens

Source: Cirium (28 October 2022)

Air traffic expected to grow over the next 20 years

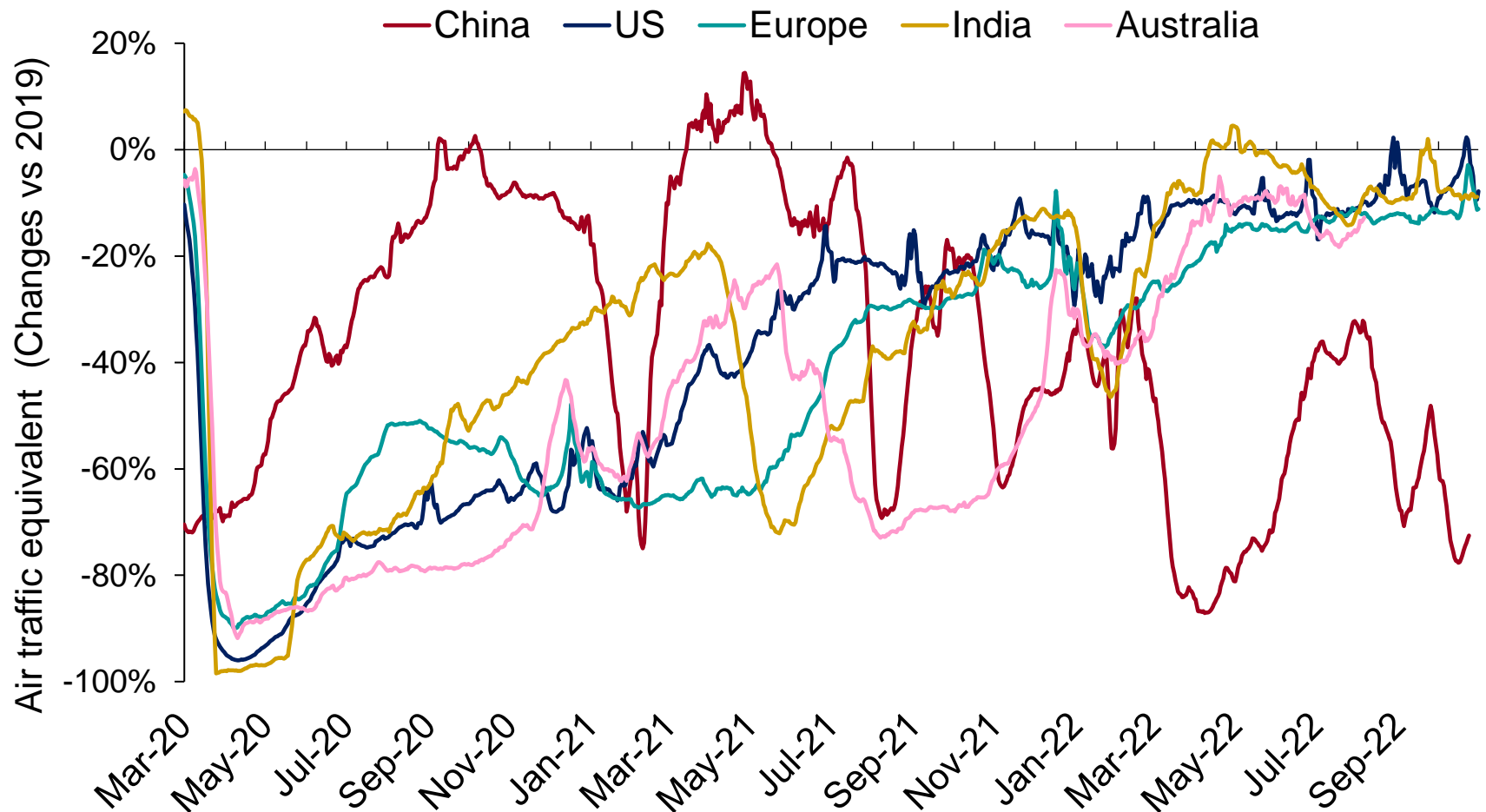
World annual traffic (RPK trillion)



Note:

1. Airbus Global Market Forecast 2022-2041

Major passenger markets see strong rebound in travel



Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights)

Note:

1. Changes compared to 2021 with effect from January 2022

More to come from China

Impact of China on global travel activities

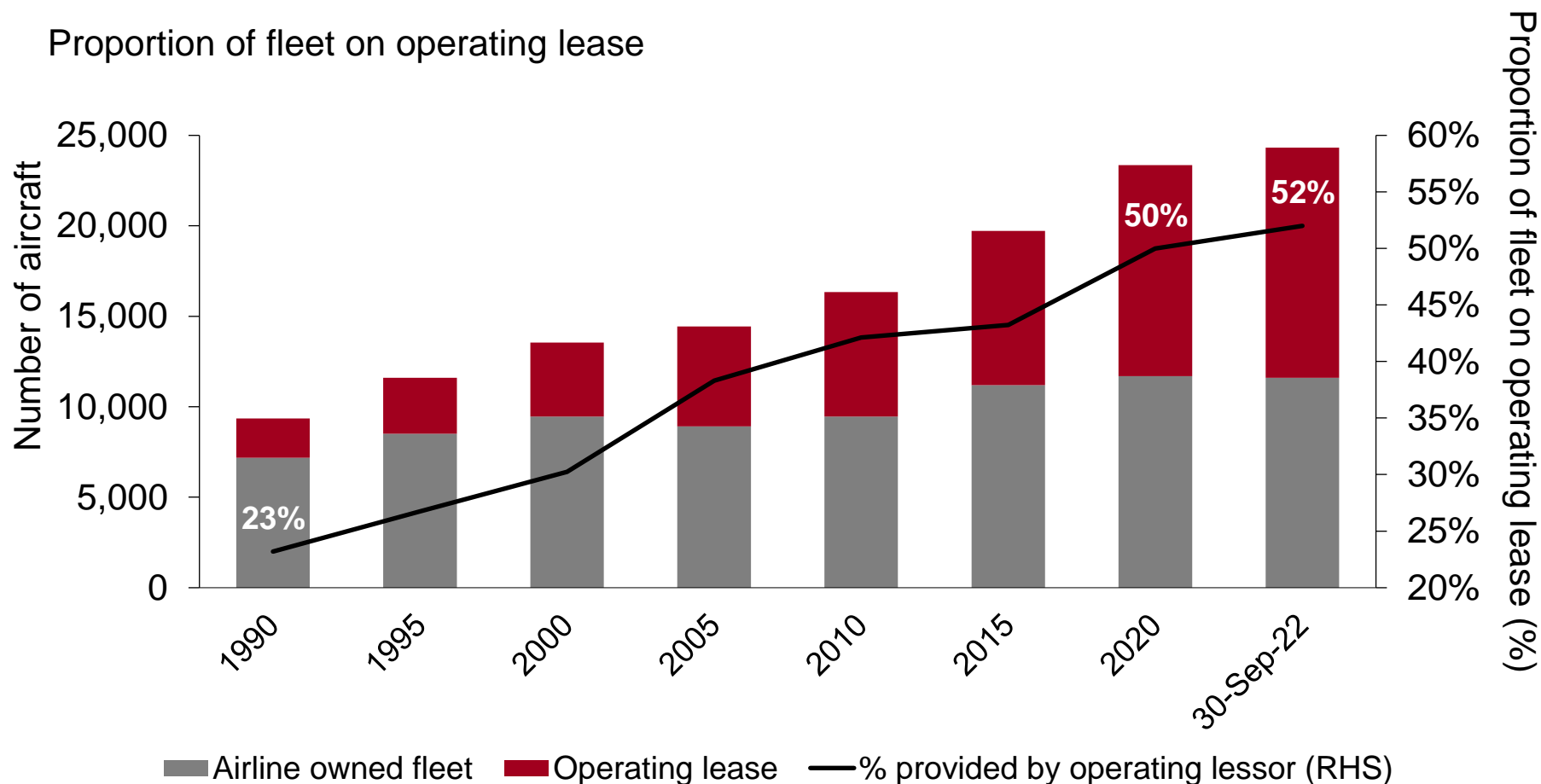
Number of passengers to / from China			
Country	9M 2019	9M 2022	Change (%)
Asia Pacific (excluding ASEAN)	50,752,774	2,216,302	-96
ASEAN	36,378,350	643,624	-98
Europe	12,773,924	755,133	-94
Americas	8,309,023	492,040	-94
Middle East	1,878,630	405,350	-78
Africa	1,234,507	101,846	-92
Rest of the World	1,323,444	72,160	-95
Total	112,650,651	4,686,455	-96

Potential for substantial improvement once China reopens its borders

Source: SABRE Revenue database

Operating lessors' share has more than doubled since 1990

Proportion of fleet on operating lease



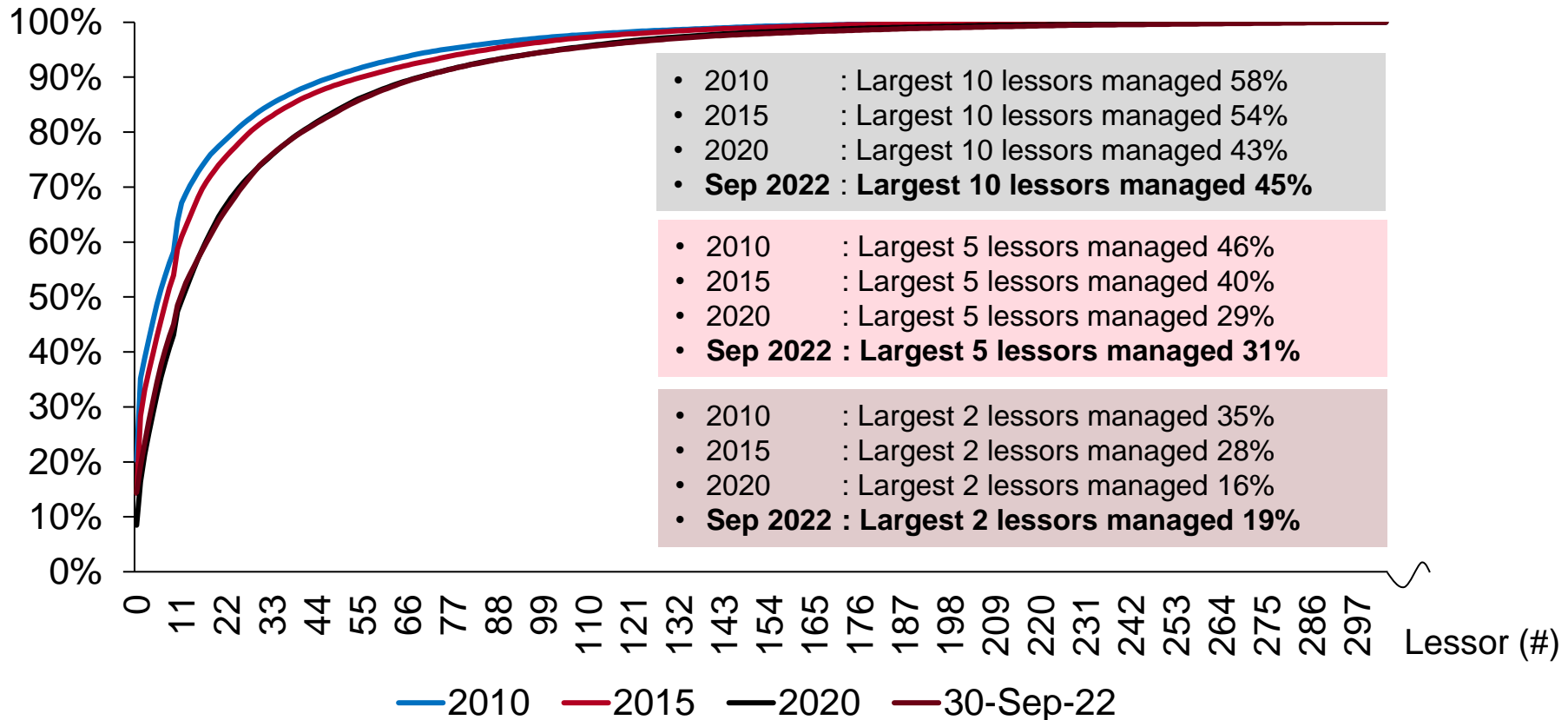
Potential for lessors to grow

All data as at 30 September 2022

Sources: Ascend, as at 30 September 2022, based on aircraft of 100+ seats. Fleet data for 2020 onwards includes aircraft in-service and aircraft additionally parked from end-2019 due to Covid-19 fleet grounding

Market concentration

Aircraft owned / managed (%)



Top 10 lessors manage 45% of the market

Source: Ascend, as at 30 September 2022, owned and managed aircraft, based on aircraft of 100+ seats.
Includes aircraft in-service and in-storage

BOC AVIATION TODAY AND LOOKING FORWARD

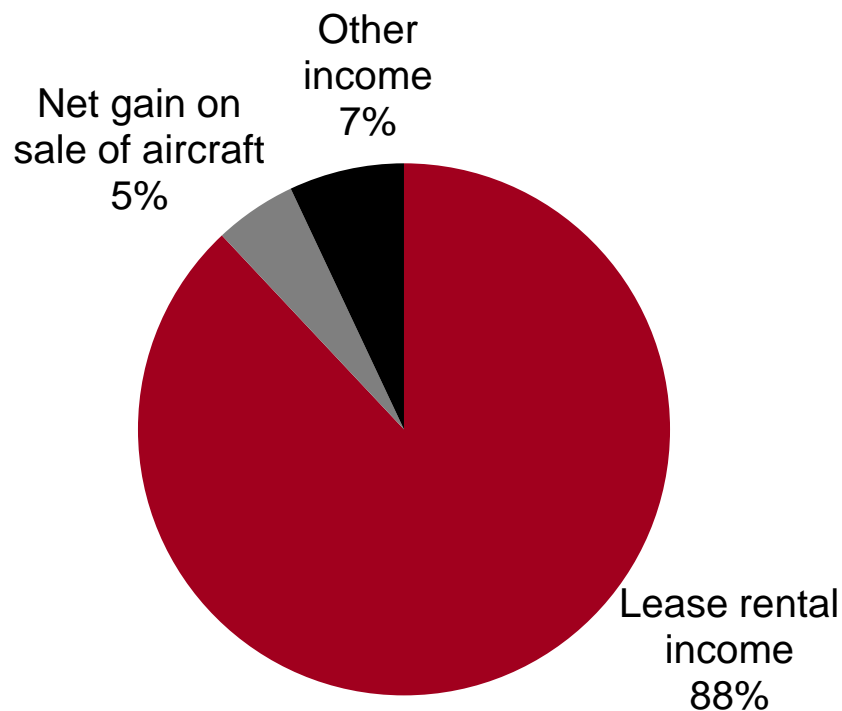
Our strategy

- Focused on aircraft operating leasing globally for aircraft with >100 seats
 - Well-diversified existing portfolio of 395 aircraft with NBV of US\$20 billion
 - We expect to buy up to US\$4 billion of aircraft per year
 - Sell US\$1 billion of aircraft per year
 - Depreciate US\$1 billion a year to give net growth of aircraft of US\$2 billion per year
- Organic growth driven by order book, but open to opportunistic PLB activity
- Customer segmentation ensures good quality customer base
- Long term unsecured low cost of debt
 - 2.9% in 1H 2022
 - Leading credit ratings and BOC parentage ensure industry-low borrowing costs
- Popular, in-demand young fleet maintained through asset sales
- Dividend policy of up to 35% of NPAT per year, the remaining invested in fleet growth
- Drivers of share price = earnings per share + dividends per share

Strong focus on total shareholder long-term returns

Main drivers of operating lessor's profitability (1)

Revenue breakdown¹



Revenue drivers

- Global marketing capability drives lease rentals
- Aircraft sales activity drives access to investors for aircraft sales
- Maximise ultimate residual value gains over our depreciated book value

Key to maximising profit

- Active portfolio risk management to maintain a diversified, high credit quality portfolio
- Exit strategy and timing of entry and exit for each aircraft with or without lease attached
- More than 80% of BOC Aviation aircraft sold with lease attached

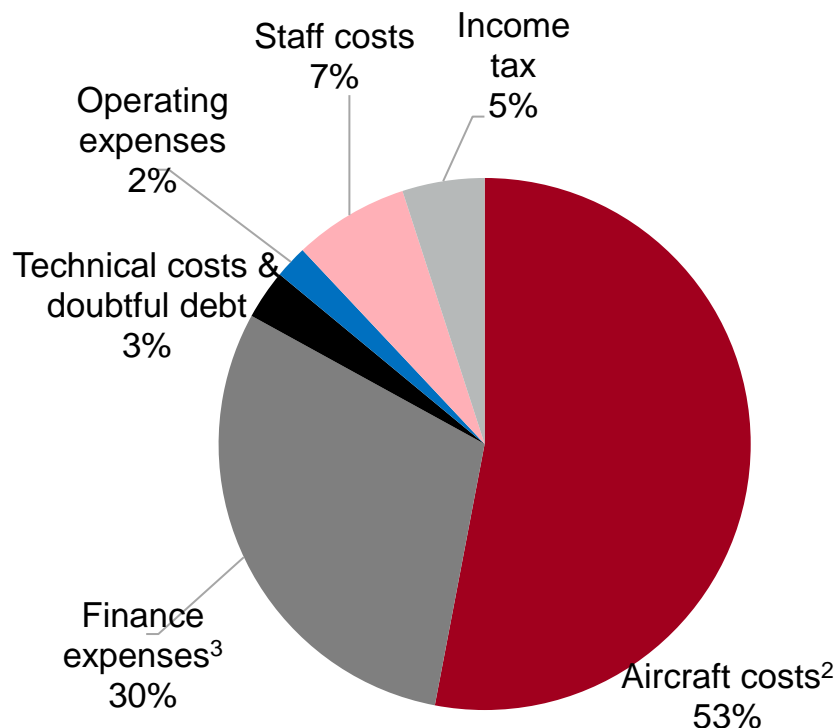
Proactive portfolio management drives increased profitability

Note:

1. As at 31 December 2021; Based on average revenue across the period 2012 to 2021

Main drivers of operating lessor's profitability (2)

Cost breakdown¹



Cost management

- Overall funding cost and hedging strategy
- Purchase price of aircraft / depreciation
- Management of transition cost and unscheduled returns
- Maximise interest free Security Deposits and Maintenance Reserves

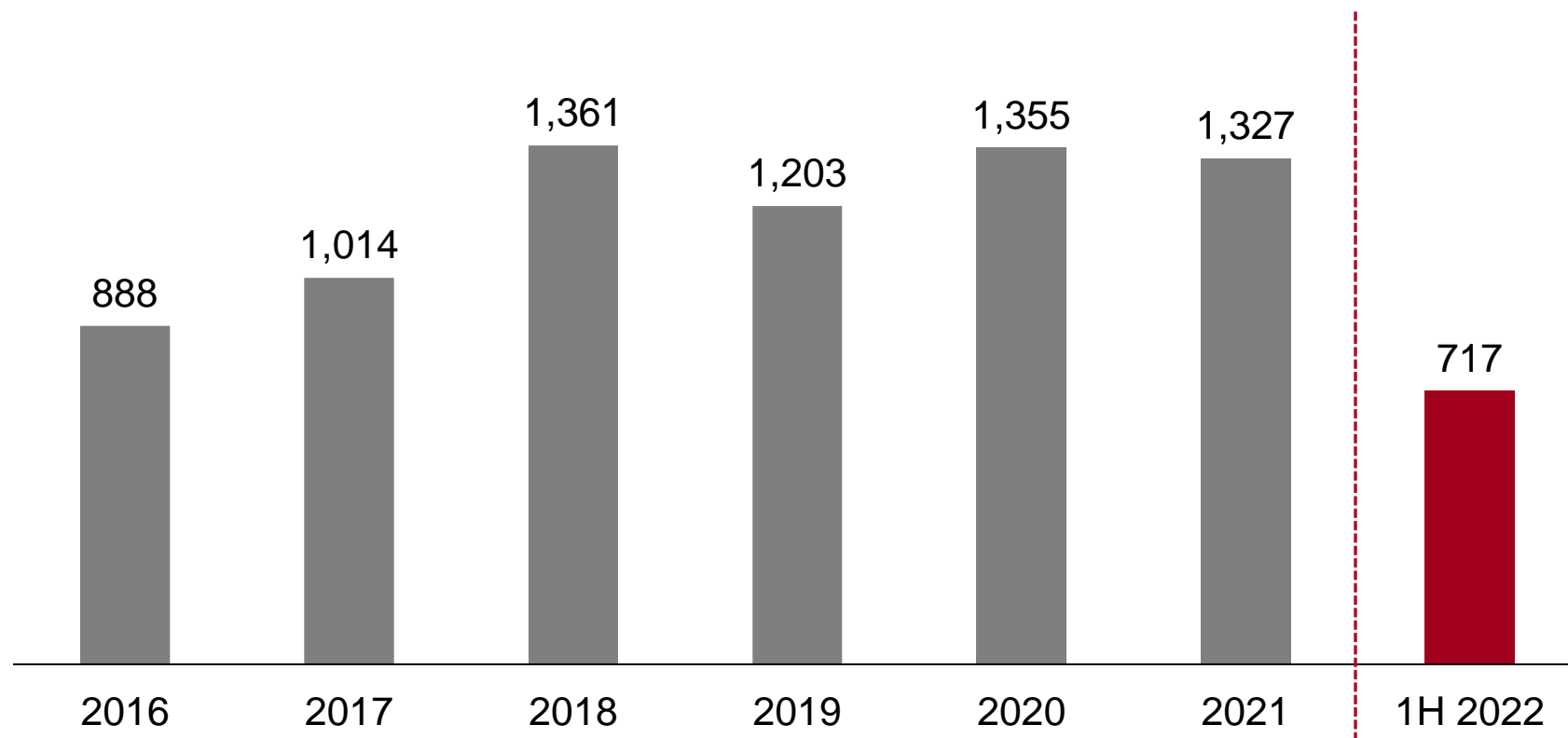
Aircraft purchase prices and interest are more than 80% of costs

Notes:

1. As at 31 December 2021; Based on average cost across the period 2012 to 2021
2. Comprises aircraft depreciation and impairment
3. Comprises Interest expense and amortization of debt issue costs

Consistently high operating cash flow net of interest

US\$ million



Stable operating cash flow¹ is important to maintaining A- credit ratings

Note:

1. Calculated as net cash flow from operating activities less finance expenses paid



BOC Aviation Board of Directors

BOC-appointed Non-executive Directors	Executive Directors	Independent Non-executive Directors
• Mr. Chen Huaiyu	• Mdm. Zhang Xiaolu (Vice Chairman)	• Mr. Dai Deming
• Mdm. Chen Jing	• Mr. Robert Martin (MD & CEO)	• Mr. Fu Shula
• Mr. Dong Zonglin		• Mr. Antony Tyler
• Mr. Wang Xiao		• Dr. Bernard Yeung
• Mdm. Wei Hanguang		

As at 31 October 2022

Board Committee functions

Remuneration Committee	Audit Committee	Nomination Committee	Risk Committee	Strategy & Budget Committee
<ul style="list-style-type: none"> • Review and approve pay policy and incentive plans • Review and approve salary increase and bonus allocation • Succession planning and talent development 	<ul style="list-style-type: none"> • Review financial information to be provided by the Company • Review Company's internal controls • Review Company's internal and external auditing, accounting and financial reporting processes • Ensure that the Company has in place an internal audit function independent of the activities it audits 	<ul style="list-style-type: none"> • Review the structure, size and composition of the Board • Assist with selection, nomination, appointment and succession planning of directors, board committee members, senior management and company secretary • Assess the independence of the independent non-executive directors 	<ul style="list-style-type: none"> • Review status of the Company in respect of credit and aircraft asset risks, hedging / funding risks, enterprise risks and the mitigation of these risk factors • Discharge any duties relating to risk matters as delegated by the Board • Review new and emerging risk factors, and advises and approve appropriate mitigates 	<ul style="list-style-type: none"> • Review Company's overall strategy and plans • Review status of the Company's budget and expenditure • Review Company's five-year plan

Committee meetings held a minimum of twice annually and generally quarterly

Alignment of interest with shareholders

- Management aligned with shareholders through compensation plans
- Short-term cash based incentive is based on achieving key performance indicators on the corporate scorecard
- Long-term incentive paid in restrictive share units, which are held by a trustee for up to four years



Strong alignment between management and shareholders

Globally diverse management team



Robert Martin <i>Managing Director & Chief Executive Officer</i>	Zhang Xiaolu <i>Vice-Chairman & Deputy Managing Director</i>	Steven Townend <i>Deputy Managing Director & Chief Financial Officer</i>	David Walton <i>Deputy Managing Director & Chief Operating Officer</i>	Deng Lei <i>Chief Commercial Officer (Asia Pacific & the Middle East)</i>	Paul Kent <i>Chief Commercial Officer (Europe, Americas, Africa)</i>
<ul style="list-style-type: none"> • 35 years of banking and leasing experience • Managing Director and Board Director since July 1998 	<ul style="list-style-type: none"> • 32 years of banking experience • In charge of Risk Management, Market Research, Board Secretariat and Corporate Affairs departments 	<ul style="list-style-type: none"> • 31 years of banking and leasing experience • In charge of Finance, Treasury, Tax, Investor Relations and Settlement 	<ul style="list-style-type: none"> • 36 years of legal, aviation finance and leasing experience • In charge of Procurement, all operations and related departments 	<ul style="list-style-type: none"> • 24 years of banking experience • In charge of revenue activities for Asia Pacific and Middle East 	<ul style="list-style-type: none"> • 26 years of aircraft finance and leasing experience • In charge of revenue activities for Europe, Americas and Africa

Nationality



Highly experienced senior management team

All data as at November 2022



Senior Management drive results

Committees chaired by:

Robert Martin	Steven Townend	David Walton	Jonathan Mahony
<ul style="list-style-type: none"> Management Committee 	<ul style="list-style-type: none"> Finance Committee 	<ul style="list-style-type: none"> Operations Committee 	<ul style="list-style-type: none"> Internal Control Committee
<ul style="list-style-type: none"> Investment Committee 	<ul style="list-style-type: none"> Funding Committee 	<ul style="list-style-type: none"> Subsidiary Oversight Committee 	
<ul style="list-style-type: none"> Revenue Committee 	<ul style="list-style-type: none"> Placement Committee 	<ul style="list-style-type: none"> Insurance Committee 	
<ul style="list-style-type: none"> Risk Management Committee 		<ul style="list-style-type: none"> Restructuring Committee 	
<ul style="list-style-type: none"> Procurement Committee 		<ul style="list-style-type: none"> ESG Committee 	
<ul style="list-style-type: none"> Sales Committee 		<ul style="list-style-type: none"> Innovation Committee 	
<ul style="list-style-type: none"> New Investment Committee 			
<ul style="list-style-type: none"> Disclosure Committee 			

Regular meetings focused on executing strategy

Conclusion

- 29 years focused on long-term sustainable earnings
 - Successfully weathered several downturns
- Management aligned with shareholders
- Resurgent passenger demand expected to drive aircraft demand
 - Asia should dominate future market growth
- BOC Aviation is the only **global** aircraft operating lessor headquartered in Asia

Well-positioned to benefit from the upturn

How we manage our investment, divestment and ESG

David Walton
Deputy Managing Director & Chief Operating Officer

David Walton

Deputy Managing
Director & Chief
Operating Officer



- 36 years of legal, aviation finance and leasing experience
- Joined BOC Aviation in 2014
- In charge of procurement and operations and related departments

Business model drives investment strategy

- Our business model is built to produce long-term, sustainable earnings
 - Long-term OEM relationships and buying experience
 - Investment grade credit ratings
 - Strong available liquidity
 - Buying and selling at the right time in the cycle
- Key principles
 - Financing and depreciation are the primary cost factors in the leasing business
 - Buying well, selling well and a low cost of debt drive consistent profitability
 - Picking the right assets in demand at the right prices
 - Risk management through low average aircraft age, good quality customer base and diversification

How we invest

Target aircraft

Purchase of
new aircraft
from
manufacturers

Latest technology
passenger
narrowbodies

Purchase of
new or nearly
new aircraft
from airlines

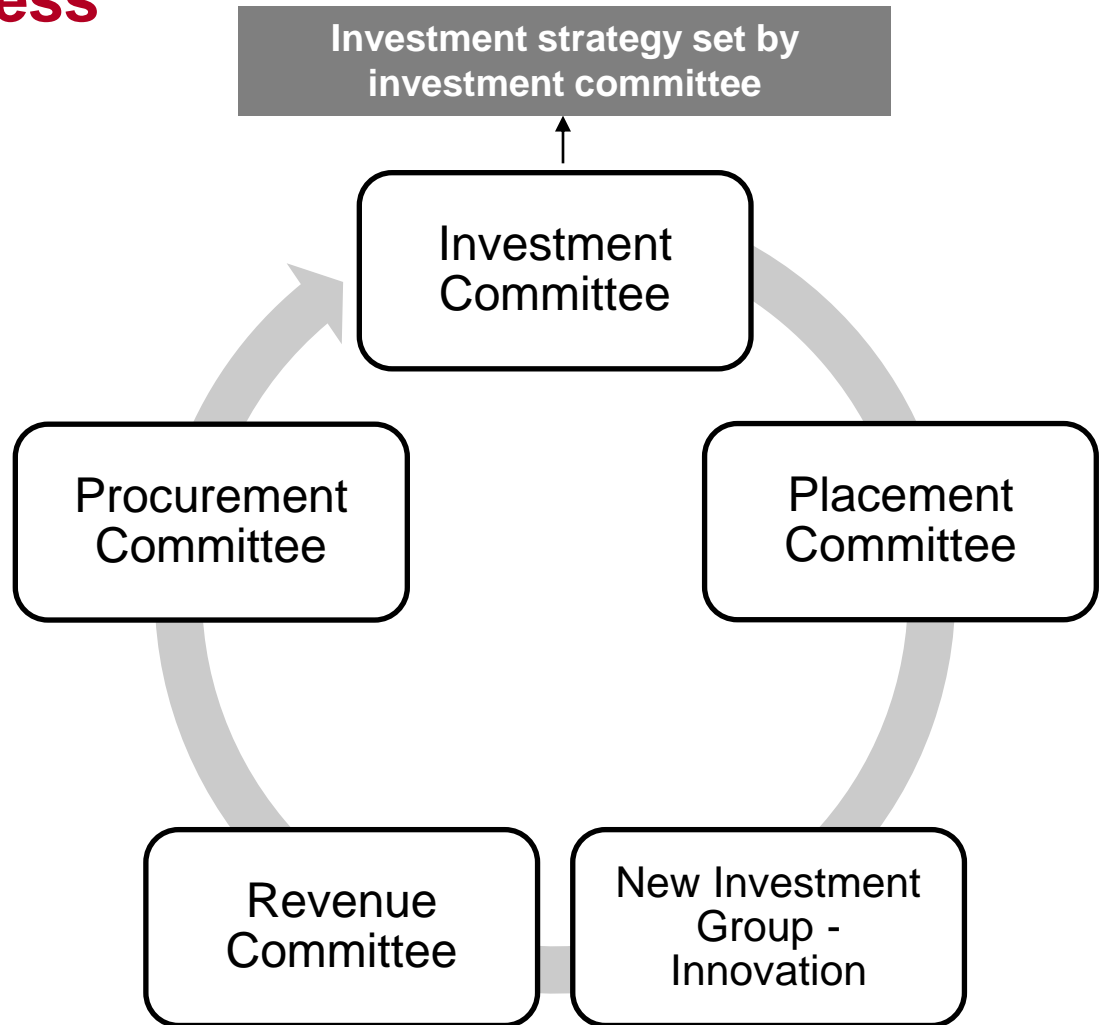
Latest technology
mid-size
passenger
widebodies

Latest technology
production
freighters

Investment strategy designed to produce long-term sustainable earnings

Our investment process

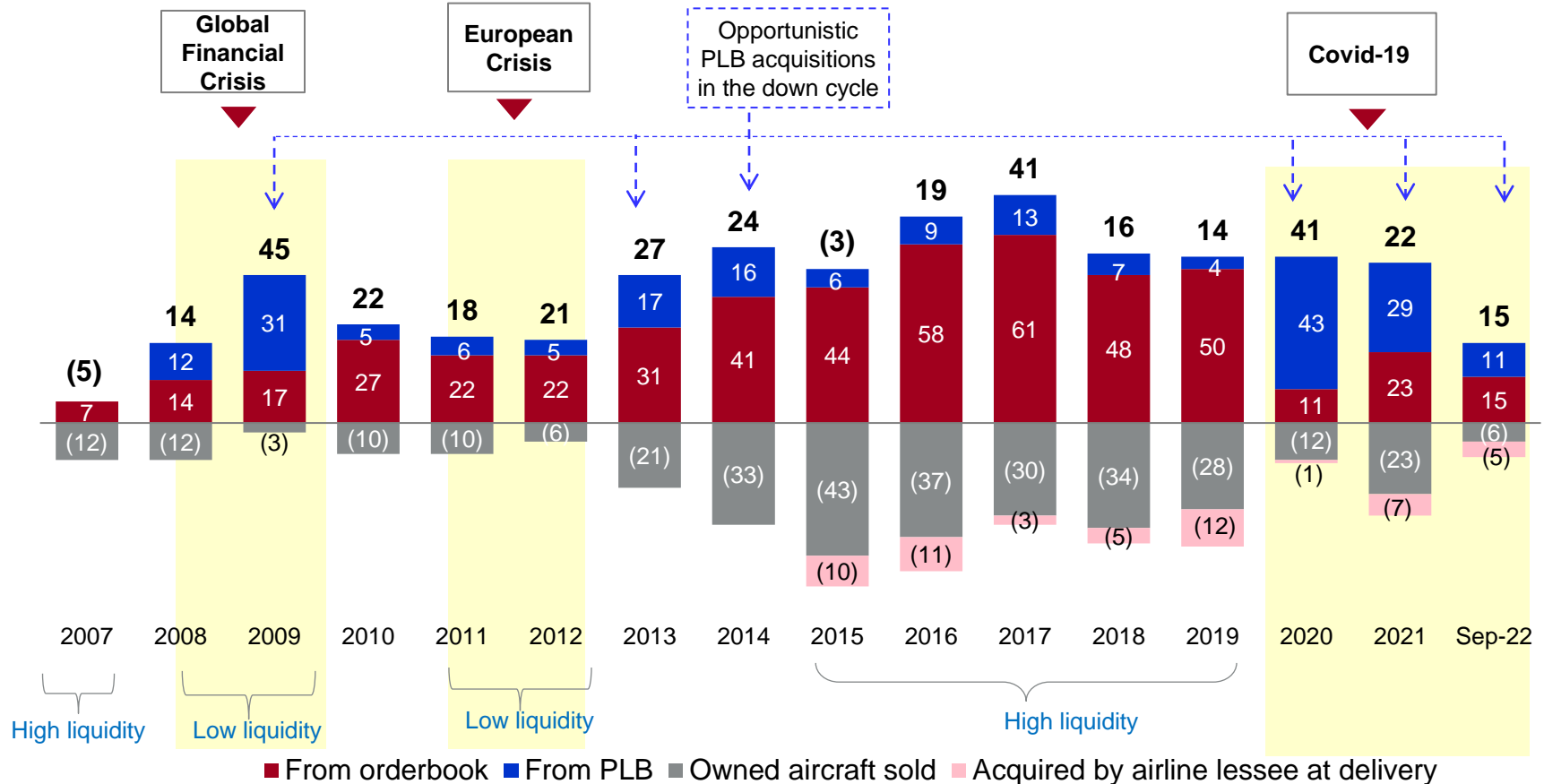
- Investment opportunities are generated by our revenue leaders and senior management
- Multi-functional committees draw together procurement, risk, technical, accounting, legal, leasing and sales teams
- Every investment decision is based in part on the future divestment plan
- Market intel and long track record are key to the process
- Our New Investment Group focuses on product innovation



Our investment process draws heavily on input from multifunctional teams

How we invest and divest through the cycle

Number of aircraft delivered, purchased and sold



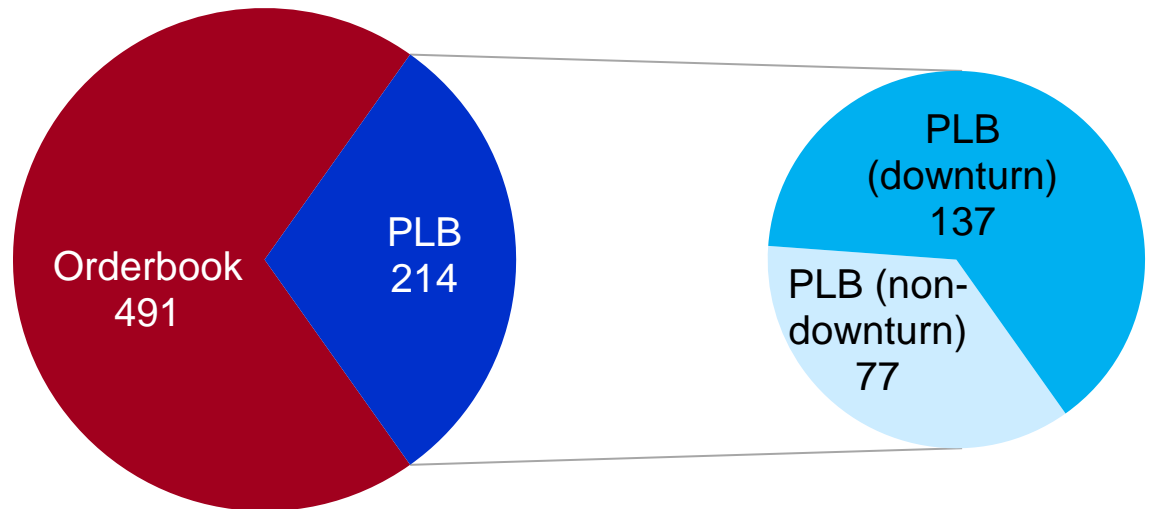
Committed to acquire more than 990 aircraft since inception

All data as at the end of the relevant period

Breakdown of deliveries

Number of aircraft deliveries: 2007 – 9M 2022

- 70% of our deliveries are from the orderbook
- We are active in the PLB market through the cycle, but nearly two-thirds of PLB deliveries come during downturns
- We add to our orderbook every year, sometimes in large bulk orders but also regularly in small top-ups
- Orderbook provides a way for us to bring future deliveries forward and to add “pop up” aircraft as OEM skylines move around



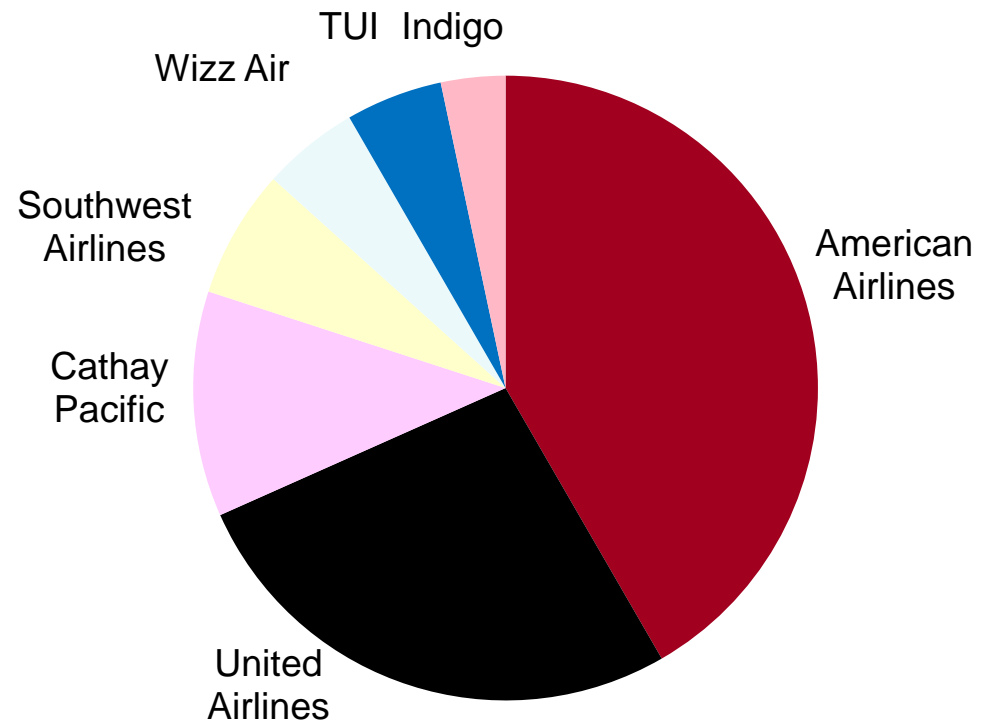
Diversified investment opportunity set through orderbook and purchase-leaseback market

All data as at 30 September 2022

2020 case study

- OEM production significantly reduced
- Virtually all of our leasing competitors sidelined in 1H 2020
- Available liquidity was very limited for airlines and our leasing company competitors
- BOC Aviation pivoted to PLB market earlier than any of our competitors
- We closed US\$6 billion in purchase/lease commitments in 2020 with some of the world's best airlines

Committed to acquire 77 aircraft in the PLB market in 2020



Business model designed for rapid pivot to high quality, volume PLBs in a downturn

What we will invest in – building the pipeline

Number of aircraft on order¹

	Airbus A320neo family	117
	Boeing 737 MAX family	50
	Boeing 787 family	14
<u>Total</u>		<u>181</u>

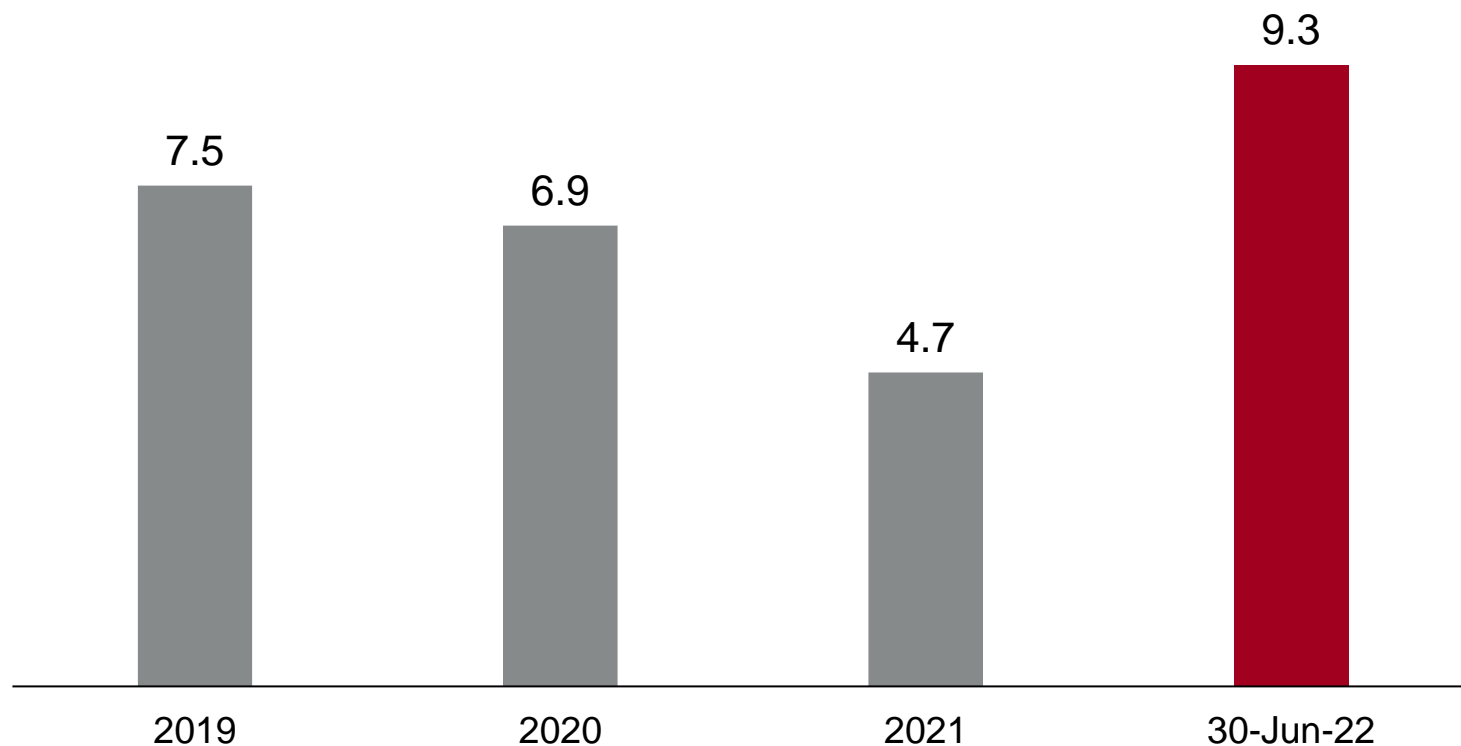
- Our pipeline is 100% new technology aircraft
- Our investment priorities
- Additional Airbus A320neo and Boeing 737 MAX aircraft
- Production freighter aircraft
- Small, new technology narrowbody aircraft
- Medium-sized passenger widebodies, Boeing 787 and Airbus A350 aircraft

Note:

1. As at 30 September 2022

Building A strong pipeline for the future

Total committed capex (US\$ billion)



We continue to build our pipeline for the future

All data as at 30 June 2022

Impact of inflation

- We have moved from a low-inflation environment to a higher-inflation environment
- This will have an impact on aircraft values
- Uncapped manufacturer escalation, including for parts, currently running at much higher levels. **We have caps**
- Appraisers will have to revisit their models and assumptions going forward
- Lessors with large incumbent portfolios will benefit from asset inflation

Inflation rate per annum	Cumulative impact on residual value at year 12
1%	12.7%
2%	26.8%
3%	42.6%
4%	60.1%

Inflation will lead to greater gains on sales

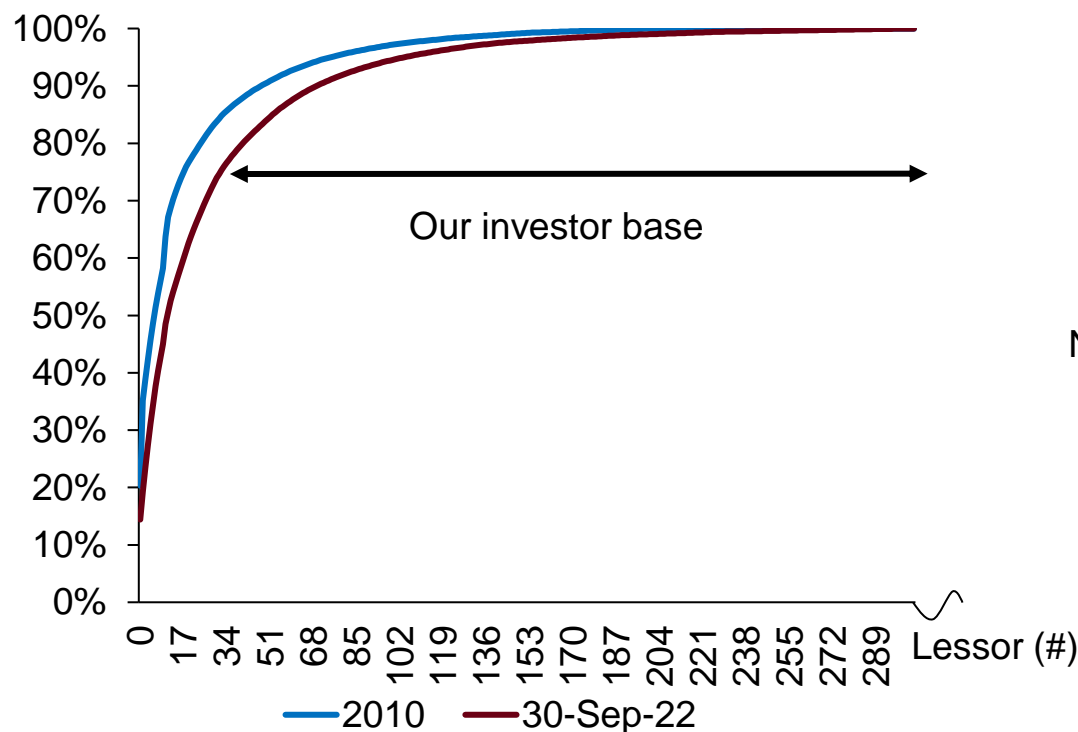
How we divest – selling aircraft

- Global team of 7 professionals
- Extensive track record and access to market intel
- More than 80% of aircraft sold with leases attached
- Global investor client base, including
 - Leasing companies
 - Private equity
 - Airlines
 - Financial institutions
 - Tax lessors
- We sell aircraft as a risk management tool and to generate gains
 - Successful sales programme through the cycle
 - Disciplined approach to weighing lease versus sale alternatives
 - Improving the portfolio through aircraft sales – aircraft age, lessee risk, remaining lease term

More than 400 aircraft sold to a global investor base

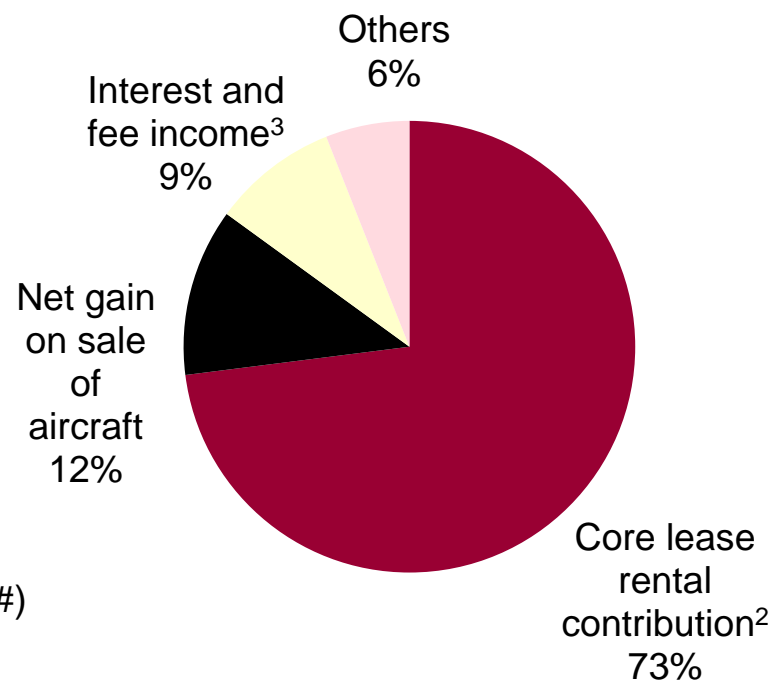
We consistently sell to a broad investor base

Aircraft owned / managed (%)



Source: Ascend, as at 30 September 2022, owned and managed aircraft, based on aircraft of 100+ seats. Includes aircraft in-service and in-storage

Profit Before Tax^{1,4} breakdown



Our aircraft are sold to a broad base of investors

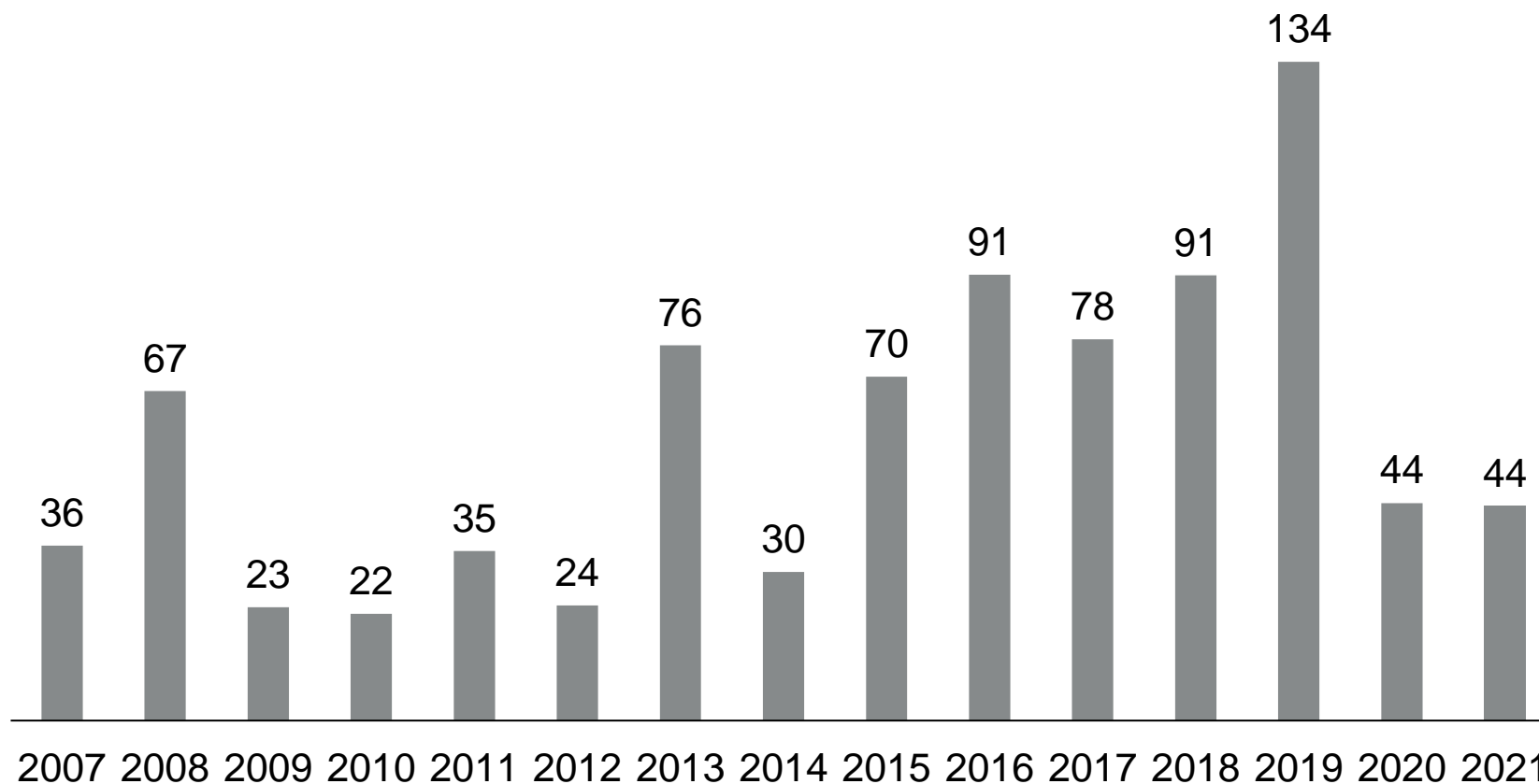
Notes:

1. Five-year average from 1 Jan 2017 to 31 December 2021
2. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue costs and lease transaction closing costs
3. Calculated as interest and fee income less finance expenses apportioned to interest and fee income
4. Excludes loss on investment in equity instruments



Annual gains from sale of aircraft

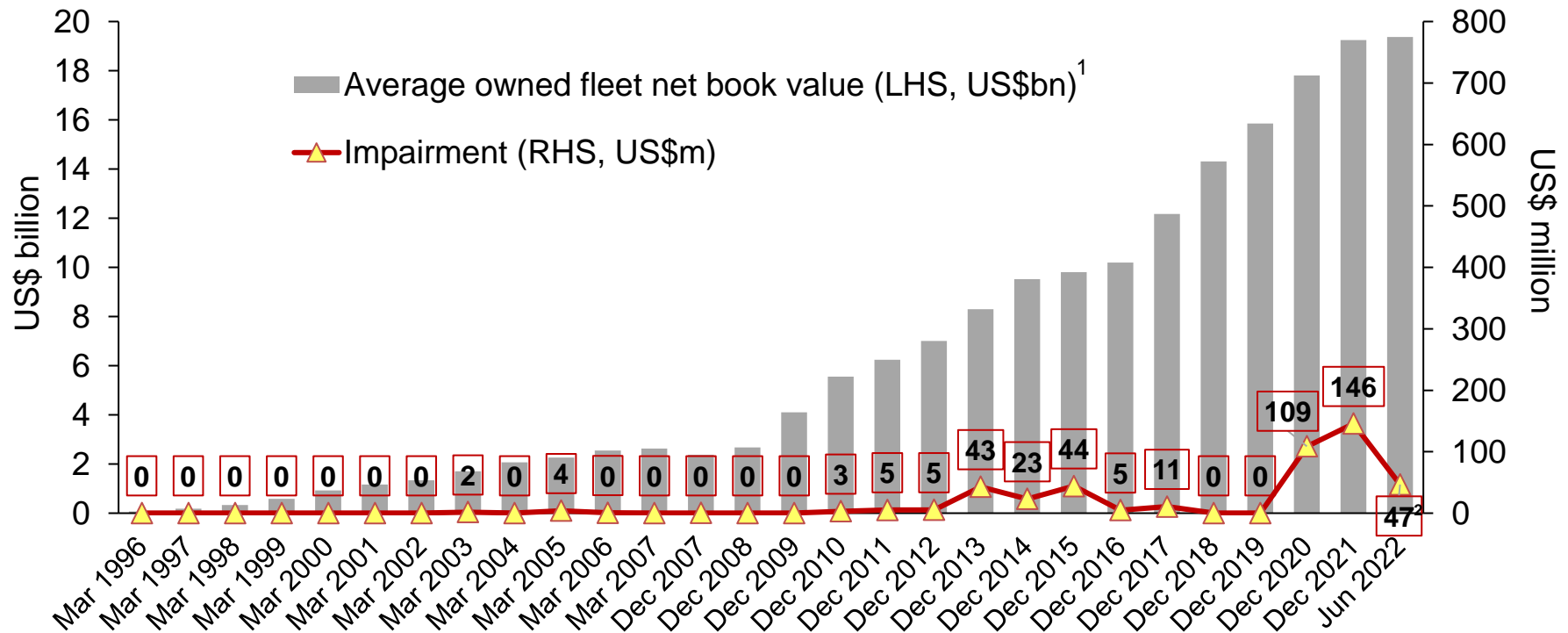
US\$ million



We sell aircraft profitably and maintain an average aircraft age of around 4 years

All data as at the end of the relevant period

Disciplined investment and divestment strategy contributes to low average impairments

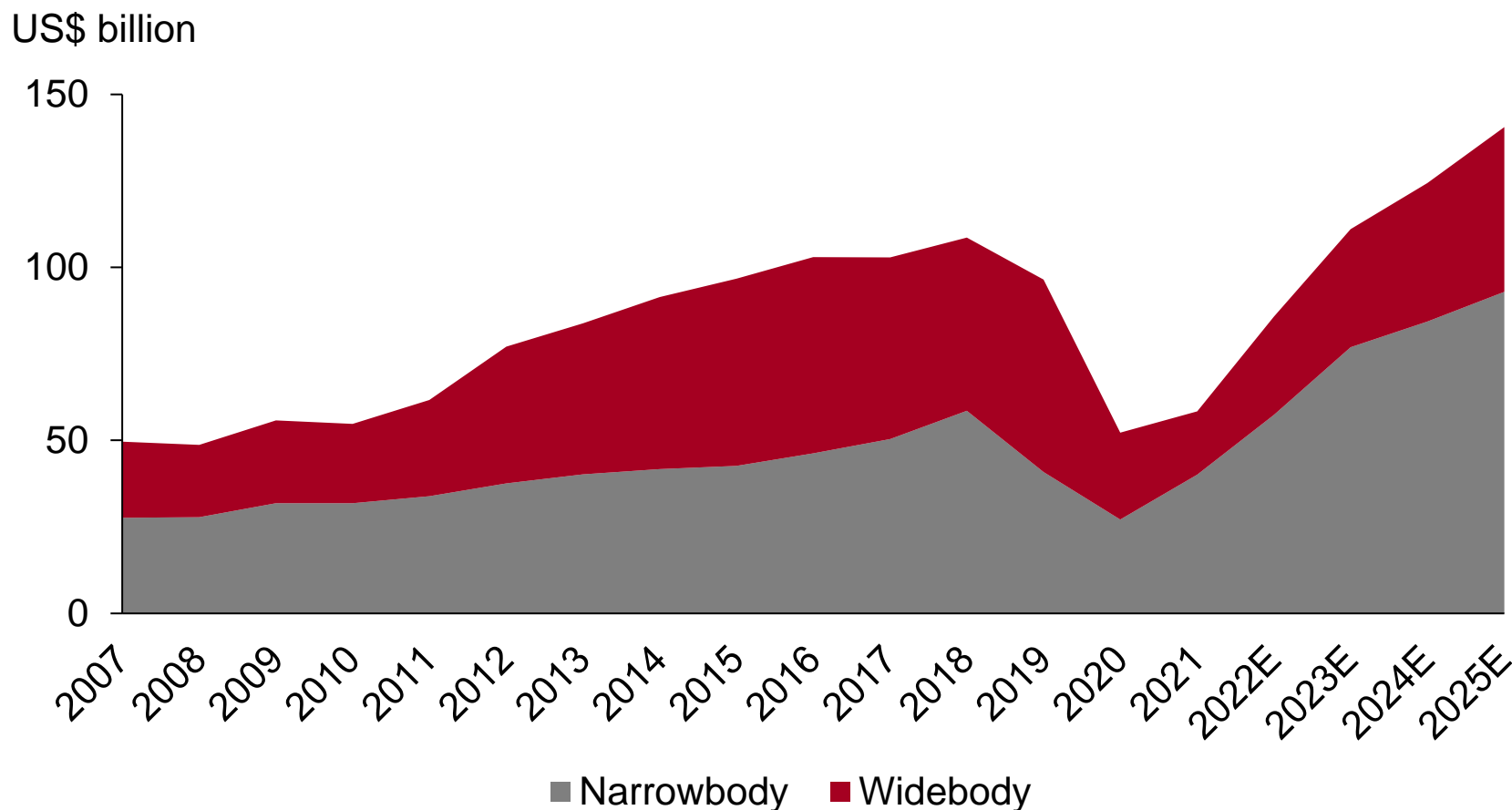


- We run our impairment test³ in June and December every year
- Since 1996, the average impairment loss over net book value was 0.1% per annum²

All data as at the end of the relevant period

- Notes:
1. Net book value of aircraft includes asset held for sale but excludes finance lease receivables
 2. Excludes the write-down of the net book value of aircraft that remain in Russia
 3. Where applicable, impairment has been recognised to write down the net book value of aircraft to the appraised value or value-in-use less transaction costs whichever is higher

OEM production still below 2012 levels



Value of deliveries expected to rise in the next three years

All data as at 30 June 2022
Source: BOC Aviation Analysis

Supply side dynamics

“What’s our job in this supply-constrained world? Well, in the factories we don’t push the system too fast. We slow down when we have to and we try not to compound problems that may arise from the supply chain or from our own shops. We’ve added more than 10,000 people this year, and we’re investing in training and development to accelerate their experience curve and improve our productivity over time. And we’re driving stability in the supply chain.”

- **David Calhoun, Boeing, 26 October 2022**

“Aircraft windshields are now a worldwide restricted item. We used to be able to replace a windshield in 12 hours, maybe 24. It took Jetstar nearly seven days to source last month.”

- **Alan Joyce, Qantas, 24 October 2022**

“As of today, the supply chain remain fragile resulting from impacts of COVID, war in Ukraine, energy supply issues, constraints on labour market and others. We expect it will take at least up to the middle of next year to normalize, therefore, 2023 is expected to be another back-loaded year.”

- **Guillaume Faury, Airbus, 28 October 2022**

“We’ve been offsetting supply constraints by embedding Lean throughout our business. One way we monitor supply dynamics is through red flags, identifying lines of – at risk of a shortage if not replenished within 10 days. And these have declined nearly 40% since last quarter. We’ve also broadened our supply base and requalified and redesigned over 7,000 parts, driving positive results. While challenging, we expect supply chain pressures to improve for the remainder of ‘22 and ‘23.”

- **Peter Arduini, GE, 25 October 2022**

Production challenges and OEM response

- Supply chain and labour issues continue to affect both Airbus and Boeing
- “Traveled work” and “outstanding work” are increasing final assembly times, increasing costs and complexity
- Engines get the big headlines, but the issues are far broader – lavatories, wiring bundles, wiring connectors, general transportation delays and other issues
- All OEMs are addressing the issues in generally the same way: stepping up hiring and training, increasing supplier oversight, building inventory and ordering earlier
- Supply chain challenges are not likely to go away before end 2023



Our ESG highlights

Environmental

- **100%** carbon neutral for direct emissions in 2021
- Direct GHG emissions reduction **ahead of target**
- **100%** latest technology aircraft in the orderbook¹
- **69%**² of our owned fleet is latest technology aircraft, up from 66% at end-2021
- **4.3** years average fleet age¹
- Relocated our Singapore HO to a **Green Mark Platinum** office building³

Social

- **More than US\$50,000** in donations
- **1,400** volunteer hours in local communities
- **More than 2,900** training hours
- **Eight** employee surveys
- **34** Company-wide townhalls
- **20** nationalities across five offices¹

Governance

- **Three** female Board of Directors out of 11⁴
- **Three** nationalities on the Board⁴
- **Cybersecurity 2.0** upgrades
- **Nil** regulatory breaches or legal cases
- **100%** completion of compliance training

All data as at 31 December 2021 unless otherwise indicated

Notes:

1. As at 30 September 2022
2. As at 30 June 2022
3. In April 2022
4. As at 8 November 2022

Summary

- Our business model is designed to produce long-term sustainable earnings
 - Investment discipline through the cycle
 - Building an orderbook pipeline for the long term
 - Long-term relationships
- We pick good assets, and buy at good prices
 - Focus on new technology aircraft
- OEM providers are slowly returning to pre-pandemic levels
- Supply chain dynamics will continue to cause delays through 2023
- We pick our moments in the PLB market
- We sell aircraft to manage risk and generate gains on sale
 - We structure leases to maximise gains on sale

We are positioned well to find good investment opportunities

Capital management & allocation; changing financial markets

Steven Townend
Deputy Managing Director & Chief Financial Officer

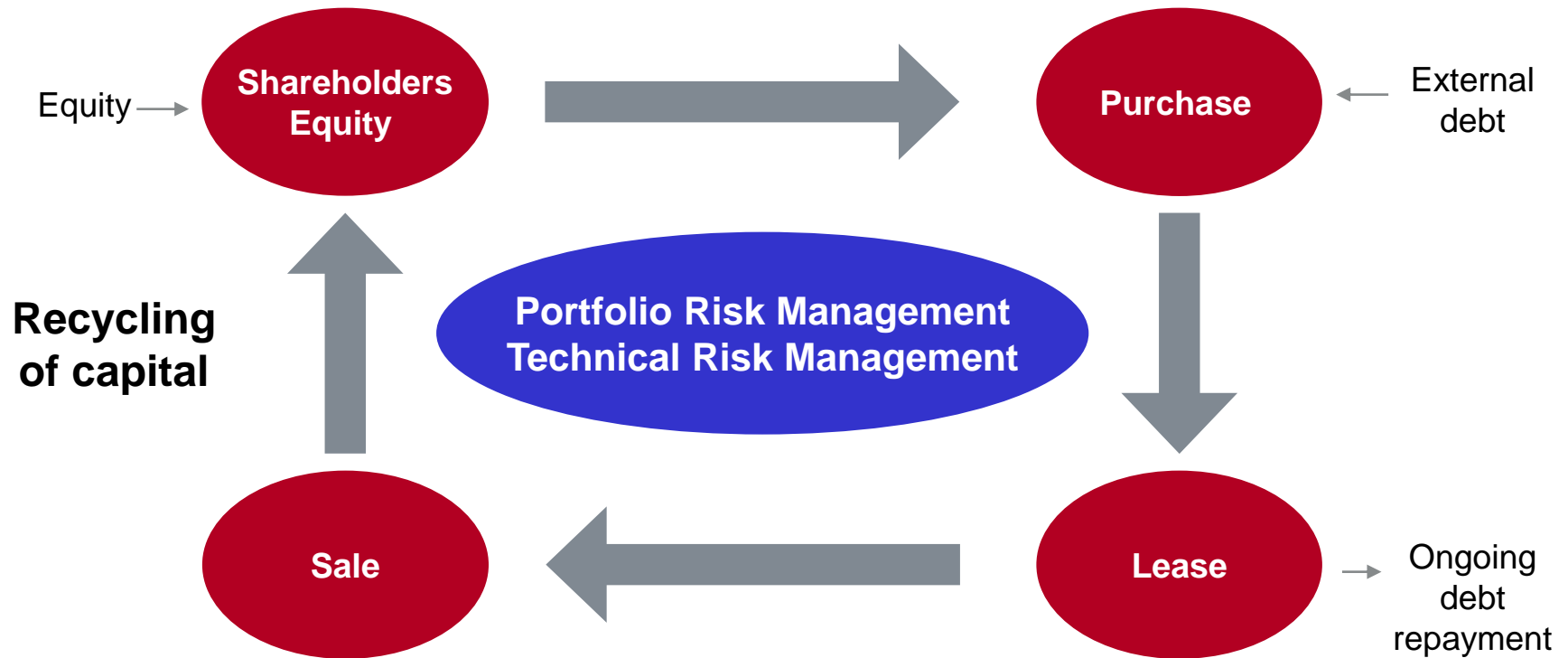
Steven Townend

Deputy Managing
Director & Chief
Financial Officer



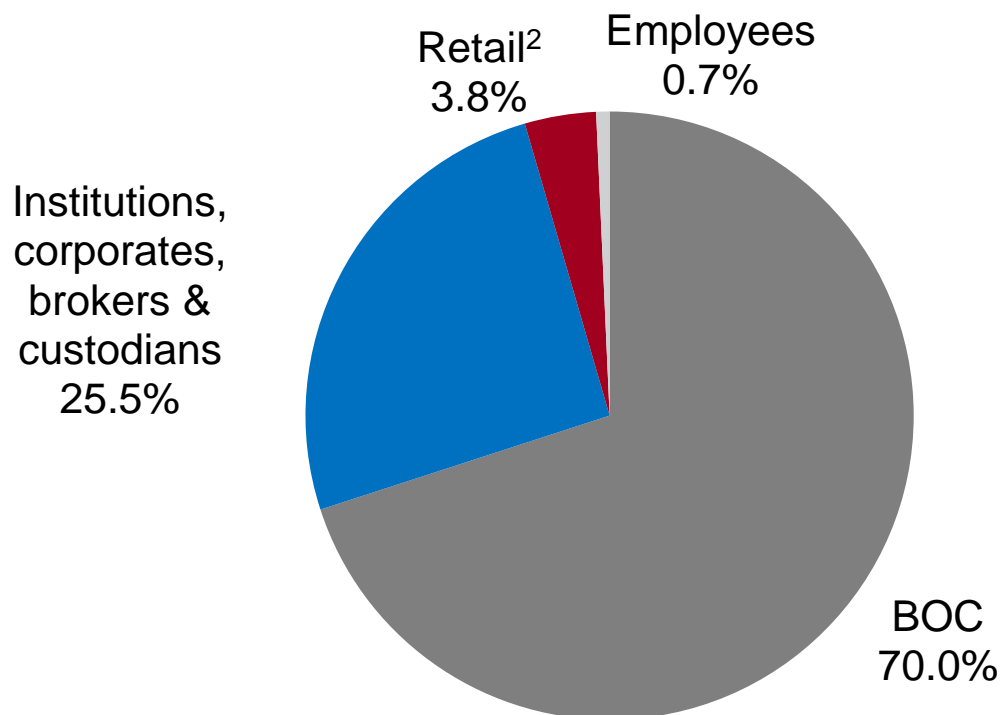
- 31 years of banking and leasing experience
- Joined BOC Aviation in 2001 to establish the company's first overseas office and develop the Company's aircraft sales and fee-based activities
- Appointed Chief Commercial Officer in 2004, Deputy Managing Director in 2006 and Chief Financial Officer in 2020

Our business model



Current equity base of US\$5 billion

Listed on the Hong Kong Stock Exchange (HKEX code: 2588)



Stable shareholder base

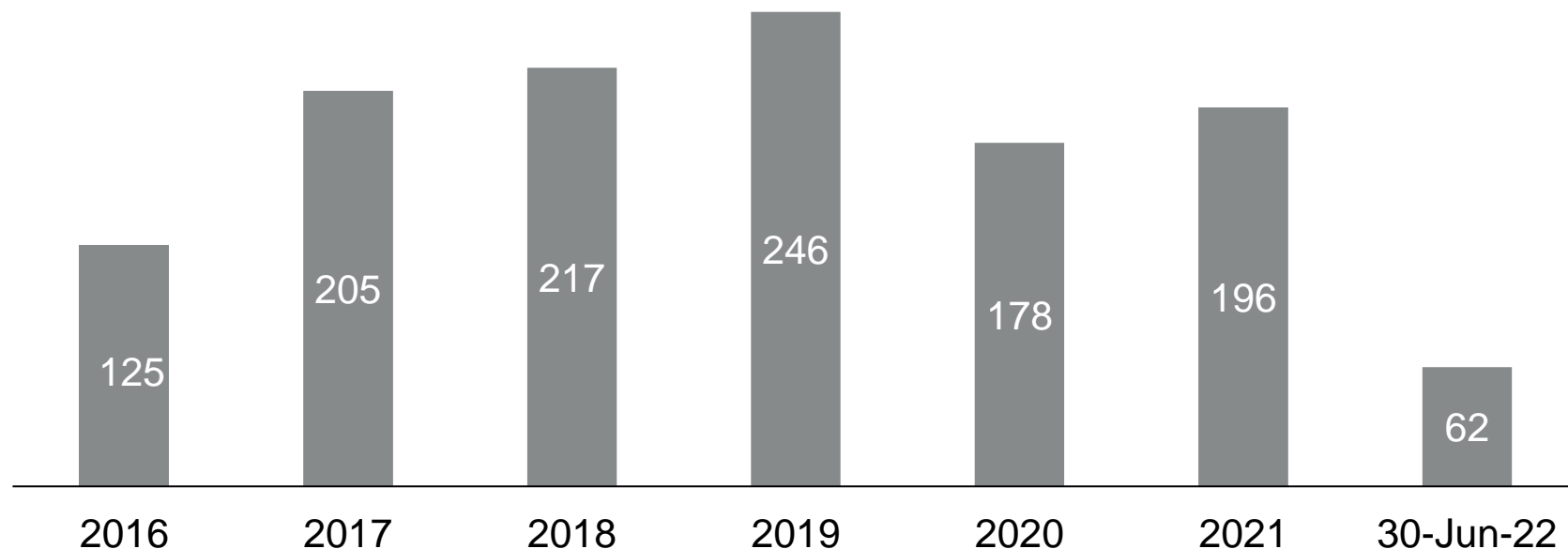
All data as at 30 June 2022

Notes:

1. Based on Share Register Analysis as at 30 June 2022, regulatory filing updates and confirmations from shareholders unless otherwise indicated
2. An estimation only as these included shares held under China Securities Depository and Clearing Corporation Limited and an unanalysed portion, both of which likely include institutional investors

Distributions to shareholders totalling US\$1.2 billion since IPO

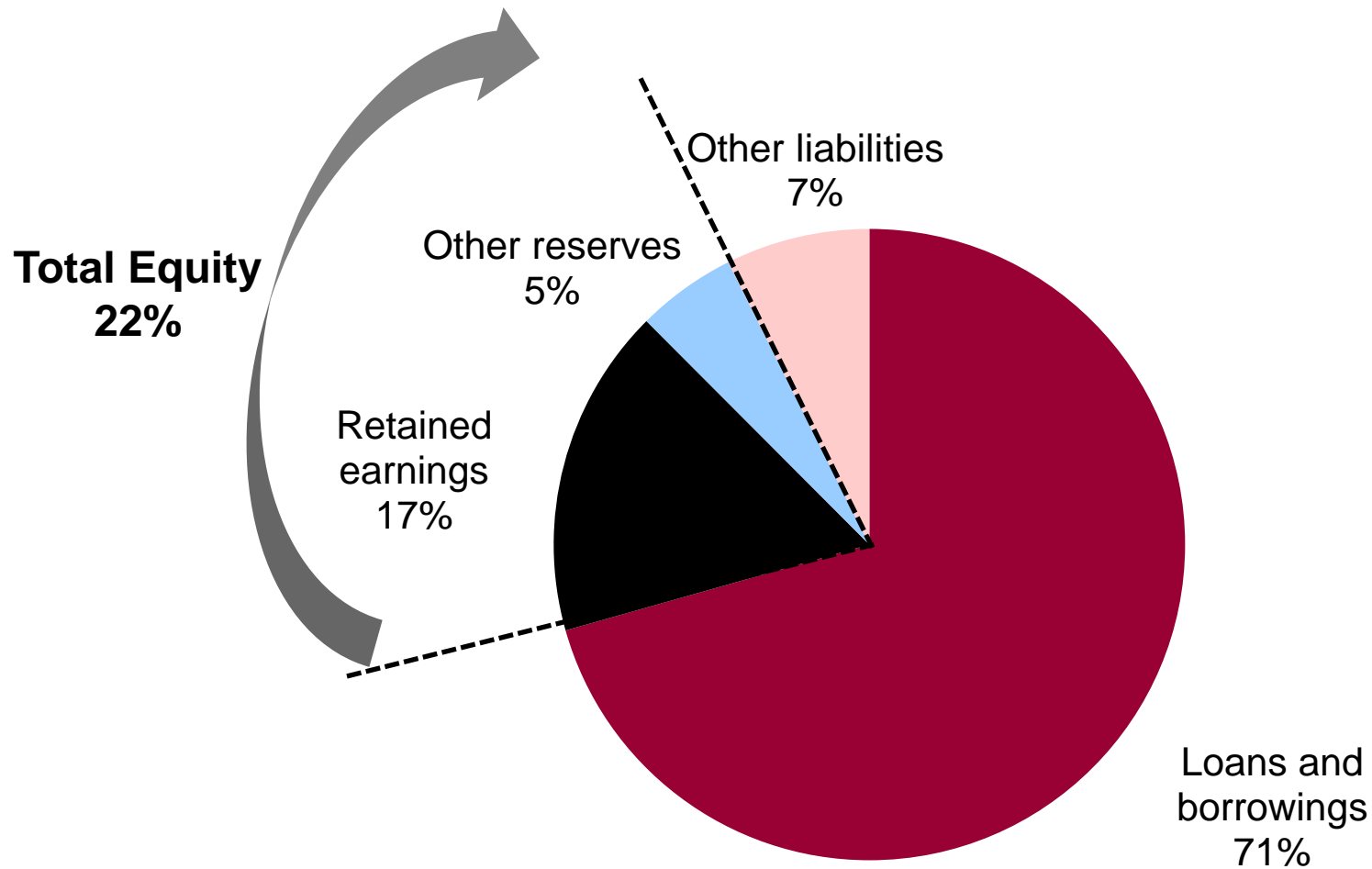
Dividends declared (US\$ million)



65% of cumulative earnings of US\$3.1 billion since IPO retained to support growth

All data as at 30 June 2022

Sources of capital

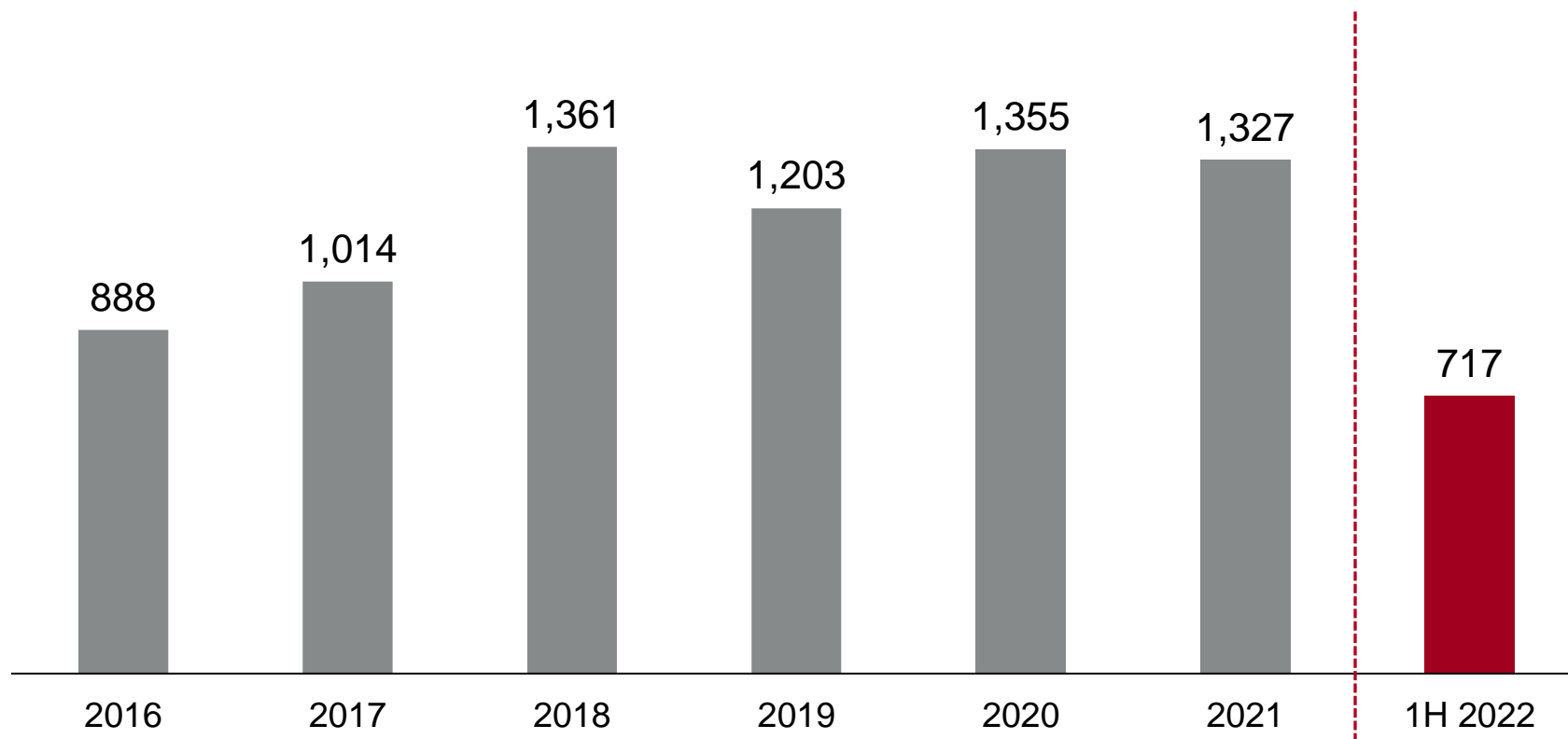


Gross debt to equity of 3.3:1

All data as at 30 June 2022

Operating cash flow net of interest a stable source of funding

US\$ million



Operating cash flow¹ averaged US\$1.2 billion since 2016

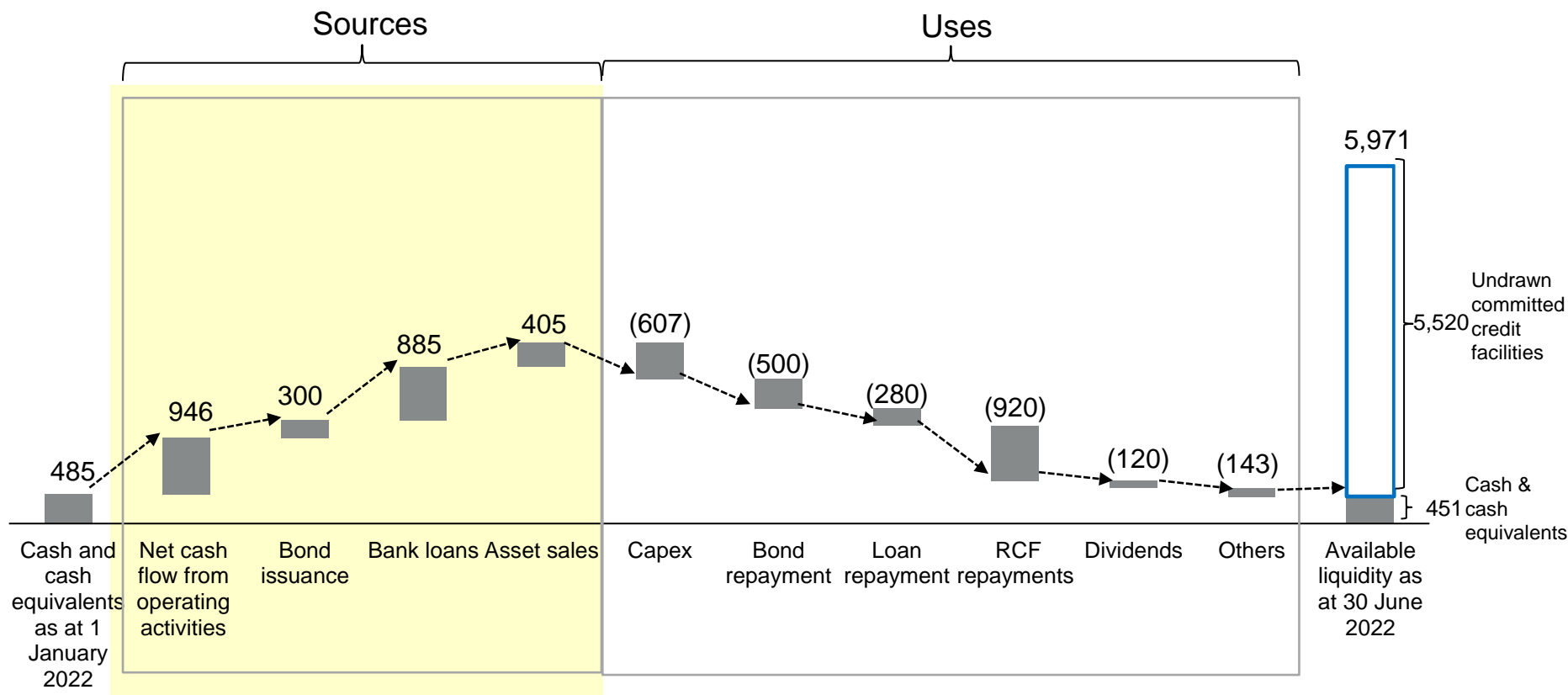
Note:

1. Calculated as net cash flow from operating activities less finance expenses paid



Operating cash flow and aircraft sales are important sources of funding

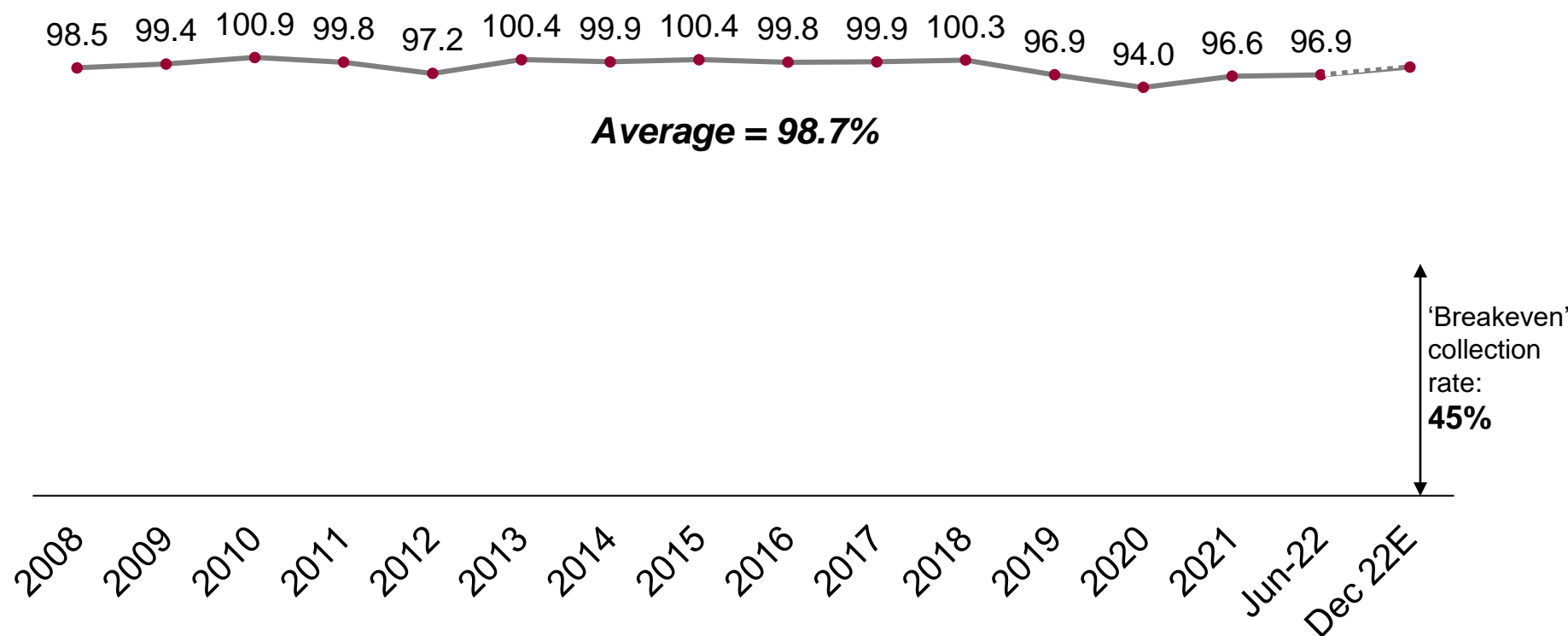
US\$ million



US\$6 billion of committed available liquidity

All data as at 30 June 2022

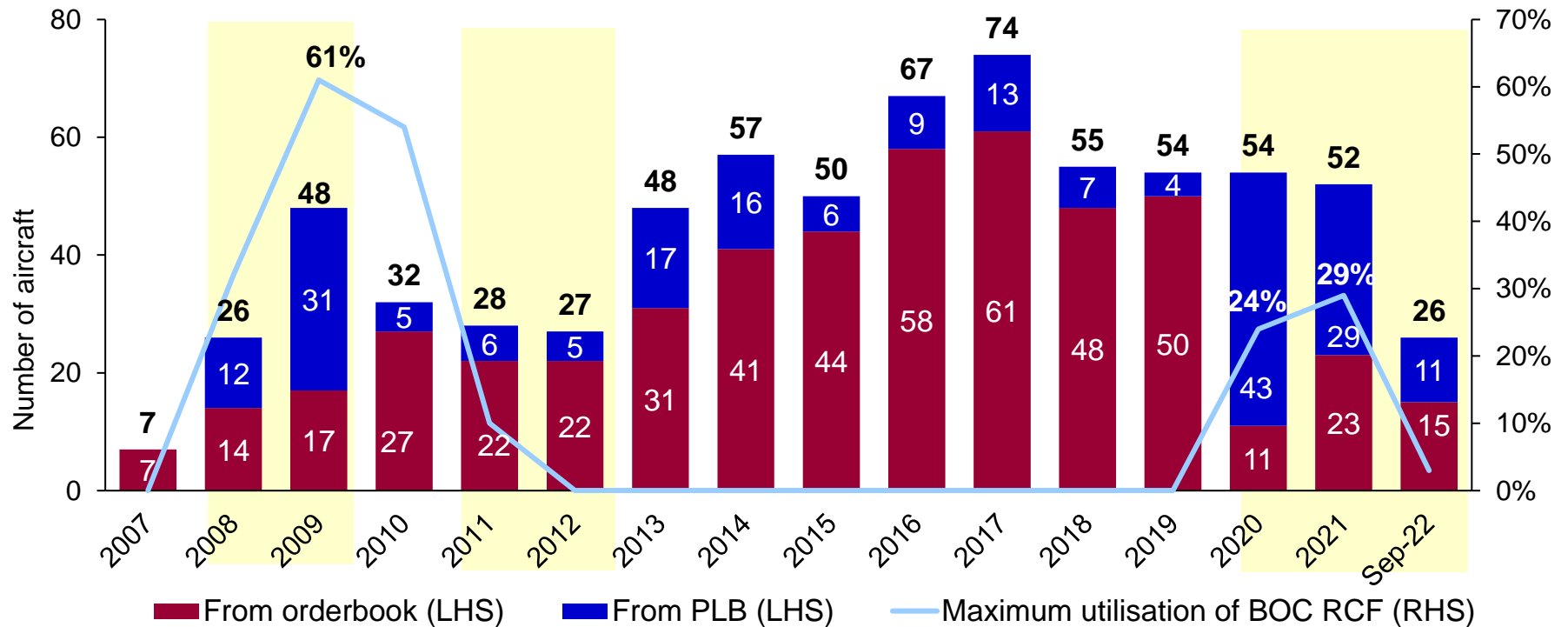
High collection rates a key contributor to strong cash flow



High average collection rate of 99% since 2008

Counter cyclical aircraft investment strategy

Number of aircraft delivered and purchased vs utilisation of BOC Revolving Credit Facility (RCF)



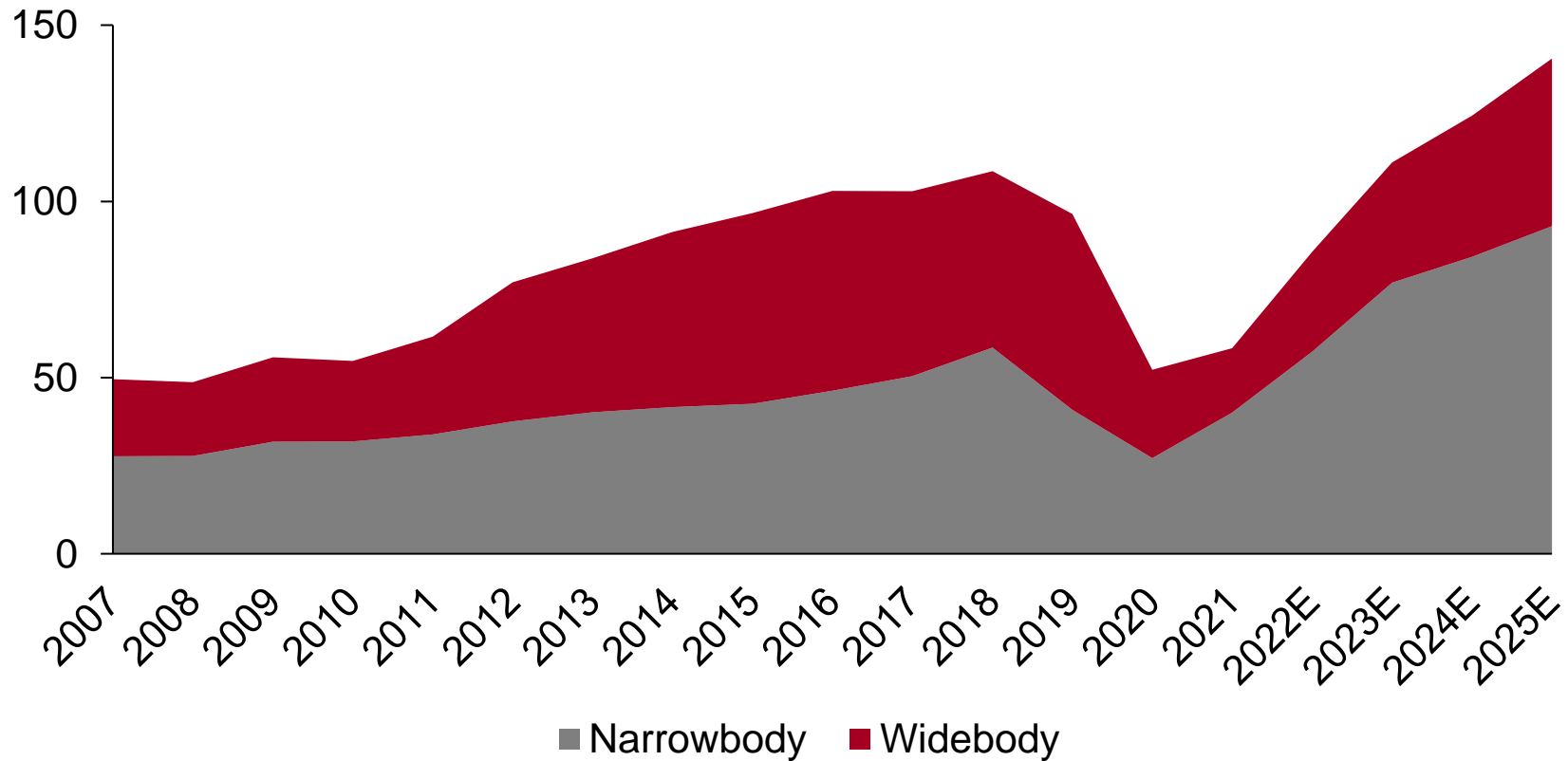
BOC RCF allows us to invest in aircraft through the cycles

All data as at the end of the relevant period



Aircraft deliveries create demand for capital

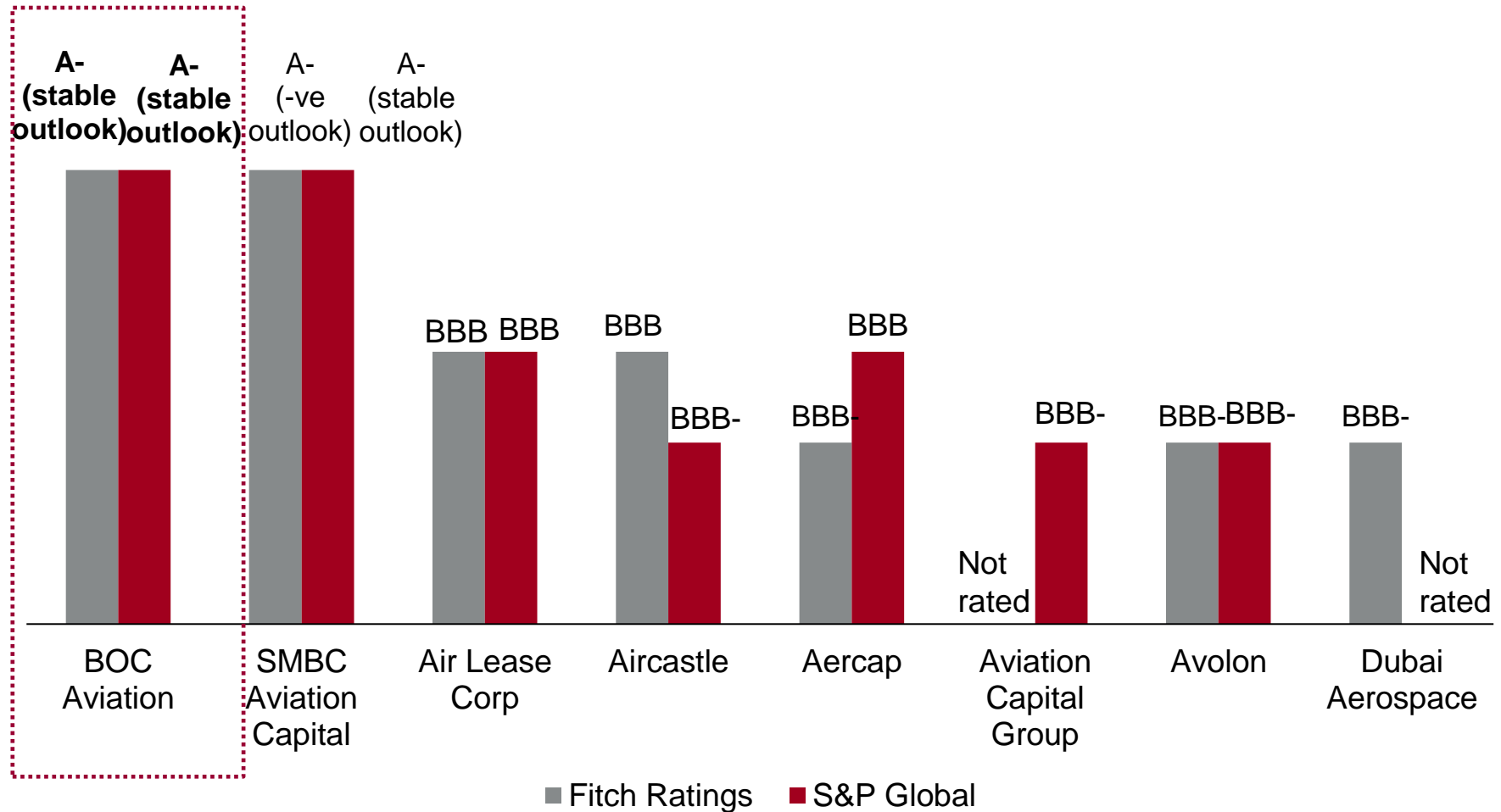
US\$ billion



Value of deliveries to exceed US\$120 billion in 2025

All data as at 30 June 2022

Maintaining strong credit ratings

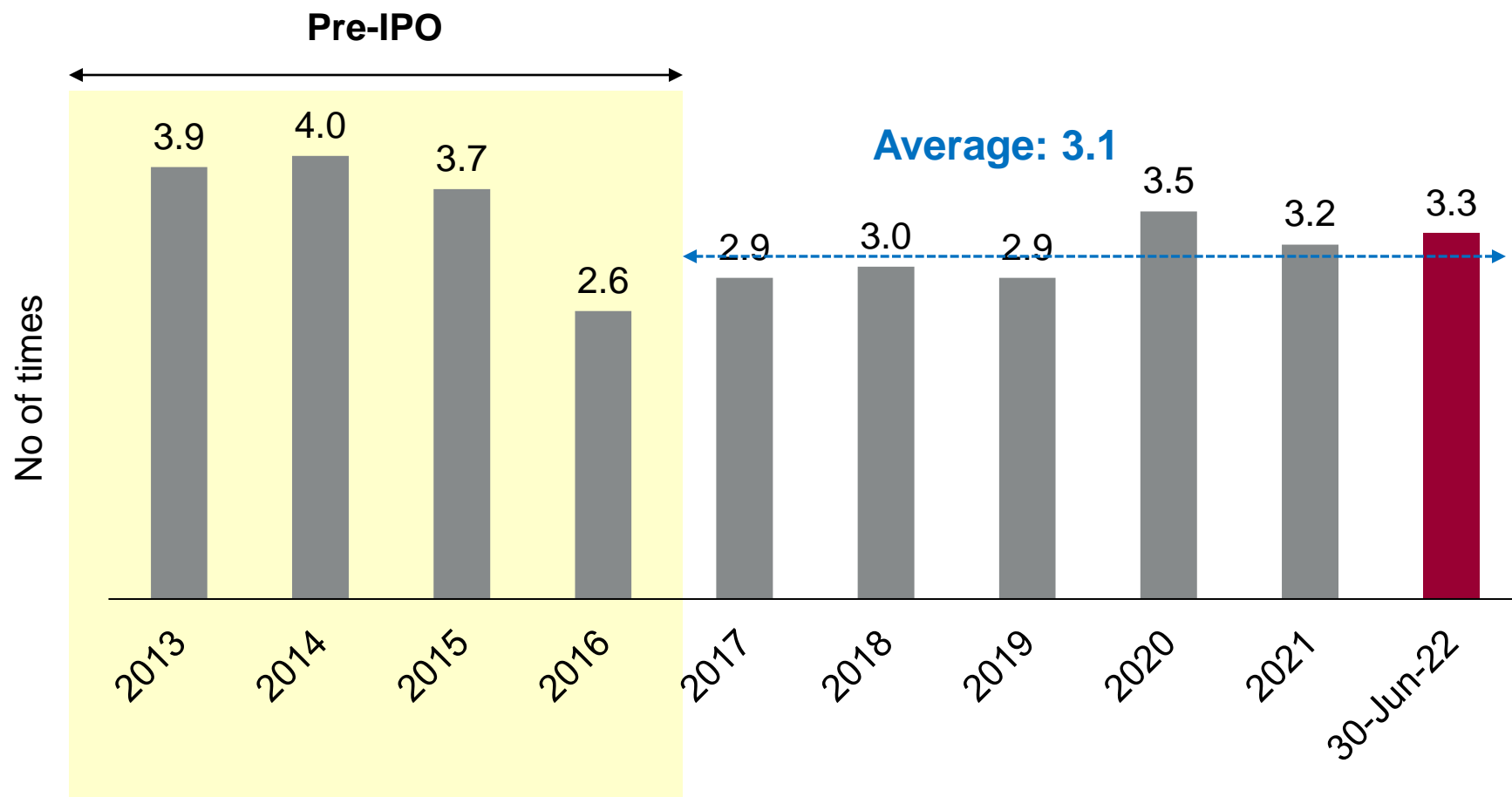


BOC Aviation has the highest credit ratings amongst aircraft operating lessors

Source: Bloomberg (8 November 2022)



Growth not constrained by leverage

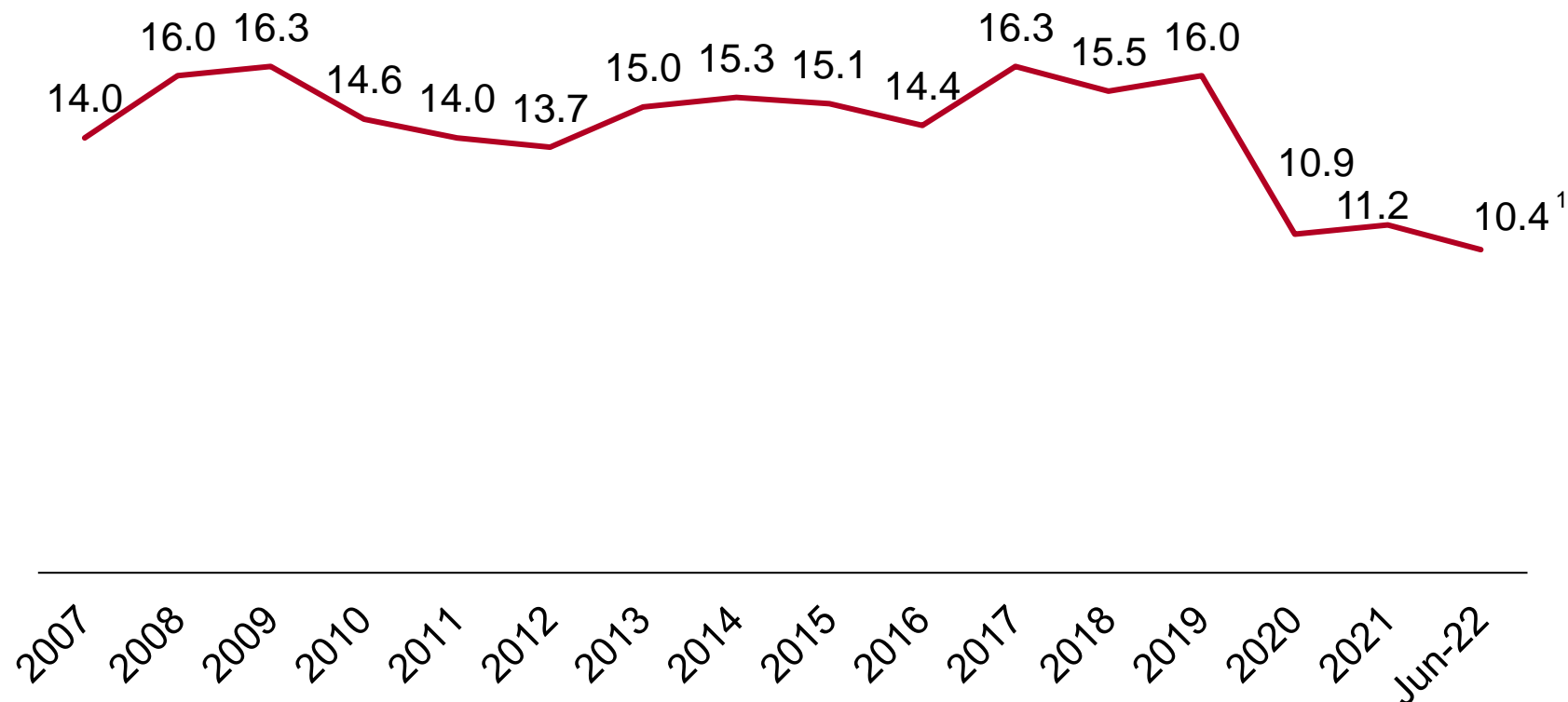


Gross debt to equity has fallen to an average of 3.1:1 since IPO

All data as at 30 June 2022

Debt to equity supports high ROE

ROE (%)



Industry leading ROE even during Covid

All data as at 30 June 2022

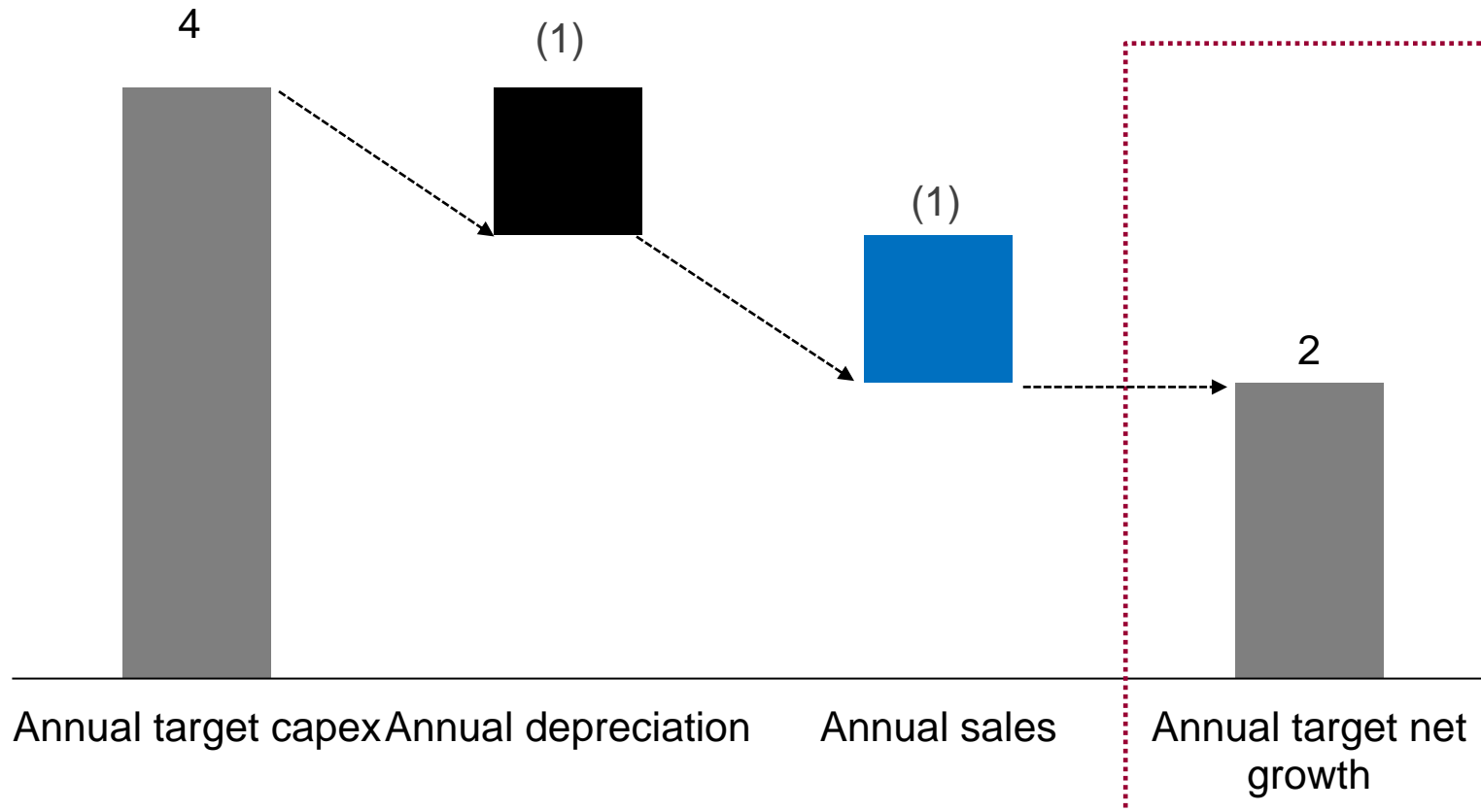
Note:

1. Last 12 months trailing ROE computed based on core NPAT in 1H 2022, which excludes the impact of write down of assets that remain in Russia



Long-term sustainable growth (1)

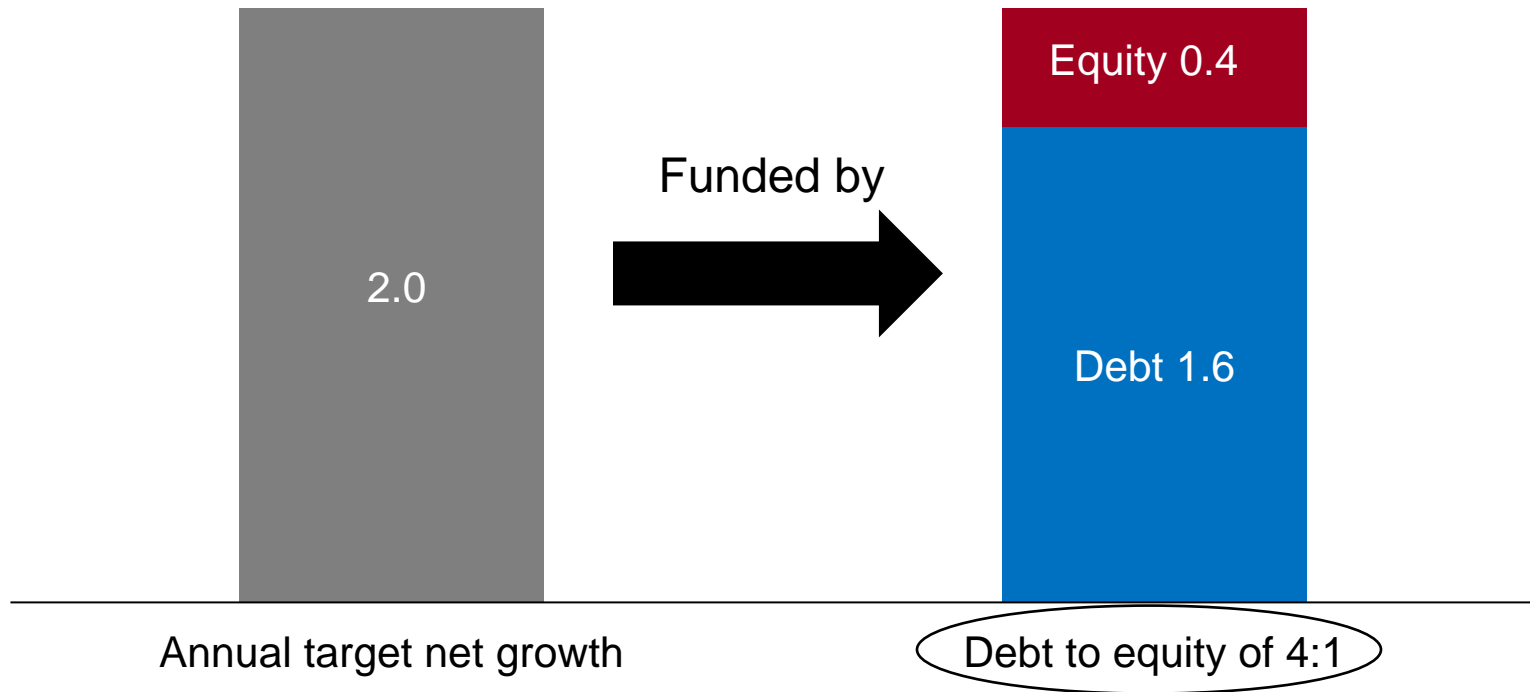
US\$ billion



We target an annual net growth of US\$2 billion per annum

Long-term sustainable growth (2)

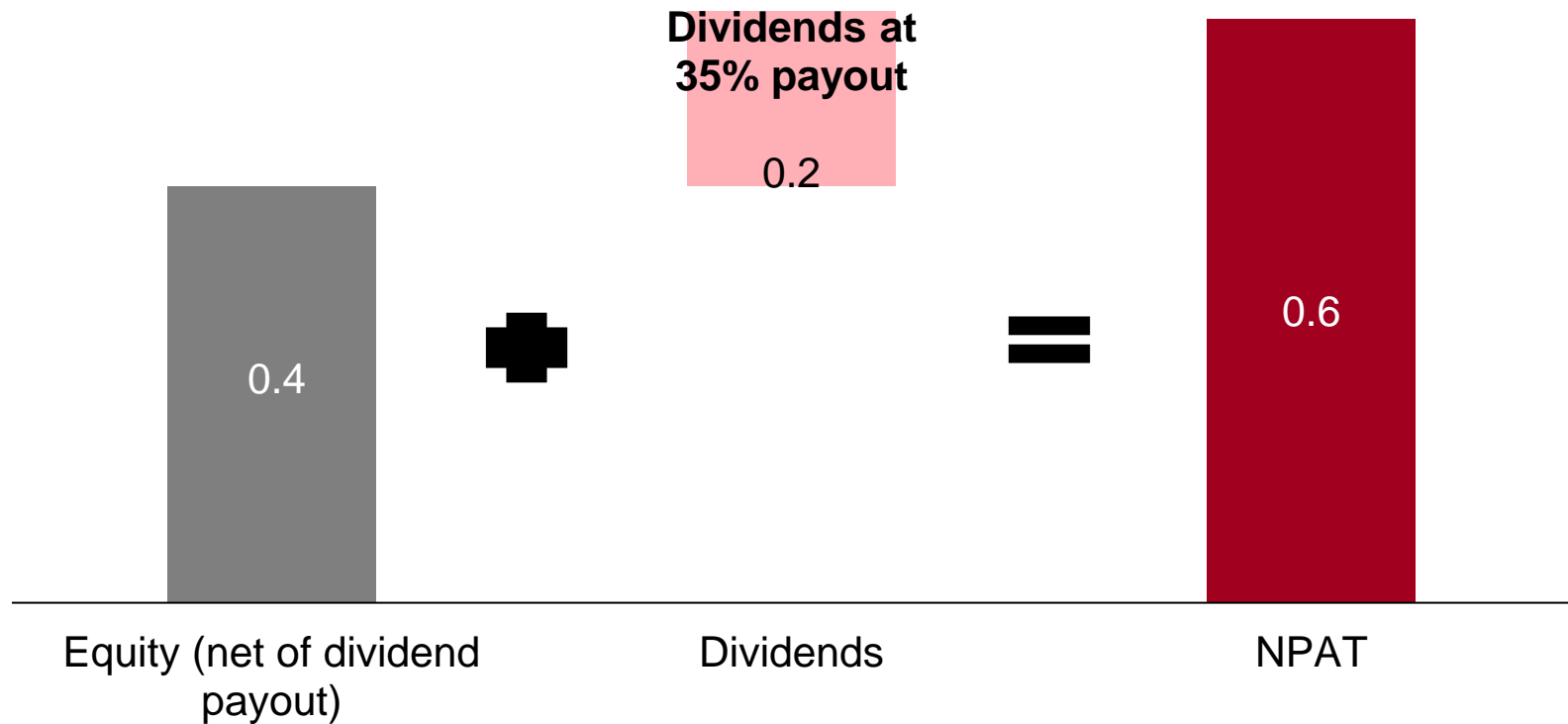
US\$ billion



Growth funded by equity and debt

Long-term sustainable growth (3)

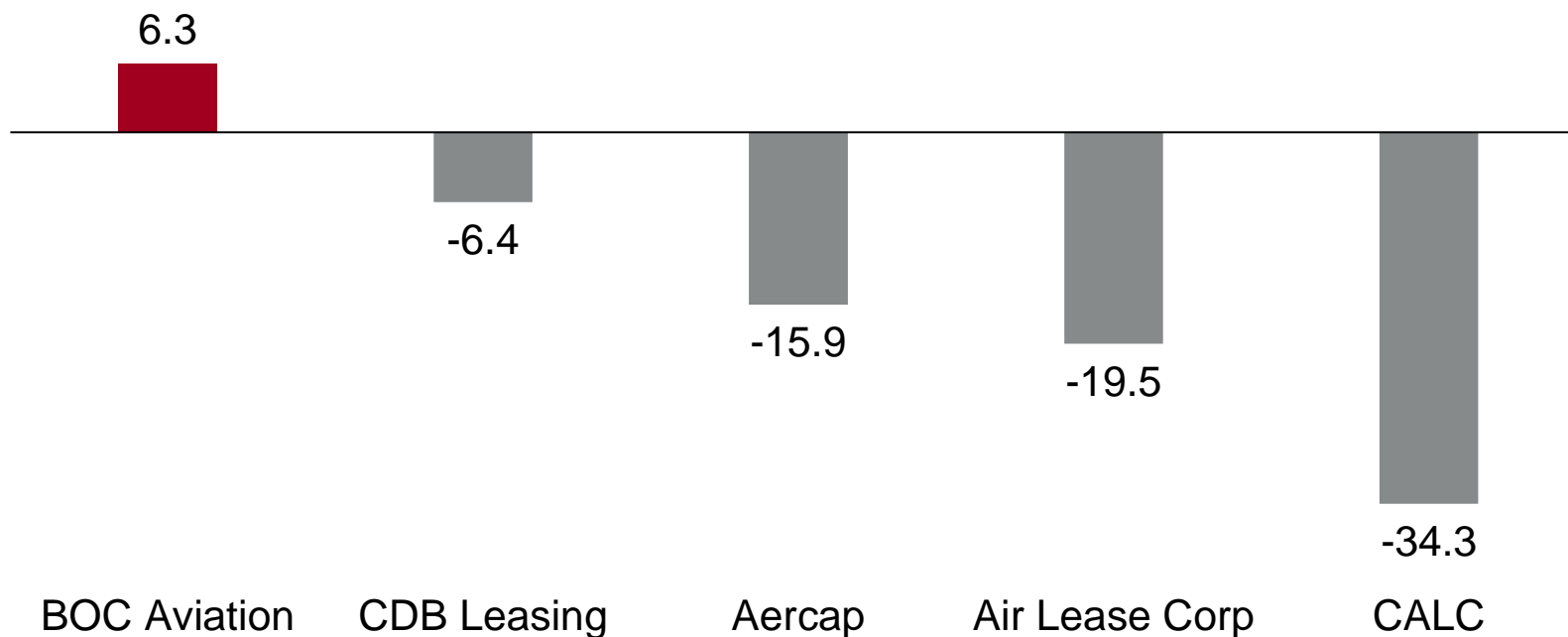
US\$ billion



US\$2 billion net asset growth supports 35% dividend payout

Total shareholder return: 8 November 2022 YTD

(Total shareholder return – 1 Jan 2022 to 8 Nov 2022, %)



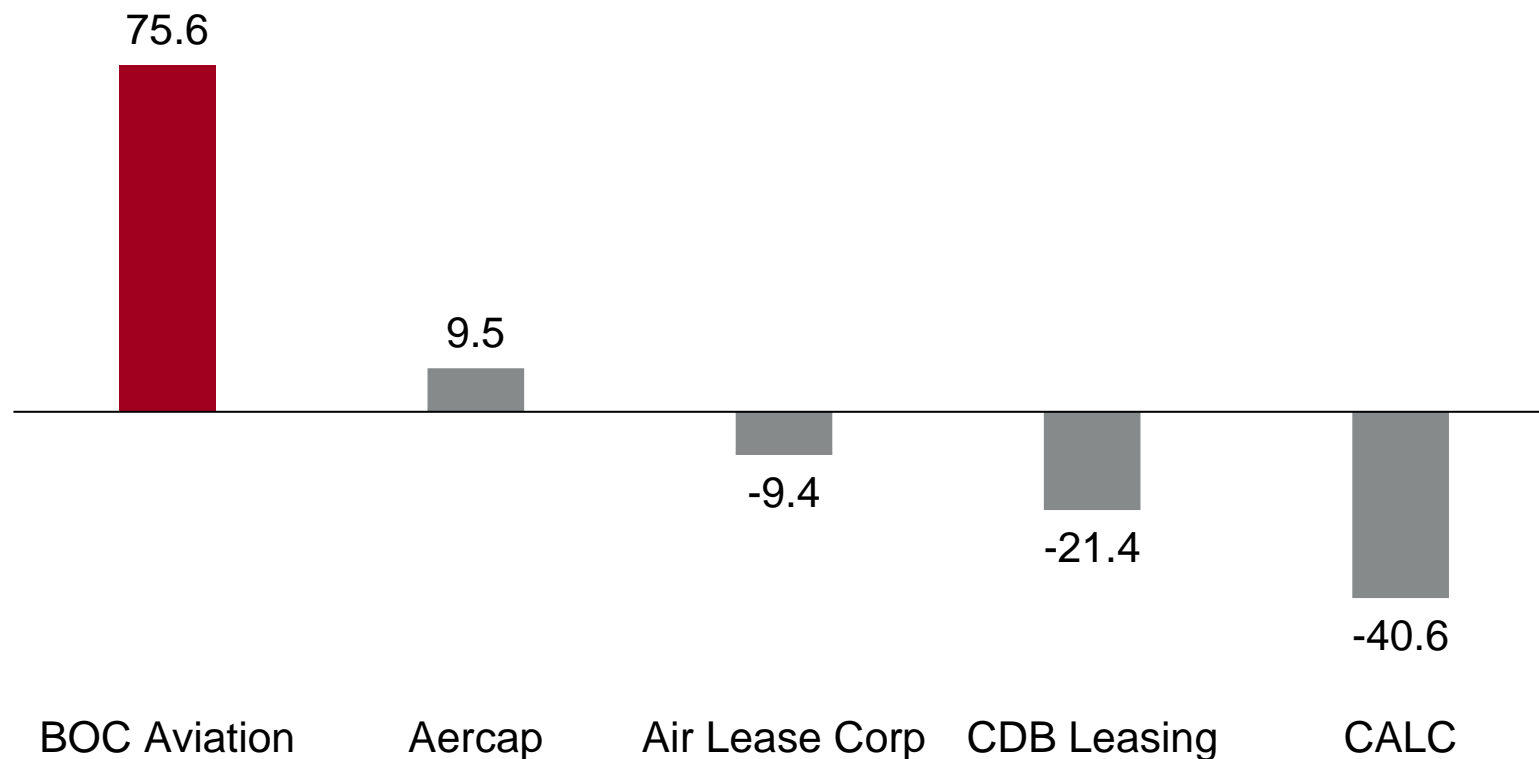
BOC Aviation's share price has performed the best in 2022 YTD

Source: Bloomberg (8 November 2022)



Total shareholder return: last five years

(Total shareholder return – 8 Nov 2017 to 8 Nov 2022, %)



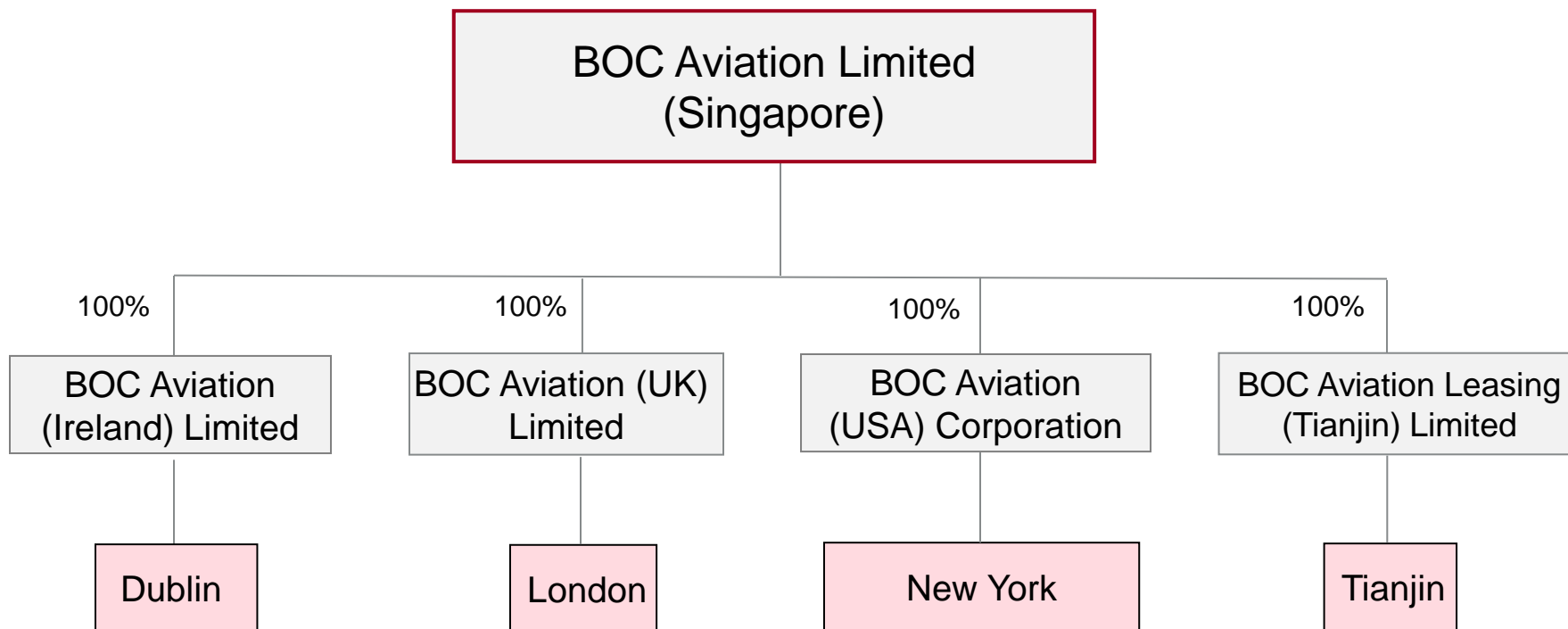
BOC Aviation has consistently outperformed peers

Source: Bloomberg (8 November 2022)




GROUP LEVEL FUNDING STRUCTURE

BOC Aviation corporate structure



Funding is executed on a Group level

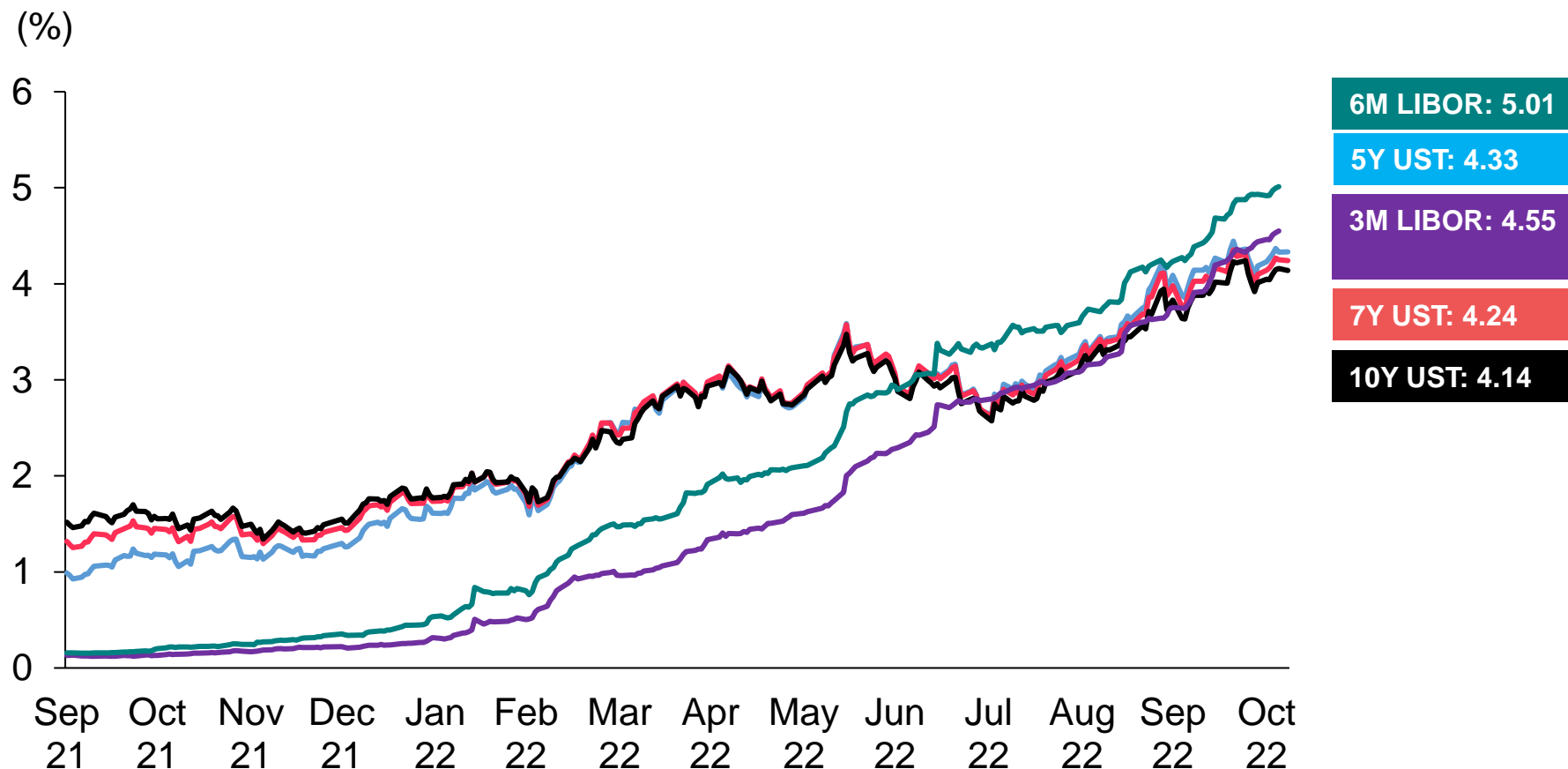
As at 30 September 2022

 Indicates physical office



CHANGING FINANCIAL MARKETS

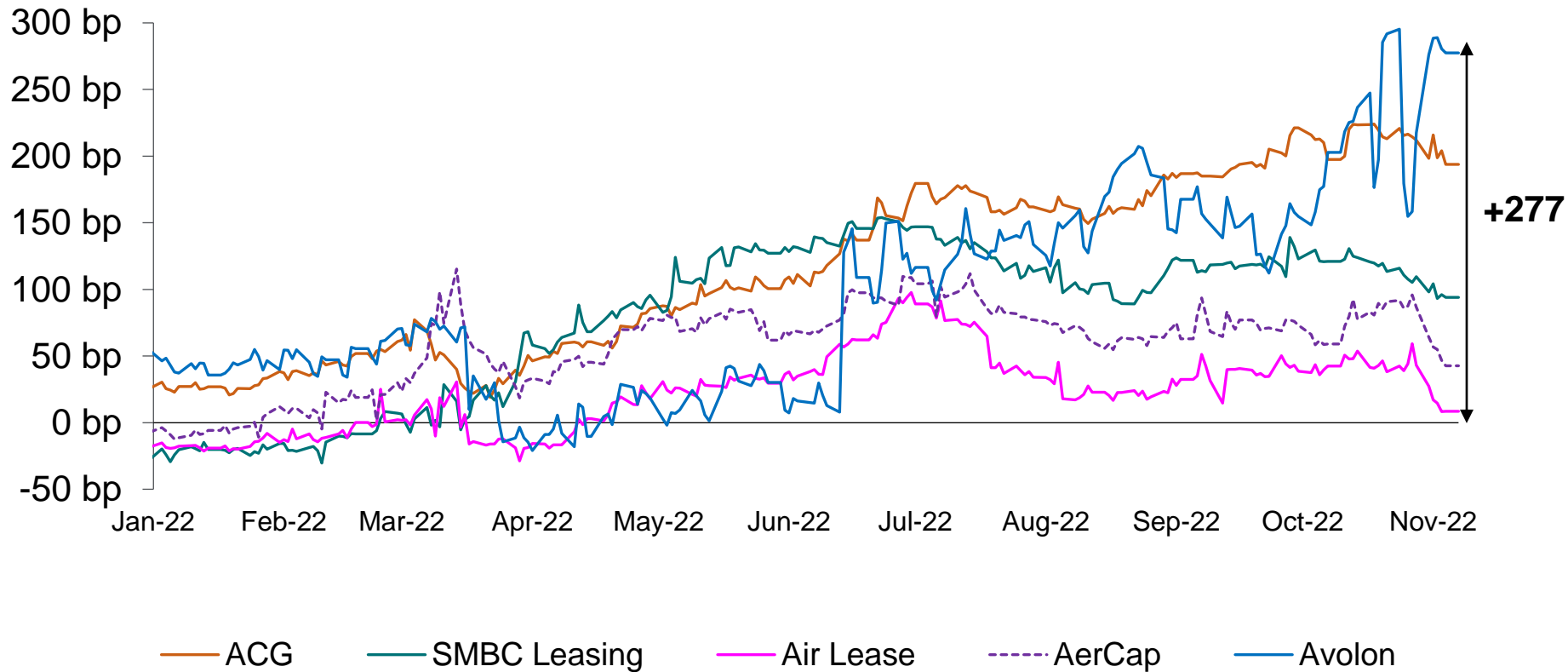
Rising interest rates



Source: Bloomberg (7 November 2022)

Strength in our cost of debt

Historical G-Spread Differential vs. BOC Aviation



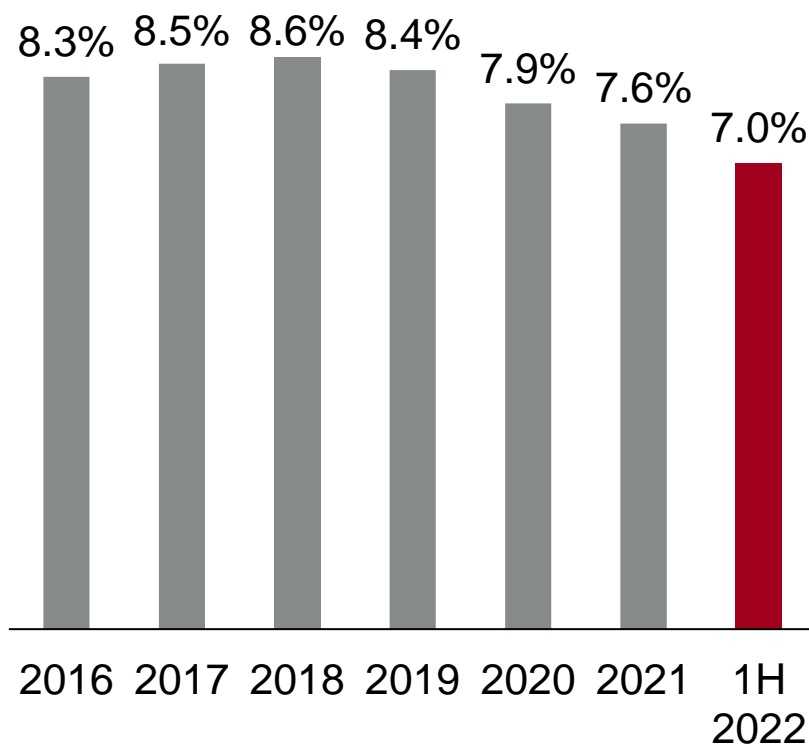
Spreads reflect relative credit strength

Source: Bloomberg (7 November 2022)



Net lease yield¹

Historical



Future

- Since 1H 2022, delivered eight owned aircraft that were previously off lease
- Expect to deliver all aircraft off lease by end-2022
- Delivered seven new Boeing 787 aircraft from our orderbook to American Airlines since delivery of the 787 aircraft resumed in August 2022
- Expecting another 11 to be delivered to American Airlines through to end-2023
- New leases written at higher rates
- Working to lift net lease yield in 2023

Lease rates tend to lag changes in interest rates

All data as at 30 June 2022

Note:

1. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value. Net lease yield for 1H 2022 is calculated on an annualised basis.



Conclusion

- Efficient use of capital
 - No need for new equity
- High levels of cash flow generation
- Liquidity of US\$6 billion to deploy across the cycle
- Strong credit ratings of A- (Stable Outlook) from both S&P Global and Fitch Ratings
- Dividend payout of up to 35% of full year NPAT
- Retained earnings to support target balance sheet growth
- Highest total shareholder return over last five years
- Cost of debt advantage versus competitors

Strong capital base for future expansion

Views from Airbus

Paul Meijers

EVP Aircraft Leasing, Trading & Financing, Airbus

Paul Meijers

EVP Aircraft Leasing,
Trading & Financing,
Airbus



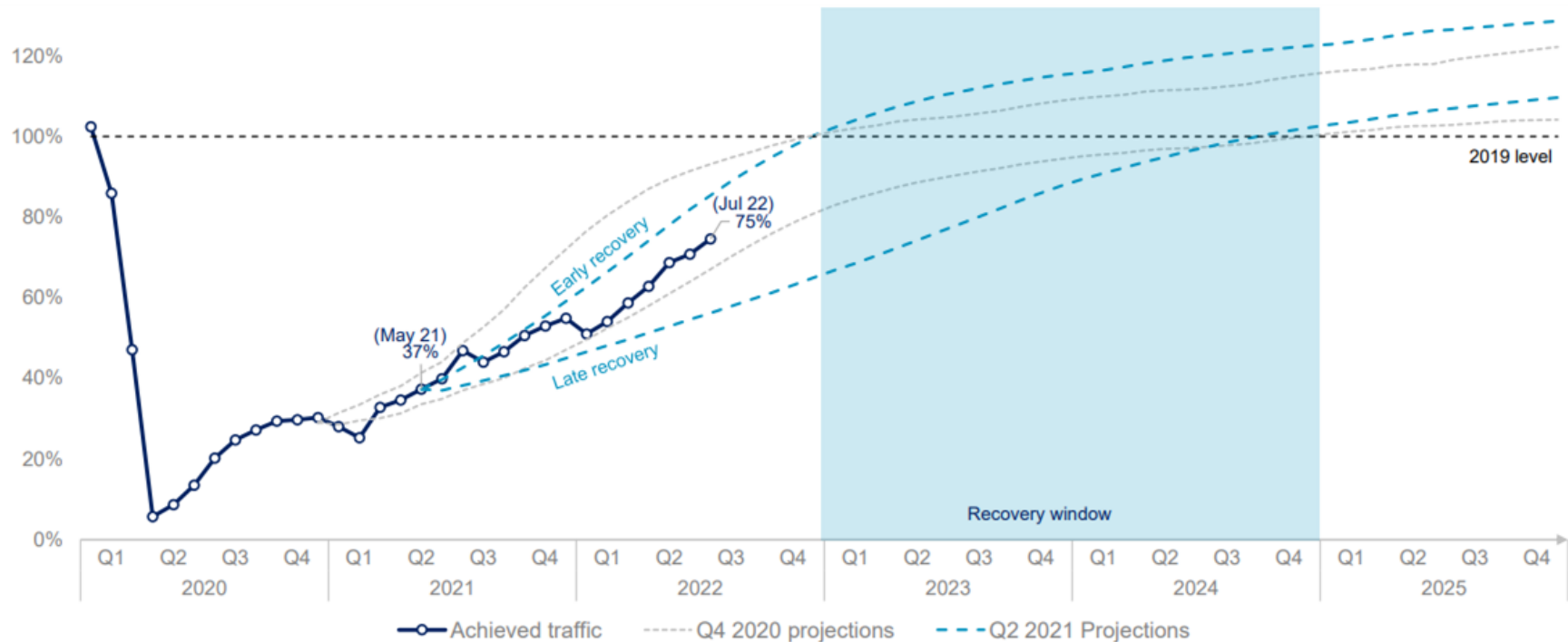
- More than 30 years of commercial aircraft financing experience with expertise in aircraft evaluation and purchasing, aircraft financing and operating leasing
- Involved in structuring multiple big ticket financing transactions globally over the years and over 400 aircraft purchases

Air traffic recovery trending towards upper-end of our projections

Source: Sabre, OAG, FR24, IATA, Airbus GMF

World air traffic (RPKs)

Base 100 compared to equivalent month in 2019



November 2022

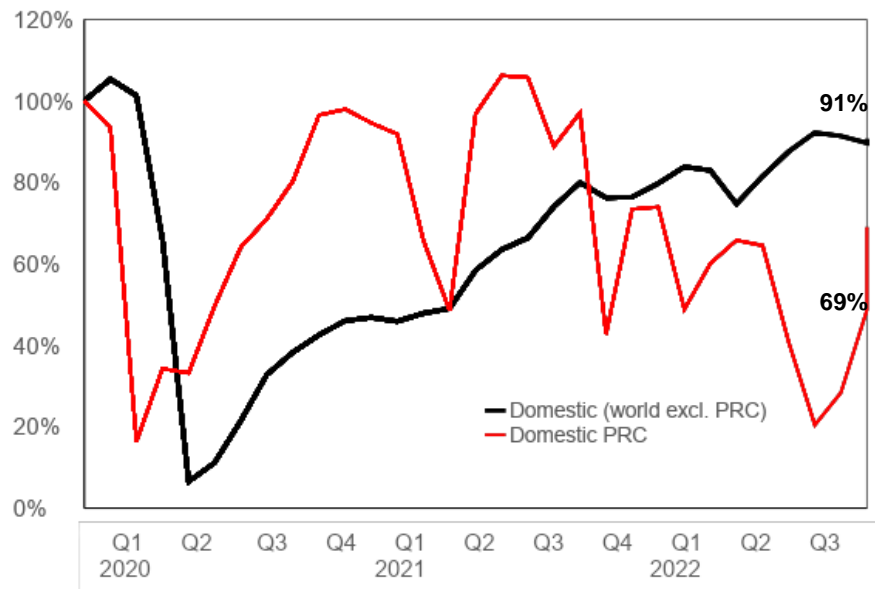
BOCA Investors Day

Domestic and international air traffic is recovering

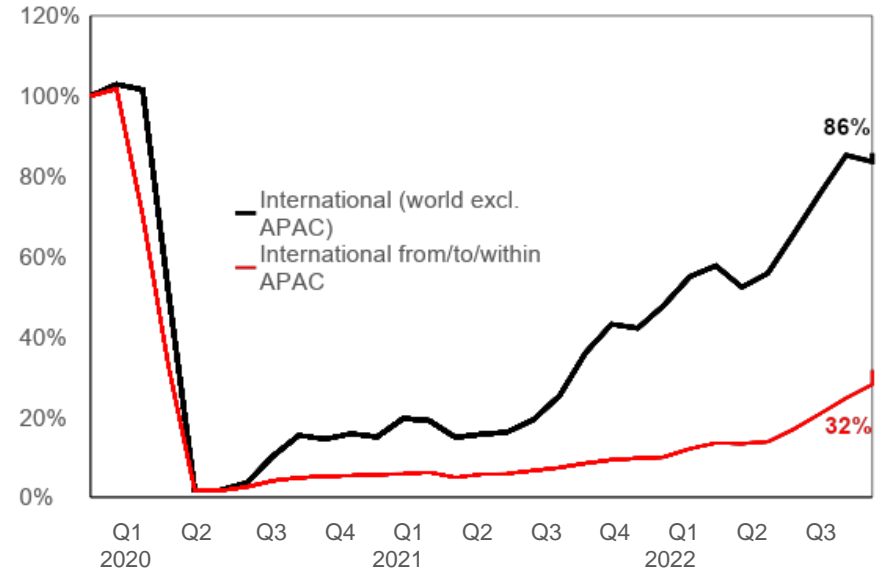
Though with notable exceptions

Source: OAG, FR24, SABRE, IATA, Airbus GMF

Domestic leg traffic RPK (monthly) compared to 2019



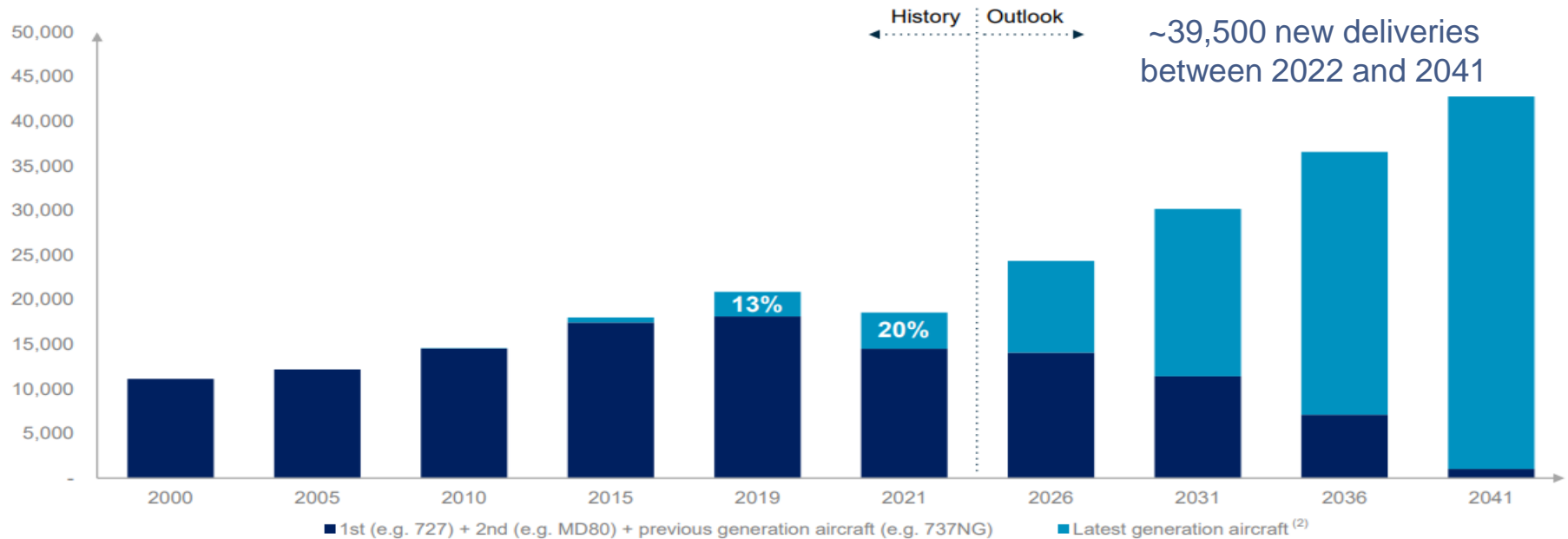
International leg traffic RPK (monthly) compared to 2019



Strong demand for latest generation aircraft

Source: Airbus GMF
(1) Western built Passenger aircraft above 100 seats & freighters with a payload above 10t
(2) Latest generation: A220, A320neo Family, A350, A380, 737Max, 777X, 787 & new programs

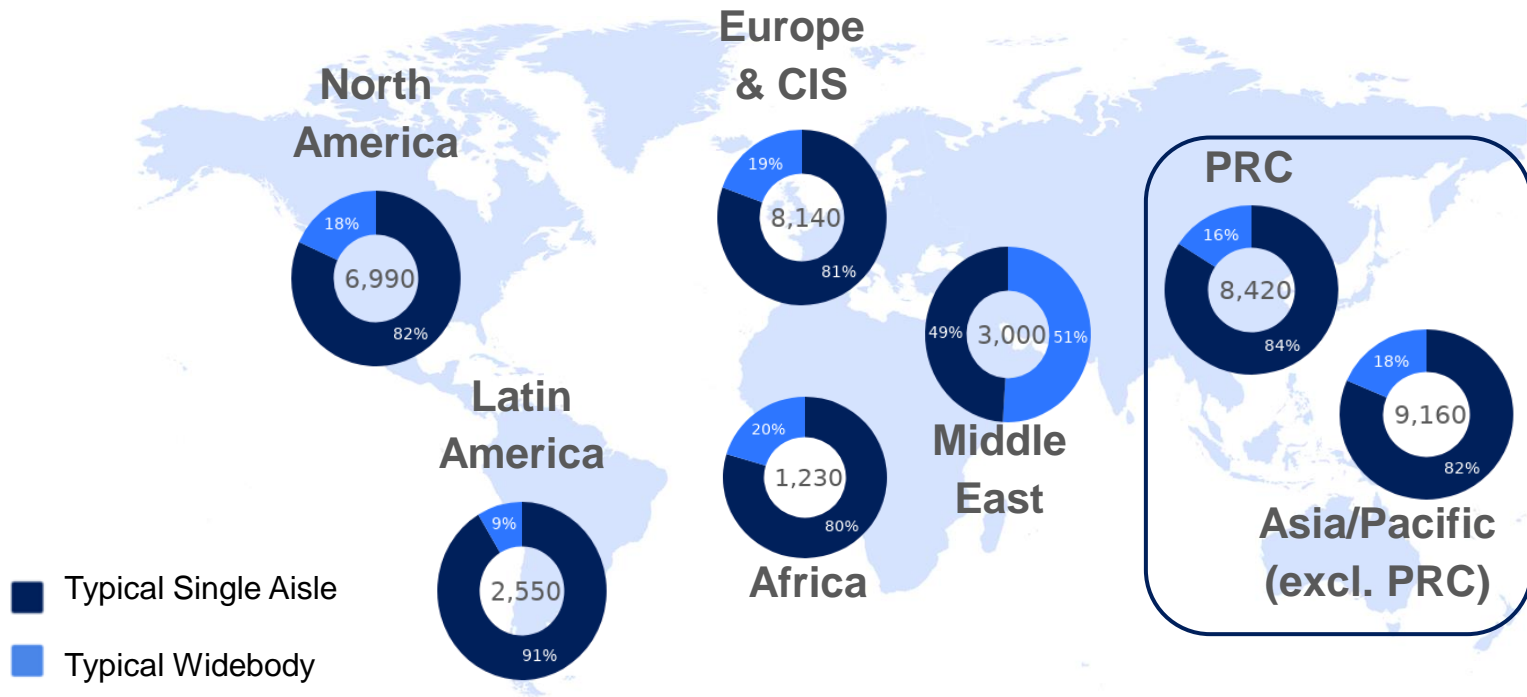
Global passenger aircraft in service⁽¹⁾
Values in units



~39,500 new deliveries between 2022 and 2041

Asia Pacific and PRC is one of the largest markets

Source: Airbus GMF
Notes: Passenger aircraft above 100 seats & freighters with a payload above 10t

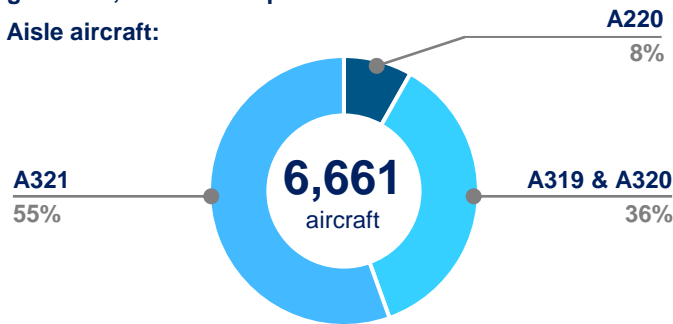


Robust and well diversified commercial aircraft backlog

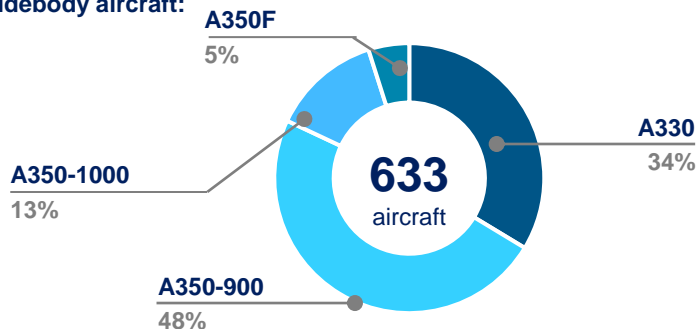
Source: Airbus & IHS Markit

Backlog in units, as of 30th September 2022

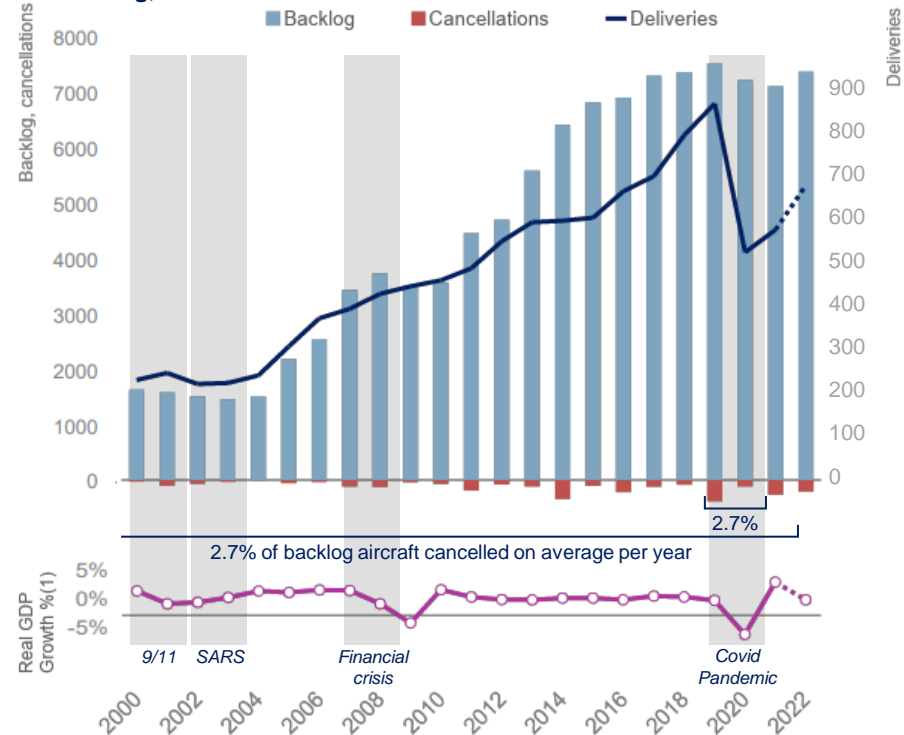
Single Aisle aircraft:



Widebody aircraft:



Backlog, cancellations and deliveries in units:

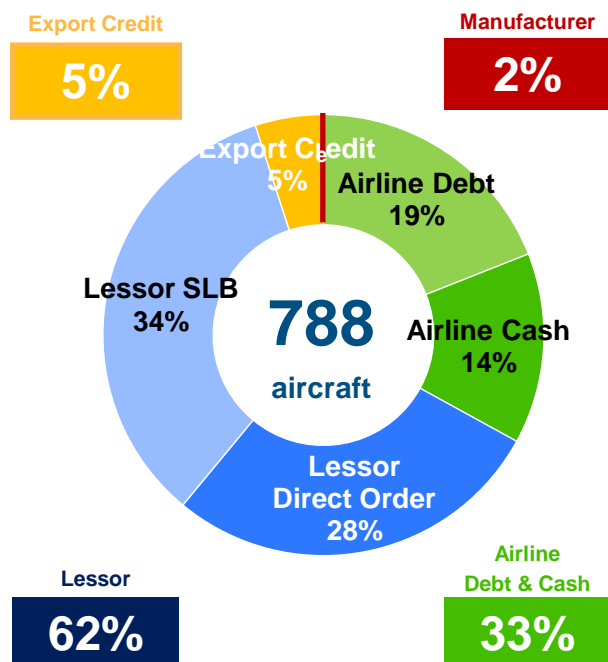


AIRBUS

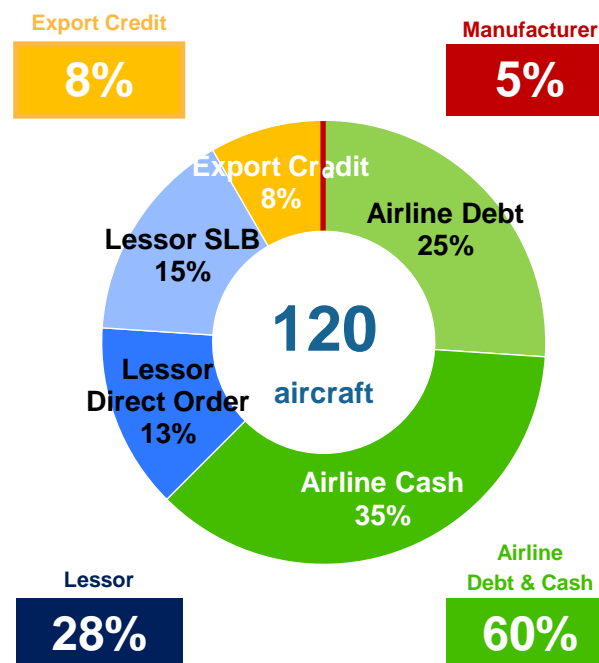
Diverse financing solutions

Source: Airbus
Financing at time of delivery- FY 2021 and H1 2022
(as at Year End for Export Credit).
Overlap possible between categories,
rounded figures.

Single Aisle

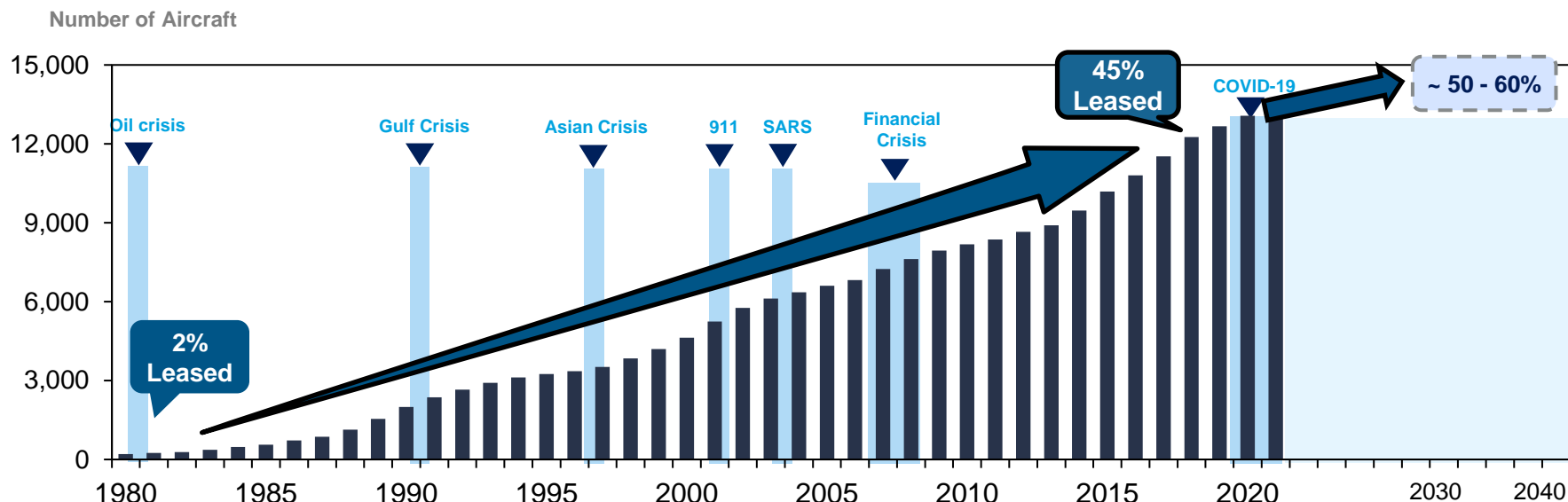


Widebody



Operating lease growth drives need for new capital

Source: GMF,
Deutsche Bank, Cirium Fleets Analyzer, IATA and McKinsey



	2019	2040
Global Fleet	22,680	~47,000
% on Operating Lease	45%	50% - 60%
Aircraft on Operating Lease	~11,700	~24,000 - ~30,000
Incremental Leased Aircraft		+ ~12,000 – 18,000
Required Leasing Capex ^(a)		+ ~1,000 – 1,400bn
Implied Equity Capital Need ^(b)		+ ~\$250 – 350bn

Significant changes amongst the Operating Lessors

Lessor consolidation through M&A

2010

Rank	Leasing company
1	GECAS
2	ILFC
3	AerCap
4	CIT Group
5	RBS Aviation Capital
6	BBAM
7	BOC Aviation
8	Aviation Capital Group
9	AWAS
10	MacQuarie AirFinance
11	Aircastle
12	Pembroke Group
13	Boeing Capital
14	Sumisho Avc Asset Mgt
15	Doric Asset Finance
16	Hong Kong Aviation Capital
17	MCAP
18	ALAFCO
19	AerVenture
20	DAE Capital

M&A, no longer exists or Moved out of top 20

2022

Rank	Leasing company
1	AerCap
2	SMBC Aviation Capital*
3	Avolon
4	Air Lease Corporation
5	BOC Aviation
6	BBAM
7	ICBC Leasing
8	Aviation Capital Group
9	DAE Capital
10	Bocomm Leasing
11	CDB Aviation
12	Carlyle Aviation Partners*
13	Jackson Square Aviation
14	AVIC International Leasing
15	ORIX Aviation
16	Nordic Aviation Capital
17	Aircastle
18	CMB Financial Leasing
19	Castlelake
20	CCB Financial Leasing

New entrant in top 20

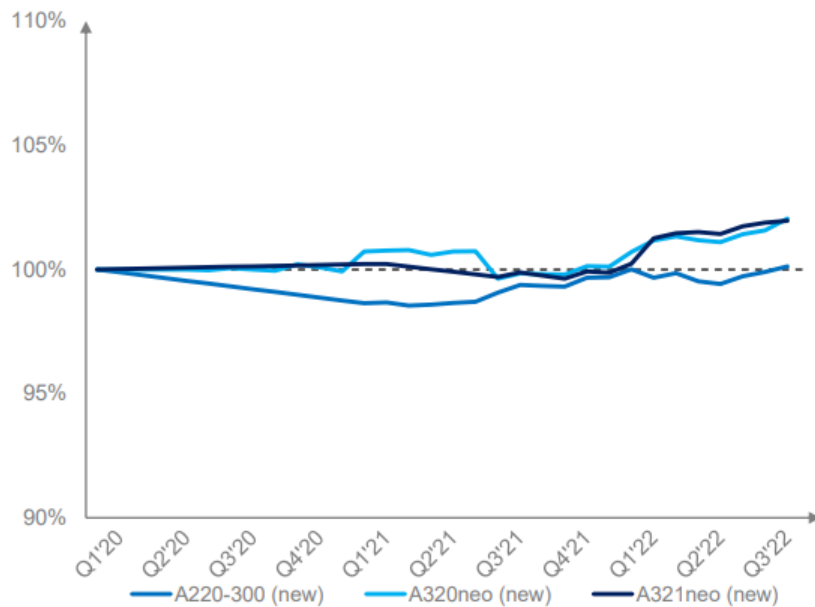
Source: Deutsche Bank, Cirium
 *SMBC Aviation Capital includes Goshawk
 Carlyle Aviation Partners includes AMCK

Latest generation Airbus aircraft maintained their value

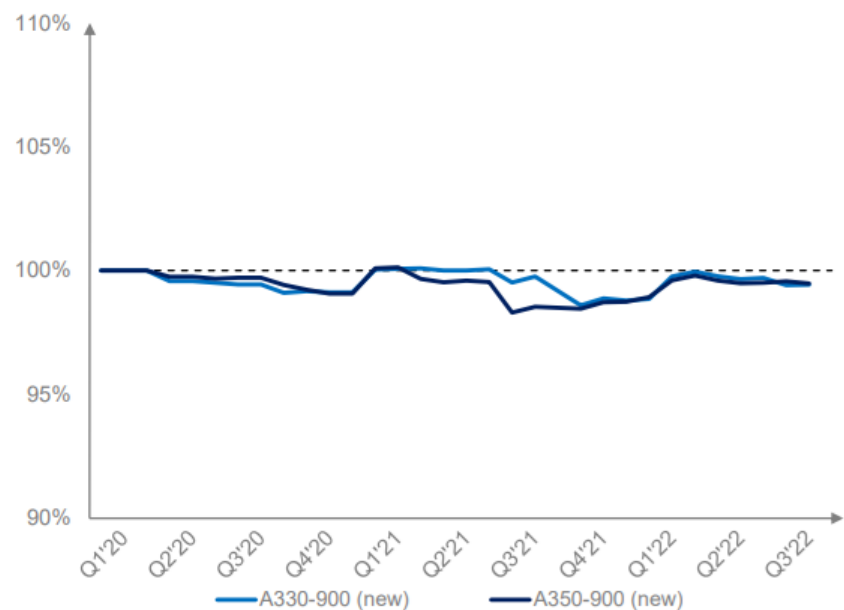
During COVID crisis

Source: Average of 5 leading aircraft appraisers

Single Aisle aircraft:



Widebody aircraft:



2022: 856 gross orders to the end of Q3, 2022

Some highlights

Source: Airbus end September 2022

A220

Azorra Aviation x22



ACG x20

JetBlue x30



Qantas x20

106

A320neo



BOCA x80



Jazeera x28

深圳航空
Shenzhen Airlines



中國東方航空
CHINA EASTERN



AIR CHINA
中國國際航空公司



中国南方航空
CHINA SOUTHERN AIRLINES

China x292



LATAM x17



Easyjet x56

706

A330neo



Air France x4



Etihad Cargo x7



Qantas x12



Turkish Airlines x4



Singapore Airlines x7

38

A350

AIRBUS

Lessor speculative placements since 2019

Recovery in 2021, Strong momentum in 2022

Placement evolution

Per aircraft placement date at latest operator

Family	2019	2020	2021	2022 to end Sept
A220			29	18
A320neo	227	62	176	218
A330/A350	19	8	15	28
Total	246	70	220	264 (+52 vs. end Aug)

2022 placements per region



Data: Airbus COM database. Includes aircraft that are novated and transferred between operators pre delivery.
Includes only official notifications and may exclude placed but un-notified aircraft
2022 data to end Sept

- Demand in Europe and the Americas very strong

Airbus confidential

AIRBUS

How do we run our business?



Aircraft Demand



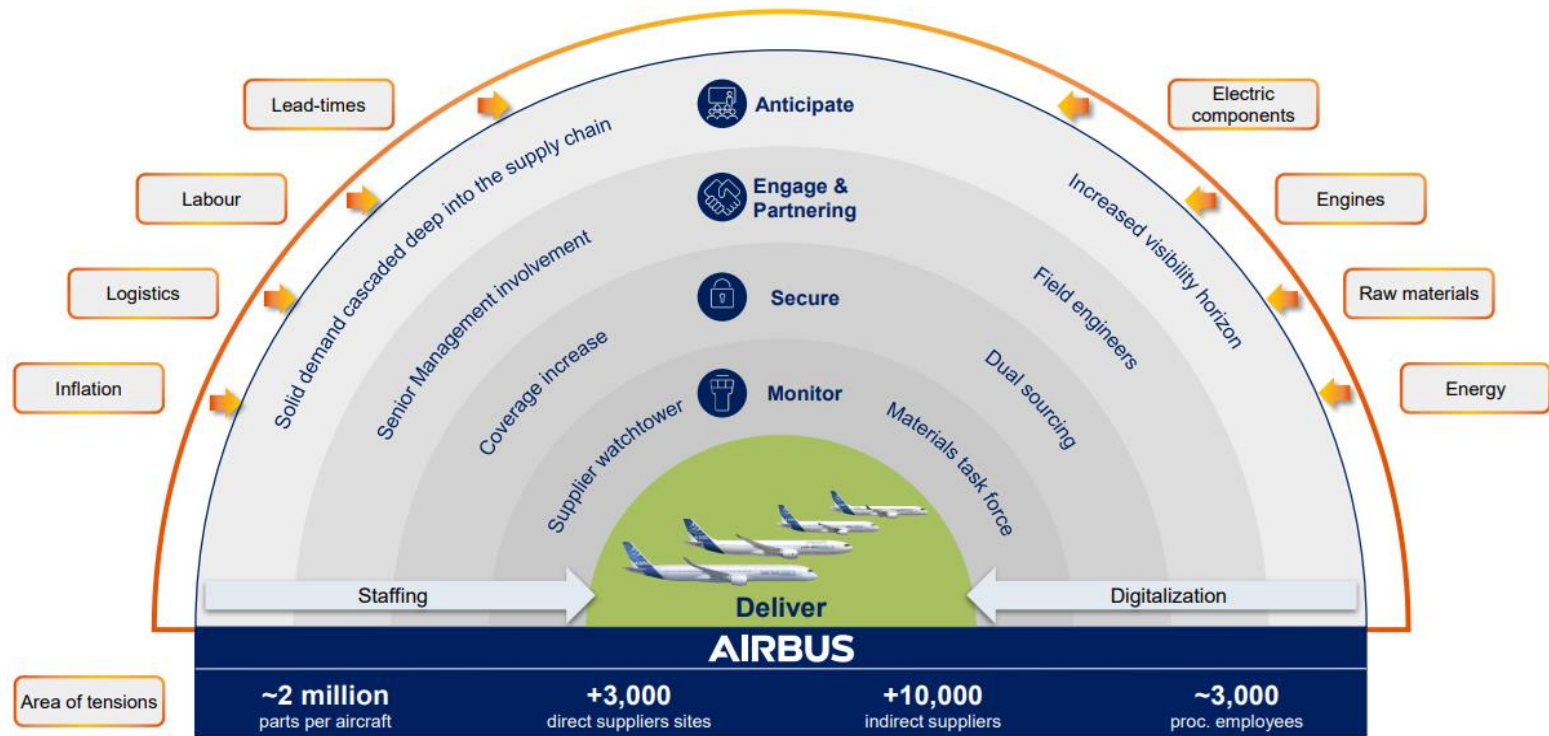
Industrial System



AIRBUS

Active supply chain management

Delivering in turbulent times



November 2022

BOCA Investors Day

A220 FAMILY

Leading the small single-aisle market

(1) At end of September 2022
(2) vs previous generation aircraft



227

Aircraft in operation⁽¹⁾



25%

Fuel Burn & CO2
Emissions advantage⁽²⁾



546

Backlog⁽¹⁾



R14

by mid of the decade

AIRBUS

A320 FAMILY

Ramp-up to R75 to satisfy customer's demand

(1) At end of September 2022
(2) vs previous generation aircraft



9,859

Aircraft in operation⁽¹⁾



20%

Fuel Burn & CO₂
Emissions advantage⁽²⁾



6,115

Backlog⁽¹⁾
o/w ~60% A321



R65 in early 2024

R75 in 2025



AIRBUS

A330neo & A350

Ready for passenger market recovery

And will set new standards in the cargo market

(1) At end of September 2022 Including freighters
(2) vs previous generation aircraft



1,458 for A330
&
499 for A350
Aircraft in operation⁽¹⁾



25%
Fuel Burn & CO2
Emissions advantage⁽²⁾



213 for A330
&
420 for A350
Backlog⁽¹⁾



~R3 from end-2022 for A330
~R6 in early 2023 for A350



AIRBUS

Shaping The Future



AIRBUS

We pioneer
Sustainable aerospace



for a **safe** and **united** world

AIRBUS

Managing risk on a 360° basis

Stephen Barnes
Chief Risk Officer

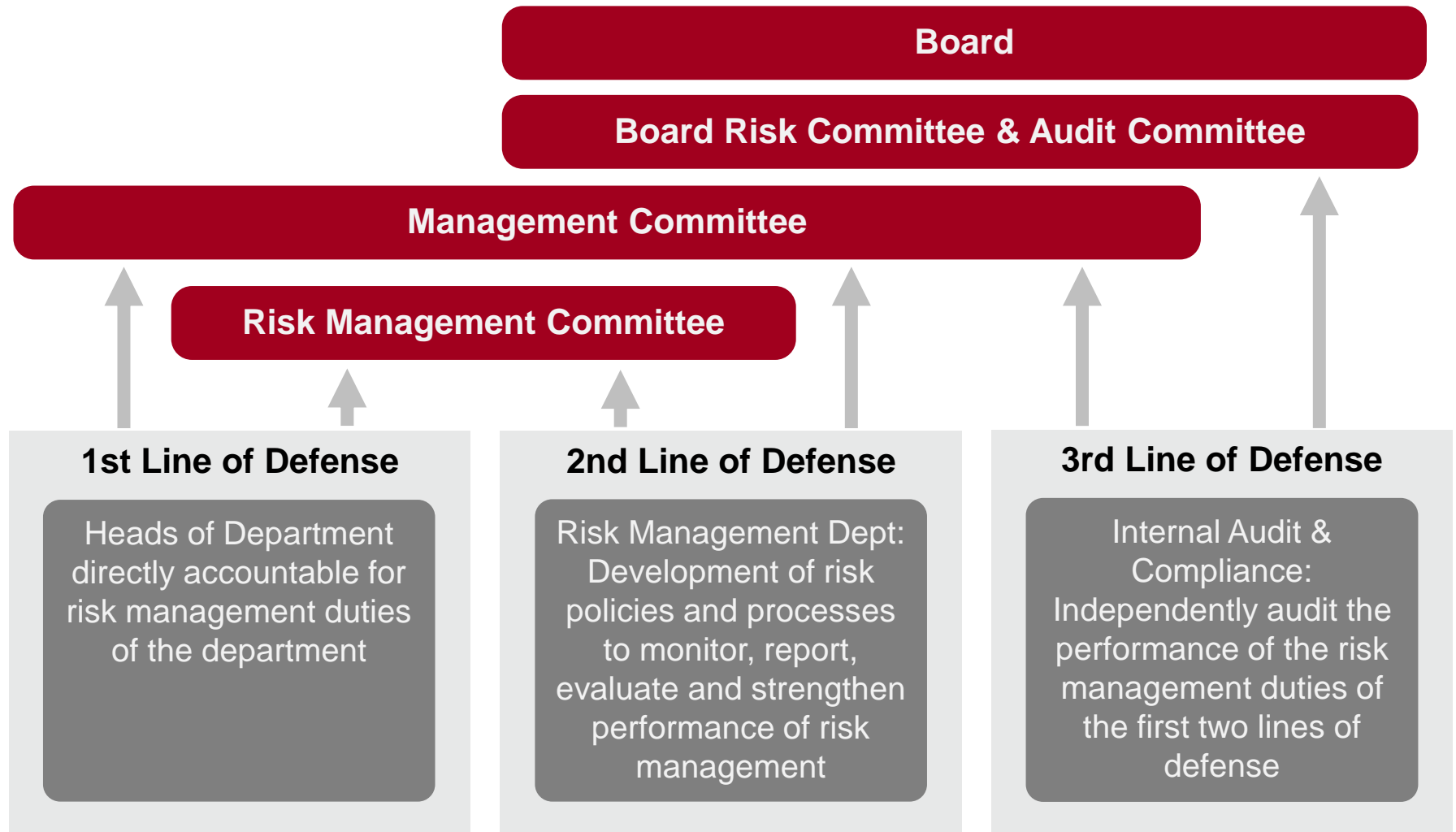
Stephen Barnes

Chief Risk Officer



- More than 35 years of airline, aircraft leasing and banking experience, having led group finance, risk management, insurance and corporate planning functions, as well as capital raising projects, restructuring activities and portfolio management
- Joined BOC Aviation in 2021 after more than seven years at Singapore Airlines group as the Chief Financial Officer
- In charge of all risk management matters globally, including asset, liability, credit and cashflow risk

Corporate governance



Key Performance Indicators drive behaviors

Risk Management – 360° focus

**Business
Strategy**

Comprehensive Risk Management

**Culture and
Values**

Asset Risk

- Portfolio diversification
- Airline credit
- Aircraft
- Technical
- Jurisdiction
- Concentration
- Structural

Liability Risk

- Liquidity
- Funding - access
- Diversification of debt sources
- Hedging
- Counterparty
- Future cash flows
- Capitalisation

Other “Single” Risks

- Market risk
- Country risk
- Operational risk
- Interest rate risk
- Cash collection risk
- Operating Cash Flow Net of Interest risk
- Strategic risk
- Reputational risk
- Information Technology risk
- Model risk
- Compliance risk
- Money Laundering risk
- ESG risks
- Talent Management risk

**Regular Review
of External Environment**

**Policies and
Procedures**

A successful lessor will focus risk management on both sides of the balance sheet, cash flow and other enterprise risks



Counterparties we take credit risk on

Purchase

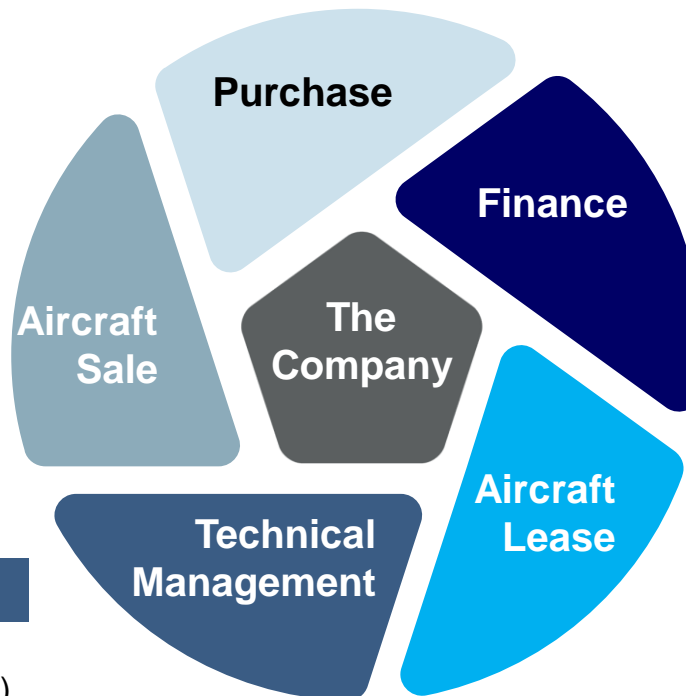
- Aircraft Manufacturers (Airbus, Boeing, Embraer)
- Engine Manufacturers (Pratt, CFM, GE)
- Suppliers (BFE vendors, parts suppliers)

Aircraft Sale

- Buyers of Aircraft
- Serviced vehicle

Technical Management

- Suppliers (aircraft parts and services, MROs)
- Manufacturers (FHA contracts)



Finance

- Financial Institutions including Banks (Lines of Credit, Deposits, Derivatives, Letters of Credit)

The Company

- Suppliers (Landlord, IT vendors, miscellaneous suppliers)
- Insurers (Personal, D&O, Contingent)

Aircraft Lease

- Lessees
- Guarantors of leases
- Insurers (Airlines)
- Tianjin Municipal Government

Risk management in the transaction life cycle

Risk Management plays an active role in the decision making process for new transactions:

Prospective Customers

- Preliminary credit assessment based on financial indicators



Internal Approvals

- Advises Revenue Committee, or New Investment Committee, on the latest credit rating and reviews the proposed security package



Letter of Intent

- Credit Due Diligence, KYC, and Assessment for Board / Management Committee


Documentation & Ongoing Risk Monitoring

- Annual credit reviews
- Daily monitoring of cash collections
- Selected lessee visits
- Watchlist monitoring
- Lease restructuring
- Portfolio analysis
- Due diligence and KYC on aircraft sales counterparties
- Assess impact of asset sales on portfolio


Leveraging our airline relationships, Risk Management understands how to evaluate airline credit risk

Evaluating airline credit

Business Factors

1. **Status**
 - ☐ Flag carrier, & country risk
 - ☐ Listed / unlisted
 - ☐ Shareholder or government support
 2. **Market Position**
 - ☐ Position in market segment
 - ☐ Unique selling point
 - ☐ Barriers to entry
 3. **Management**
 - ☐ Experience of management team
 - ☐ Corporate Governance
 - ☐ Corporate Structure
 4. **Stability**
 - ☐ Stability of capital / liquidity structures
 - ☐ Hedging strategies
 5. **Endurance**
 - ☐ Ability to weather crises
 - ☐ Access to funding
 - ☐ Fleet composition
- 

Financial Factors

1. **Scale**
 - ☐ Revenue
 - ☐ Net Worth
 2. **Gearing**
 - ☐ Leverage
 - ☐ Debt service coverage
 3. **Debt Service Coverage**
 - ☐ Earnings
 - ☐ Cash flow
 4. **Profitability**
 - ☐ Operating margin
 - ☐ Operating cash flow
 5. **Liquidity**
 - ☐ Available liquidity to meet commitments
 - ☐ Payment record
- 

Proprietary credit ratings are benchmarked to public ratings

Risk mitigation toolbox

Credit Risk

- **Lease terms**
 - Cash / letter of credit security deposit
 - Maintenance reserves
 - Cross-collateralisation of leases
 - Rent paid monthly in advance
- **Ongoing monitoring**
 - Annual reviews
 - Daily cash collection tracking

Jurisdiction Risk

- **Lease negotiation**
 - BOC Aviation holds title
 - English / New York law
 - Cape Town Convention

Asset Risk

- **Procurement strategy**
 - Strong procurement discipline
 - Modelling global demand for various aircraft types to support procurement strategy
- **Ongoing monitoring**
 - Aircraft sales to maintain young fleet
 - Regular inspections
 - Semi-annual impairment review based on appraised values

Portfolio Risk

- **Internal approvals prior to lease documentation**
 - Concentration limits
 - Regional diversification
- **Ongoing monitoring**
 - Lease maturity profile management
 - Aircraft sales to rebalance portfolio

Ongoing monitoring of key risk parameters

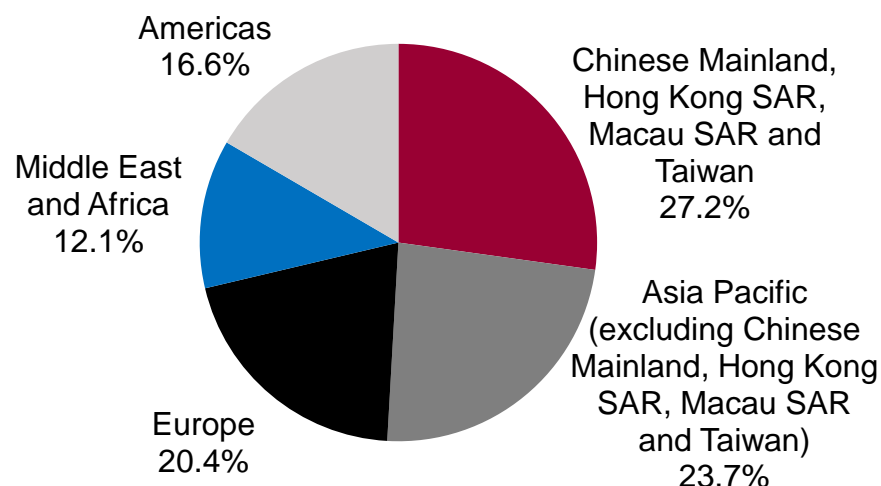
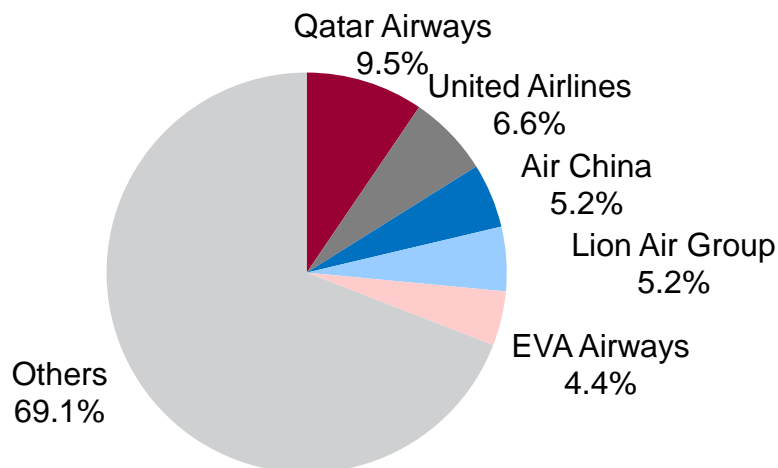
Type of Risk	Key Policy Limits
Credit Quality	<ul style="list-style-type: none">• Average credit rating of delivered portfolio, weighted by NBV
Lessee Concentration	<ul style="list-style-type: none">• Single lessee exposure as a share of delivered portfolio by NBV• Single lessee exposure to “weak” lessees, as a share of delivered portfolio• Limit on aggregate exposure to “weak” lessees
Regional Concentration	<ul style="list-style-type: none">• Regional exposure limits for all regions, as a share of delivered portfolio by NBV
Aircraft Age	<ul style="list-style-type: none">• Share of passenger aircraft older than 12 years• Share of freighter aircraft older than 15 years
Aircraft Types	<ul style="list-style-type: none">• Share of widebody passenger aircraft by delivered NBV• Share of small passenger narrowbody aircraft by delivered NBV• Share of freighter aircraft by delivered NBV

Policy limits help to drive business strategy

Globally diversified portfolio

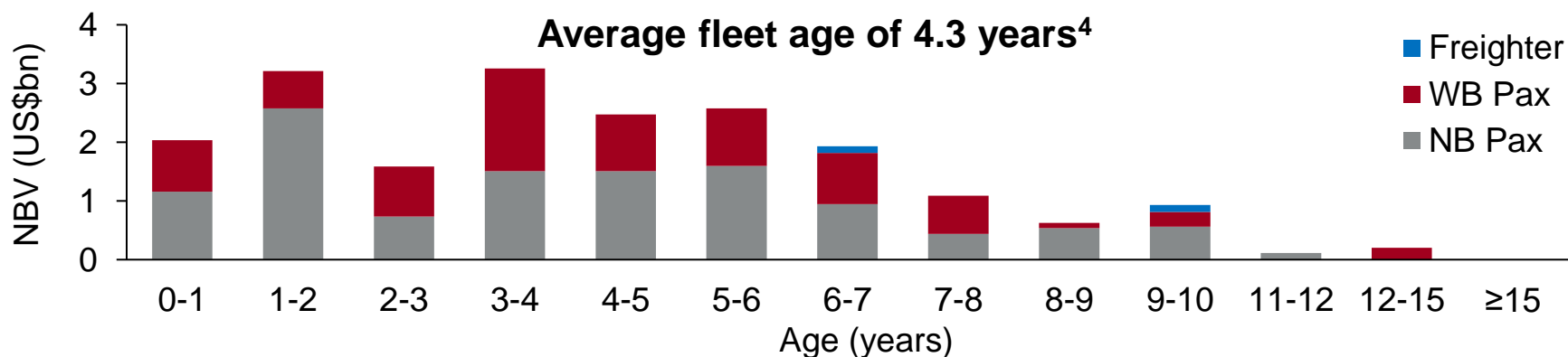
Lease portfolio diversified by customer^{1,2}

...and increasingly diversified by geography^{1,3}



Aircraft type by NBV and age

Average fleet age of 4.3 years⁴



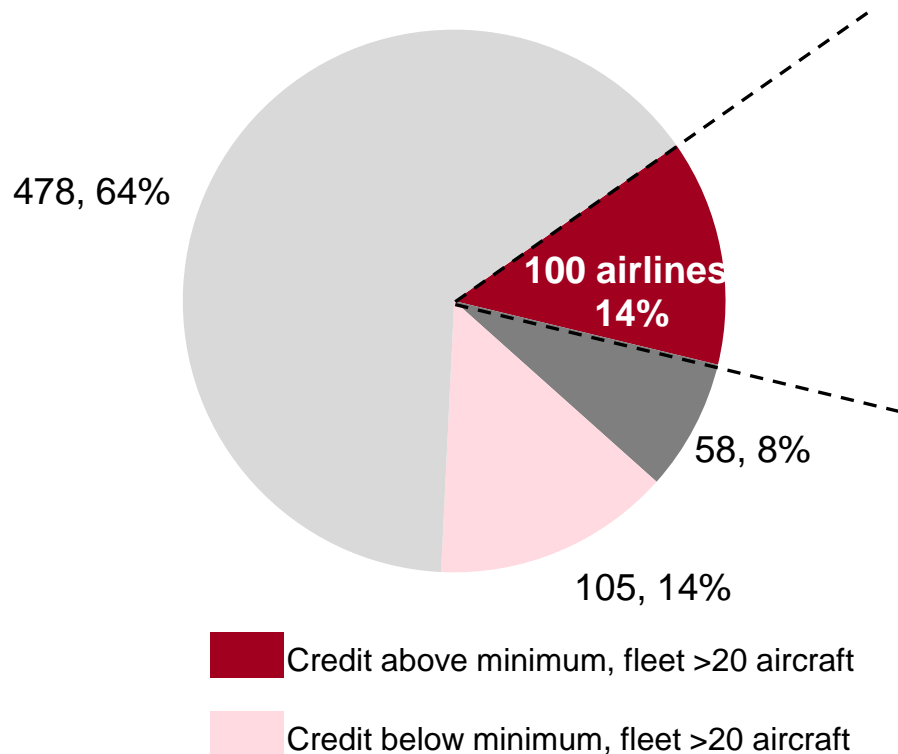
Notes:

1. Based on net book value including aircraft subject to finance leases and excluding aircraft off lease and aircraft that remain in Russia as at 30 June 2022
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating lease
4. Weighted by net book value of owned fleet as at 30 September 2022

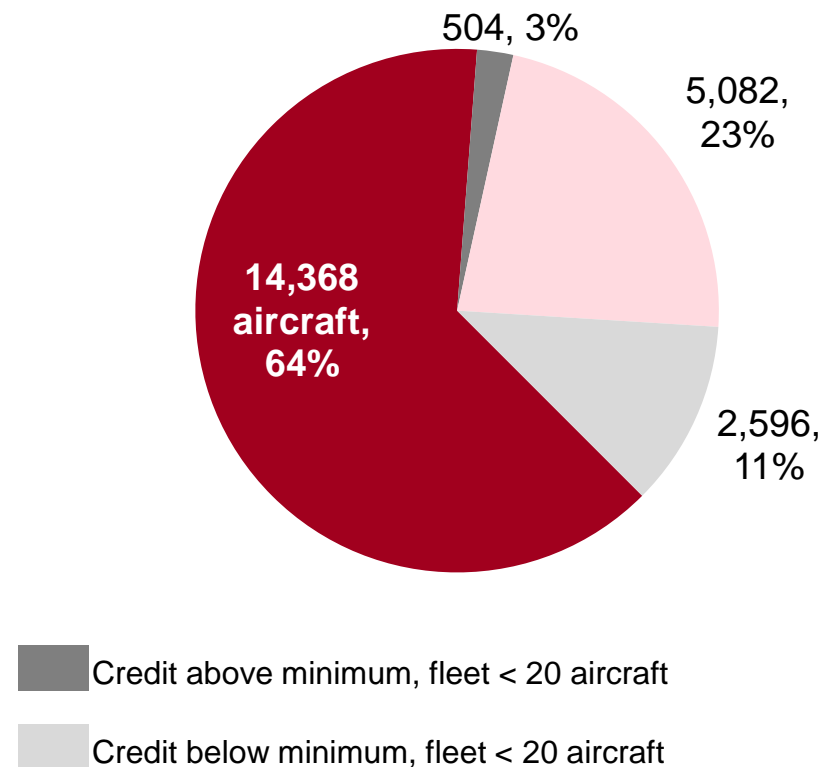
Customer segmentation

- 741 airlines in service today
- Focus on 100 airlines in the market – minimum credit score, above 20 aircraft

Airline segmentation by credit score and fleet size



Our target 100 airlines operate 64% of global fleet



Collection process

The collection process is a partnership between Financial Control, Risk Management and Senior Management :

Financial Control

Monitor payments and receivables from airline customers

Identify overdue from airline customer

First line of collection process

Risk Management

Responsible for collection if payment is overdue by more than 7 days

Work with customers to restructure lease cashflows, in need

Collection Meetings

Thrice weekly meetings to monitor collection status

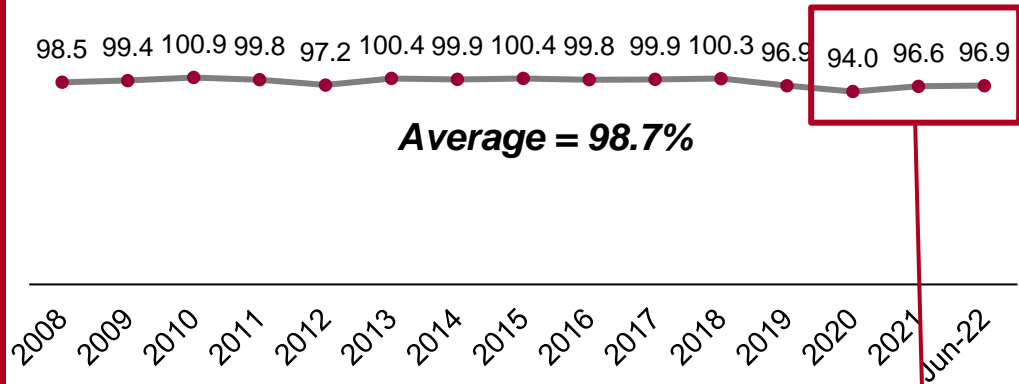
Chaired by members of Senior Management

Action items will be decided during collection meetings

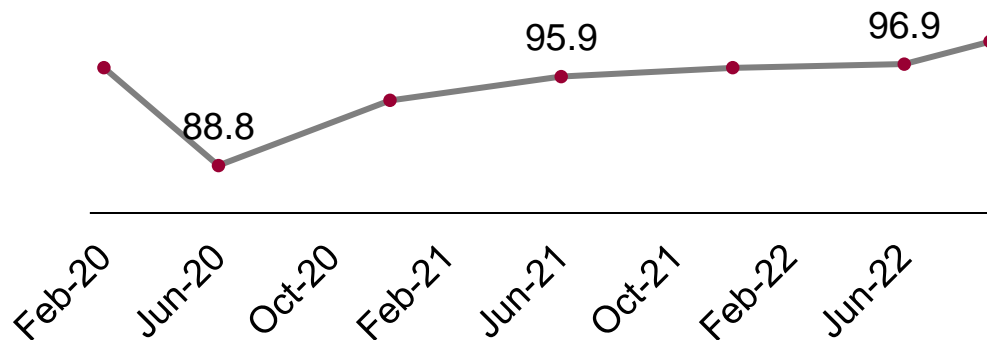
Active engagement with customers to maximise cashflows and manage risk

Rental collection performance

Annual collection rate (%)



Collection rate since pandemic (%)



- Long term cash collection from airline customers remains high, at an average rate of 98.7% since 2008
- Collections were severely affected by the Covid-19 outbreak in early 2020, but have been recovering quickly to pre-pandemic level

Maintaining high collection rate remains a key priority

To summarise

Risk Management approach is **comprehensive**, involves **everyone** in different roles, and embeds a **strong risk culture** in the Company

Credit risk is assessed in all the key functions of a lessor

Portfolio strategy is shaped by **key performance indicators**

Proactive engagement with stakeholders to maximise earnings and operating cash flow

A top-tier global aircraft operating lessor

Managing aircraft transitions

Chris Gruener
Head of Technical

Chris Gruener

Head of Technical



- More than 21 years of technical operations, line maintenance, engineering and technical IT experience
- In charge of technical asset management, aircraft transition projects, maintenance costing and reserves, technical records and technical IT systems
- Appointed Head of Technical in 2018

Role of technical management in life cycle of a lease

LOI and Lease Negotiations

- Support of marketing campaigns
- Negotiation of all technical provisions

Lessee Technical Due Diligence

- Technical risk management

Lease / Customer Management

- Technical customer key accounts
- Maintenance reserve claims

Asset Monitoring

- Aircraft inspections, low utilization alerts
- Engine shop visit forecast and monitoring

Aircraft Remarketing

- Support re-leasing opportunities in advance of lease expiration
- Proactive modification investments

Transitions

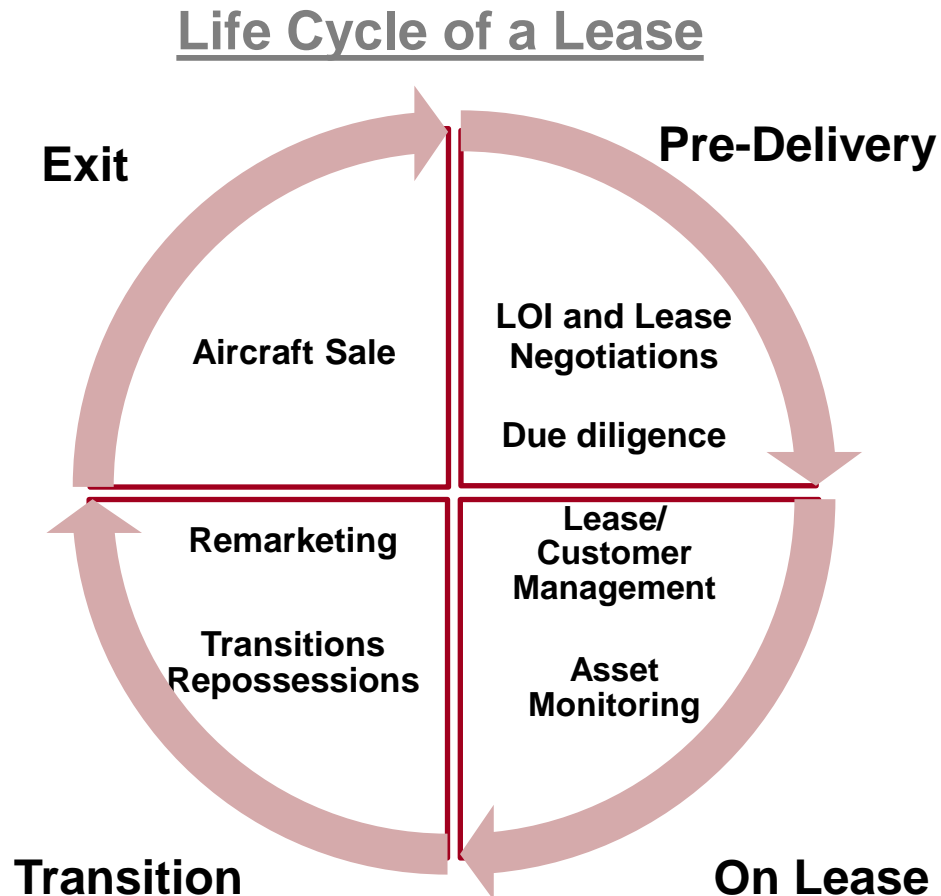
- Engage with customers early
- Execute on-time and in-budget
- Supplier and MRO management

Repossessions

- Prepare repossession plan for at-risk airlines
- Take out aircraft and transition to new airline

Aircraft Sales

- Support all technical aspects of the sale



Support functions

- **Powerplant Management**

- Engines are the key to the asset - 85% to 90% of the maintenance value of a new technology narrowbody is in the engines
- Asset monitoring, oversight of engine shop visits
- Flight hour agreements
- Smart solutions, e.g. engine exchange and smart build instead of performance restoration



- **Maintenance Reserves, Return Compensation, Maintenance Costing**

- Handling of maintenance reserves claims
- Calculation of maintenance return compensation, lessor contributions, etc

- **Records Management and Archiving**

- Aircraft records are key to transitions
- Electronic records archiving system as part of our risk management



Extending our reach through global network of service providers



BOC AVIATION

Project Management, Technical Operation Specialists

Outsourced Project Support

Flight Operations

(ferry flights, acceptance flights, flight oversight)

- experienced crews
- provision of fuel
- all overflight permits
- route planning/pilot approval

Field Technical Representatives

(inspection, transition, modification, maintenance)

- manage redelivery acceptance and delivery of used aircraft
- Maintenance records.

CAMO services

- management of off lease airworthiness requirements
- liaison with National Aviation Authorities, EASA, FAA

Outsourced Specialist Services

Materials Support

- Parts supply (OEM, MRO, traders)
- Overhaul and repair
- Logistics management
- Customs and duties
- Warehouse solutions

MRO and Overhaul

- Airframe MRO
- Engine, APU, Landing Gear overhaul
- Engine borescope support

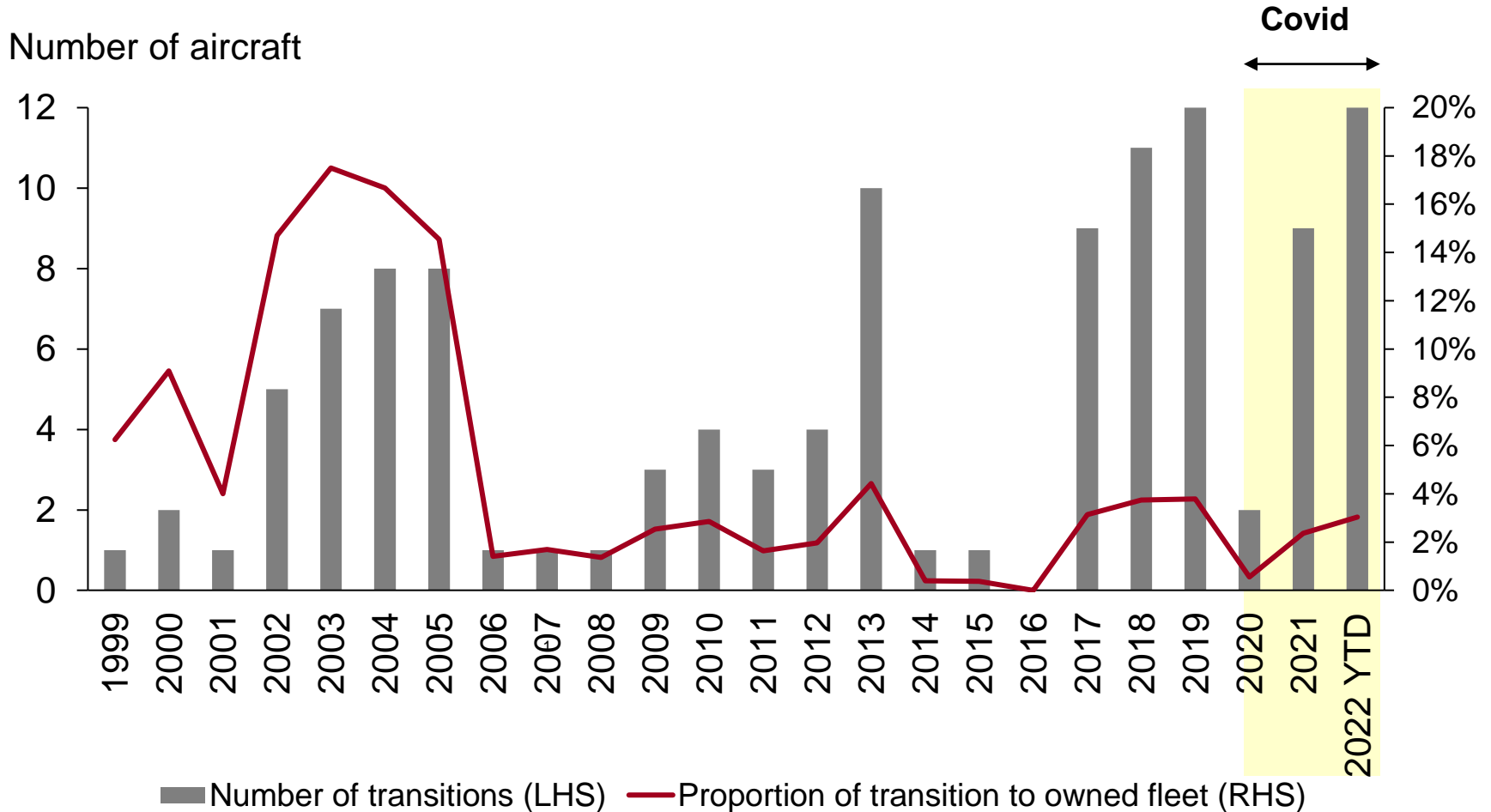
Engineering Services

- Modification Design and approval
- Installation oversight
- Management of modification kits
- Engine specialists for trend analysis and engine evaluation



BOC AVIATION

116 aircraft transitions in 29 years



Proportion of transitions low at 10%²

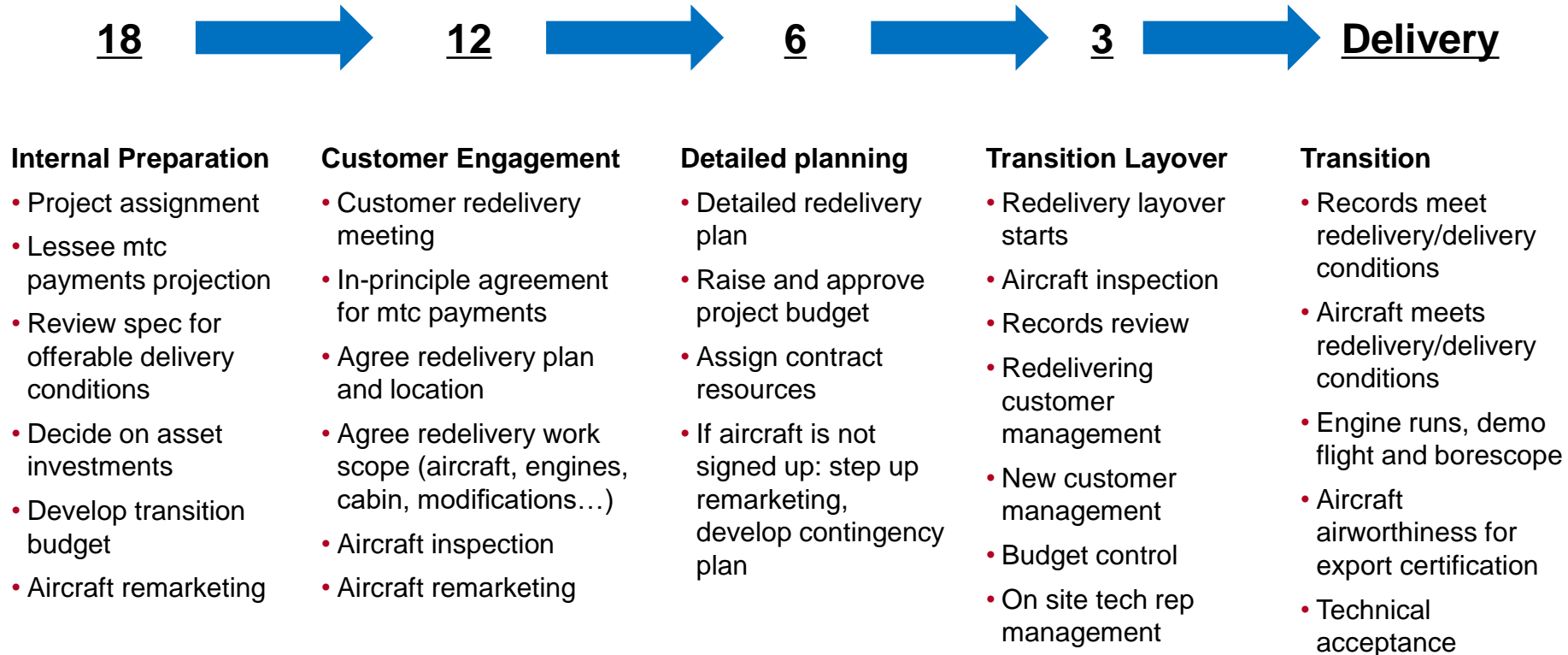
All data as at 30 September 2022

Notes:

1. Financial year-end changed from March to December wef 2007
2. As a proportion of total leases executed

The transition process

Number of months before redelivery



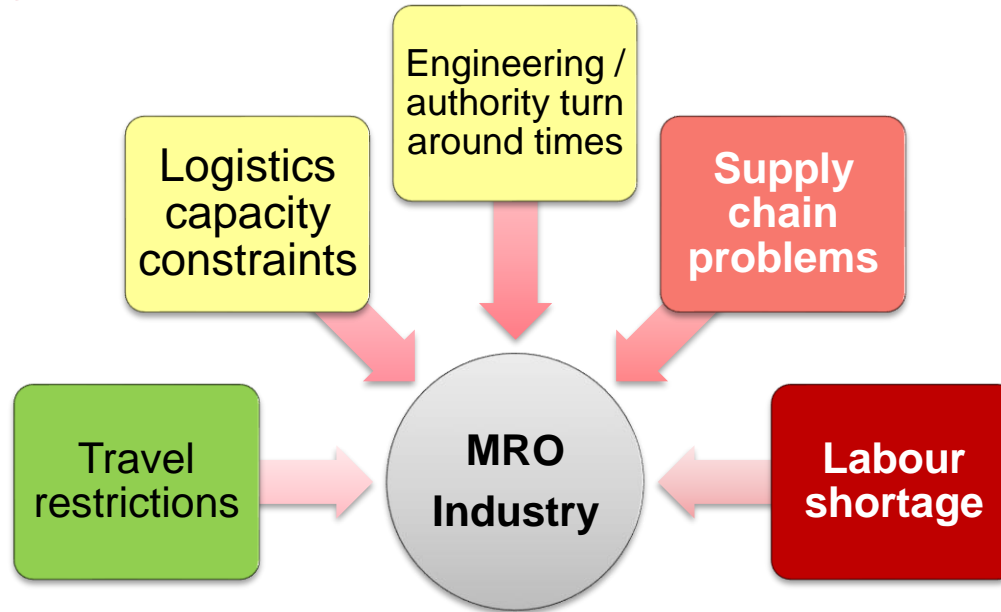
Early Engagement; Back-to-back; take NO risk

Case study: repossession of an Airbus A320

- Repossessed from Asian carrier (consensual return)
- Take-out
 - Aircraft returned by previous lessee in Singapore
 - One engine recovered from shop in Japan (unserviceable) and stored in Singapore
 - Aircraft parked in Philippines
 - Engine of another aircraft used for ferry flight to Europe
- Workscope for delivery to the next customer (mainly covered by maintenance reserves)
 - C check of airframe
 - Both engines exchanged instead of overhauled, saving US\$4.1m and 4 months overhaul time
 - Landing gear exchanged, saving 2 months overhaul time
 - APU overhauled
 - Cabin modified and refreshed



MRO industry post-pandemic



Increased Demand	<ul style="list-style-type: none">• Higher aircraft utilisation• Reactivation of parked aircraft (airlines and lessors)• Resumption of delayed maintenance and modifications (eg paint)
Results	<ul style="list-style-type: none">• Difficulties booking slots• Difficulties meeting slots because of delays in upstream work• Slow progress during checks
Measures Undertaken	<ul style="list-style-type: none">• Pre-booking of slots• Investing into aircraft capability to improve remarketing value and transition time• Smart solutions to avoid lengthy overhauls improve parts availability

Key success factors for smooth transitions

- Start with a well-configured aircraft, a well- drafted lease and clear expectations
- Prepare in advance – up to date records
- Strong airline relationships
- Good communication and meet early and often
- A trusted global network of MRO and modification partners
- Pre-negotiated rates and contracts in place with MRO partners
- Build up relations with MRO partners
- Good relationships with OEMs
- Have a back-up plan for critical steps, and have a back-up plan to the back-up plan
- Back-to-back transitions
- Minimal risk and minimal costs

Always have a back-up plan for the back-up plan!

The future of sustainable aviation fuel

Lee Ee Pin
Commercial Development Manager, Renewable
Aviation, Neste

Lee Ee Pin

Commercial
Development Manager,
Neste



- Over 25 years of commercial and supply chain experience in the oil industry, having worked with BP and Chevron, respectively
- Joined Neste in 2022



Sustainable Aviation Fuel as a Today solution for aviation's emissions

Lee Ee Pin | Commercial Development Manager, Renewable Aviation |
Neste
10 November 2022

NESTE

A low-angle shot of a woman with her back to the camera, reaching her right arm up towards a commercial airplane flying in a clear blue sky. The woman has dark hair tied in a ponytail and is wearing a light-colored t-shirt. The airplane is partially visible in the upper left corner, showing its wings and engines. The overall mood is hopeful and aspirational.

Our purpose
is to create a
healthier planet
for our children

NESTE

Driven by our purpose



We are

#1

Producer of Sustainable
Aviation Fuel & Renewable
Diesel

In 2021, **our customers**
reduced

10.9 Mt

greenhouse gas emissions
with our renewable products

Our **innovation & engineering**
teams, makes out

25%

of Neste's total workforce

NESTE

Solutions to three main markets

Renewable Road Transportation

Over the life-cycle, Neste MY Renewable Diesel reduces greenhouse gas (GHG) emissions by up to 90% compared to fossil diesel.

Renewable Aviation

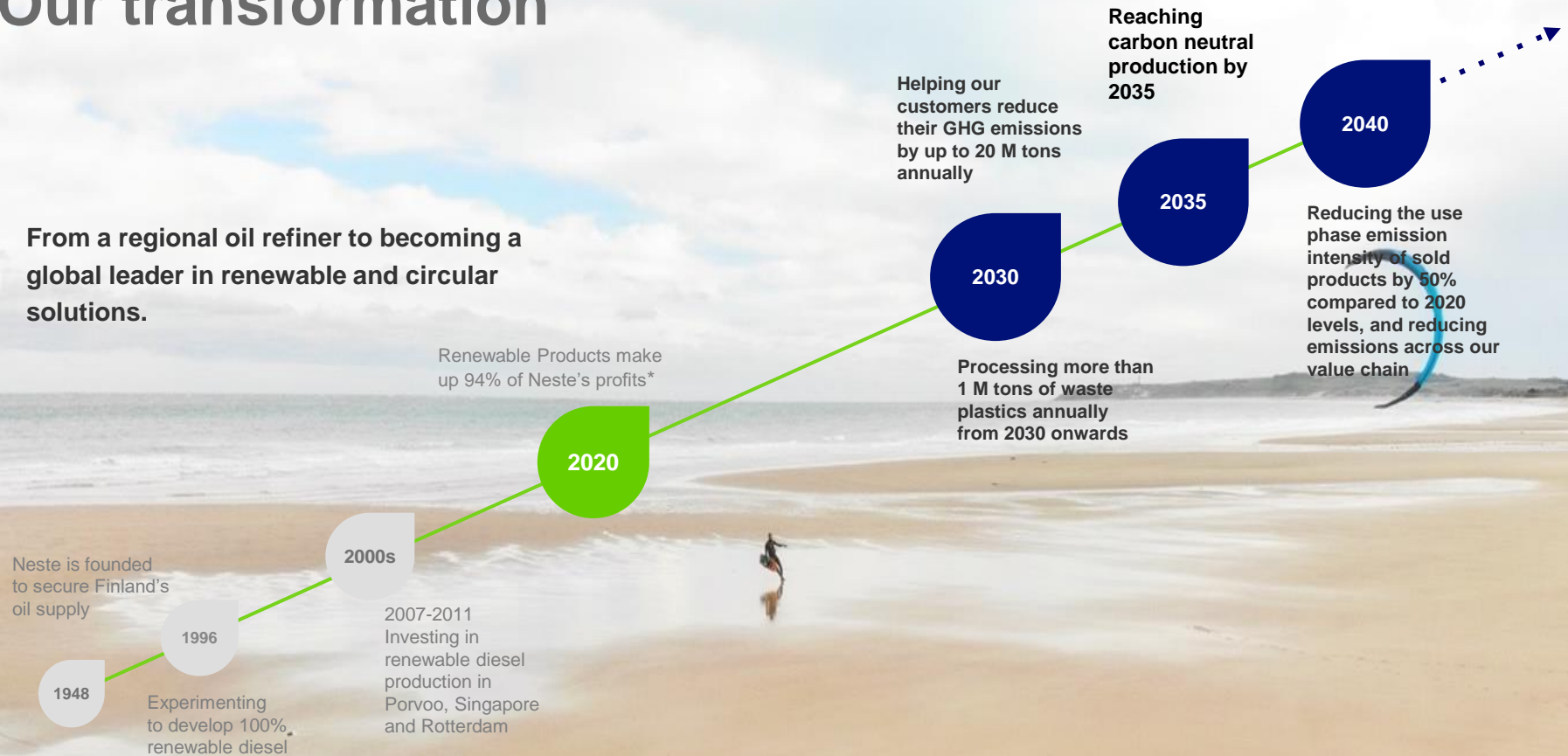
Over the life-cycle, Neste MY Sustainable Aviation Fuel has up to 80% smaller carbon footprint compared to fossil jet fuel.

Renewable Polymers and Chemicals

Neste RE Renewable and Recycled™ is Neste's solution for the plastics and chemicals sectors to help them reduce crude oil dependency while also tackling climate change and plastic waste challenge.

Our transformation

From a regional oil refiner to becoming a global leader in renewable and circular solutions.



* Comparable operating profit

Singapore is Neste's hub in the Asia Pacific

Neste Singapore Refinery

- In operations since 2010
- 1.3 million tons annual capacity
- Located in Tuas, west of Singapore

Neste Singapore Expansion Project

- Total 1.5 billion euros investment
- Start to operate by Q1 2023
- Will bring additional 1.0 millions tons per annum production capacity in sustainable aviation fuel
- New capability with more diverse feedstock

APAC Innovation Center

- Investment decision made in 2021
- Operational by 2023
- Offers advanced analytical and raw material research capabilities

Commercial Operations

- Commercial hub for APAC region
- Located in Suntec City

Role of SAF in achieving net zero aviation by 2050



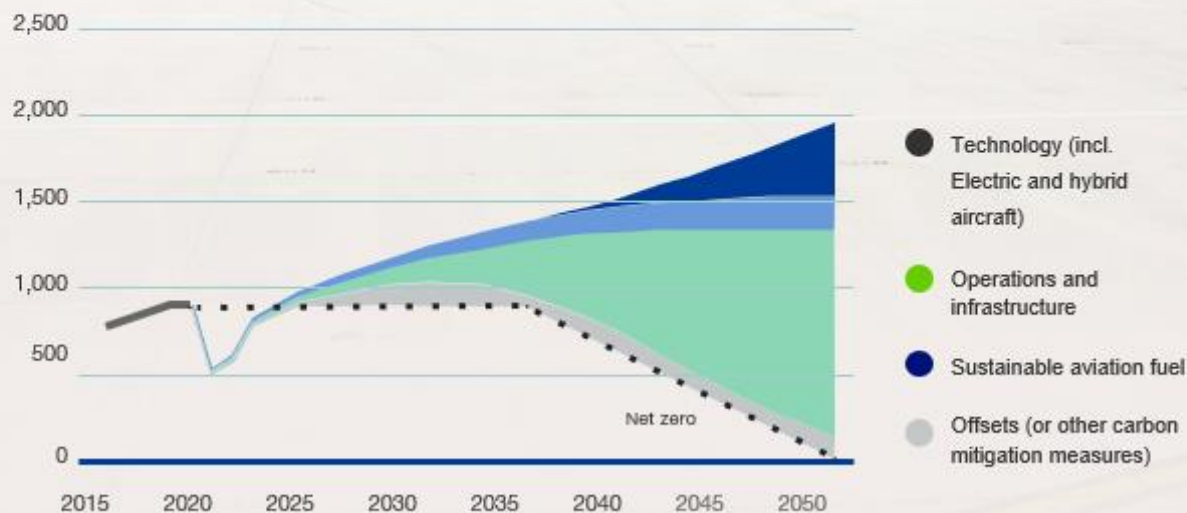


SAF is a key enabler for achieving net-zero aviation by 2050

- Aviation accounts for 2-3 % of global carbon emissions - growing to >20% by 2050 if action not taken
- In addition, non-CO2 effects, like contrails, have 2x higher climate impact
- IATA set the target for net zero aviation by 2050 in October 2021, with expectation for SAF to deliver 65% of required emission reductions
- Despite pandemic challenges, the outlook for SAF is increasingly clear

Aviation needs growing volumes of sustainable aviation fuels to cut emissions

Aviation CO₂ emissions trajectory and reductions by measure (Mt CO₂e)



Aviation continues to rely heavily on liquid jet fuel, even with efficiency improvements and emergence of (short-haul) electric planes in the future. Sustainable Aviation Fuels will be the most important tool in the aviation sector's transition towards net zero.

Source: ATAG Waypoint 2050

NESTE



NESTE MY

Sustainable Aviation Fuel

Available Drop-in solution

- Compatible with existing jet engines and fuel supply infrastructure
- Commercially available and in use
- Used in blends up to 50%

Greenhouse gas emission reduction

- In neat form, reducing GHG emissions up to 80% compared to fossil fuels over the life-cycle
- Produced 100% from renewable waste and residue raw materials
- In-sector emission reduction, unlike offsets

Reduction of Non-CO2 effects

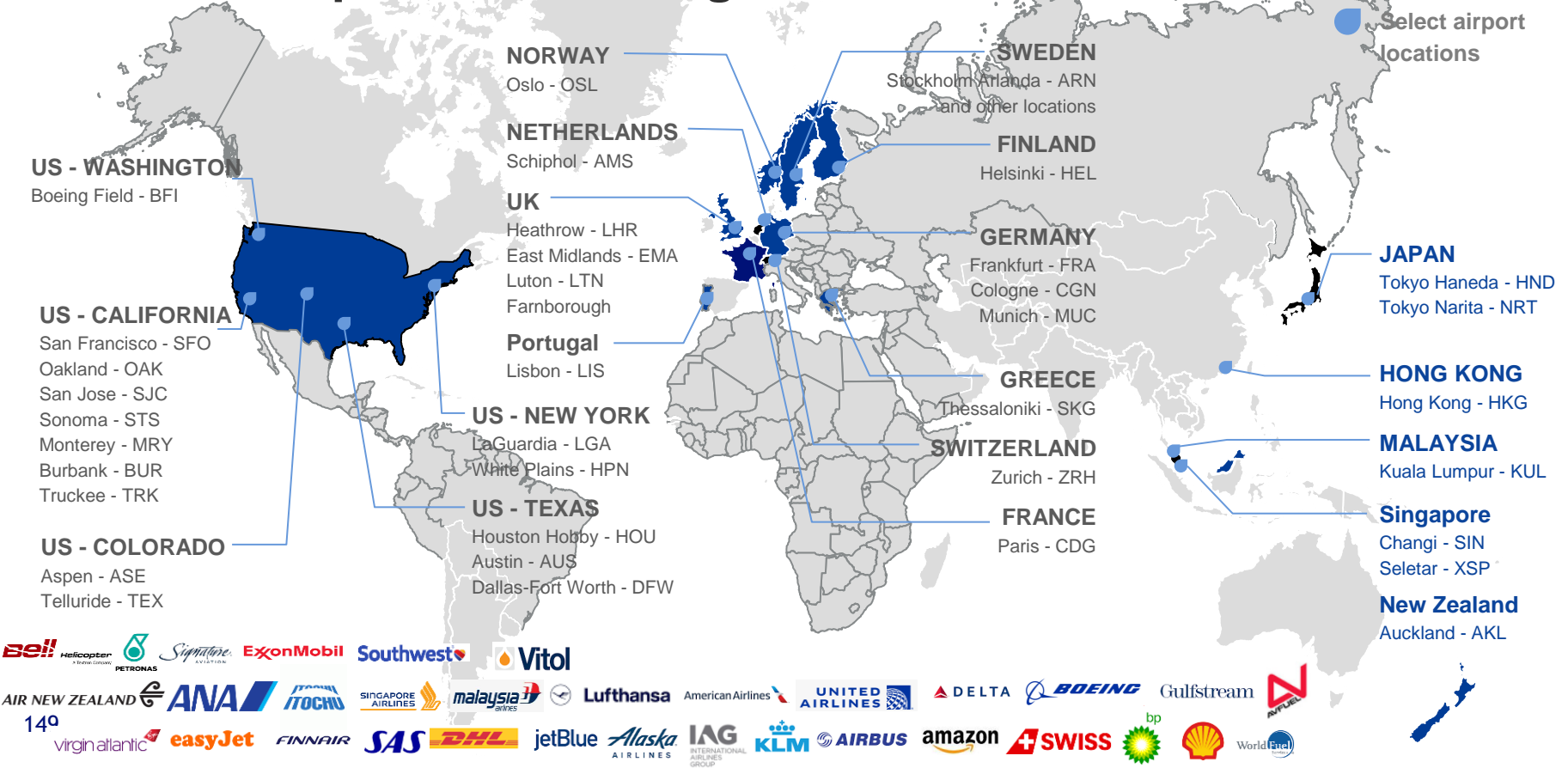
- Burns clean, reducing local emissions
- 50-70% reduction in soot particles causing contrail cirrus (largest driver of aviation's total climate impact)¹
- Aviation's total climate impact estimated to be 3x that of CO2 alone²

¹ Results from flight tests carried out as part of the Emission and Climate Impact of Alternative Fuel (ECLIF) project in 2015 and 2018 by NASA and DLR

² Lee et al 2021

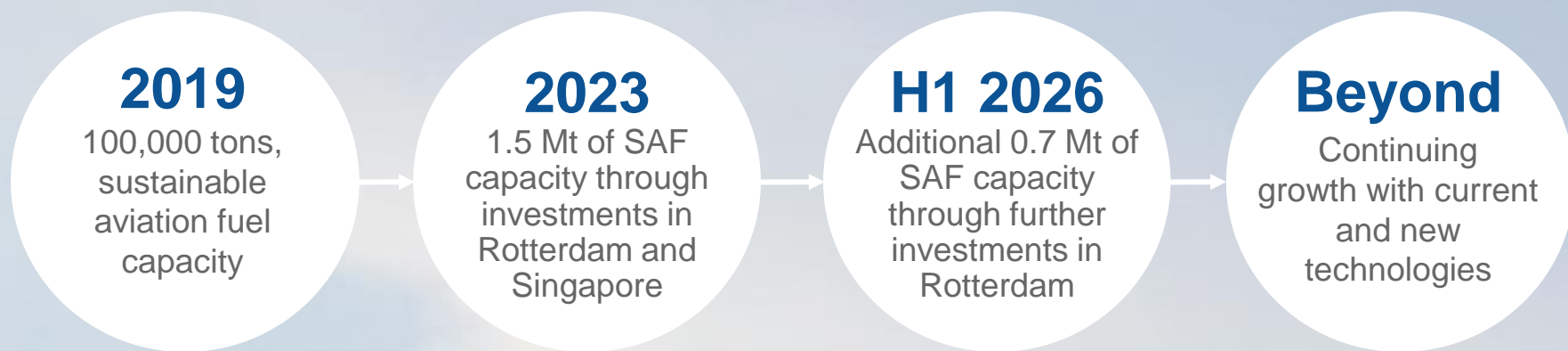


Neste's SAF is available globally, both through Neste's own network of airports and through distributors





Neste's Sustainable Aviation Fuel capacity will reach 1.5 Mt by end of 2023, and 2.2 Mt by H1 2026



Note: 300 Mt of fossil fuels are burned every year to fuel airplanes (in 2019)

The growth path of sustainable aviation fuels is based on continuously expanding raw material base

Current



Used cooking oil

Waste oil from food cooking



Animal fat

Food industry waste



Residues from vegetable oil processing



Technical corn oil

Residue from ethanol production



Fish fat

Fish processing waste

Near future

5 - 10 years



Lignocellulosic



Municipal solid waste

Future

> 10 years



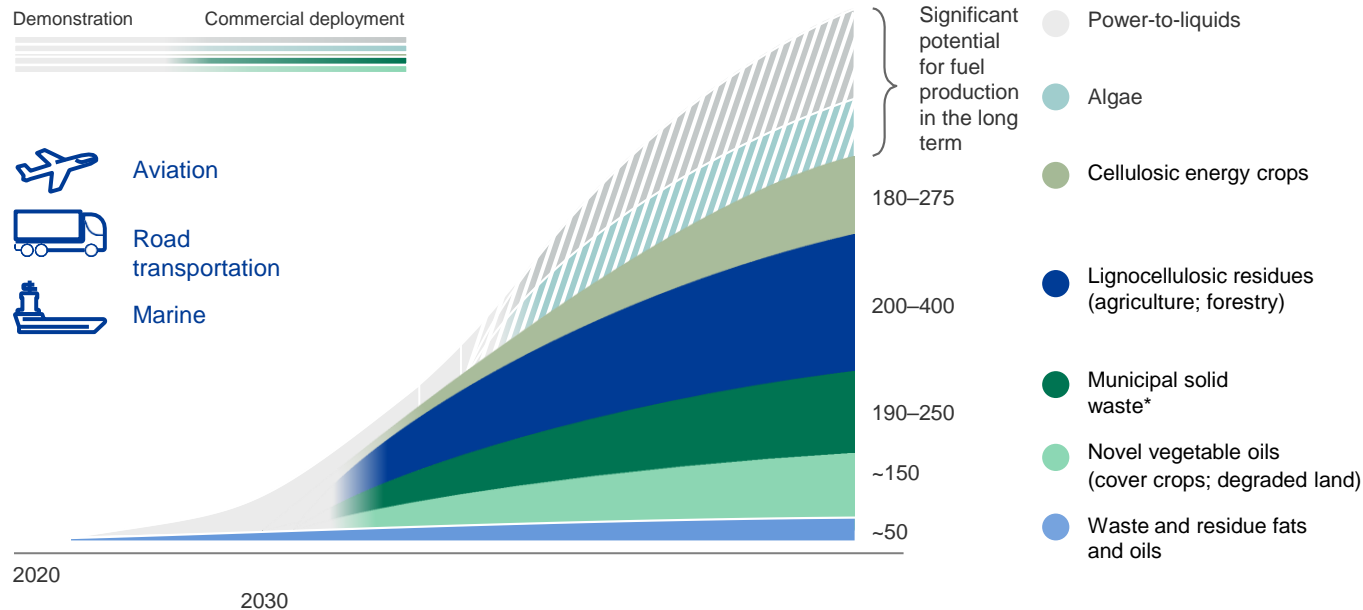
Algae



Power-to-X

Unlocking new raw material pools with innovation to accelerate emission reductions in transportation

Global raw material potential for renewable fuels (Mtoe)

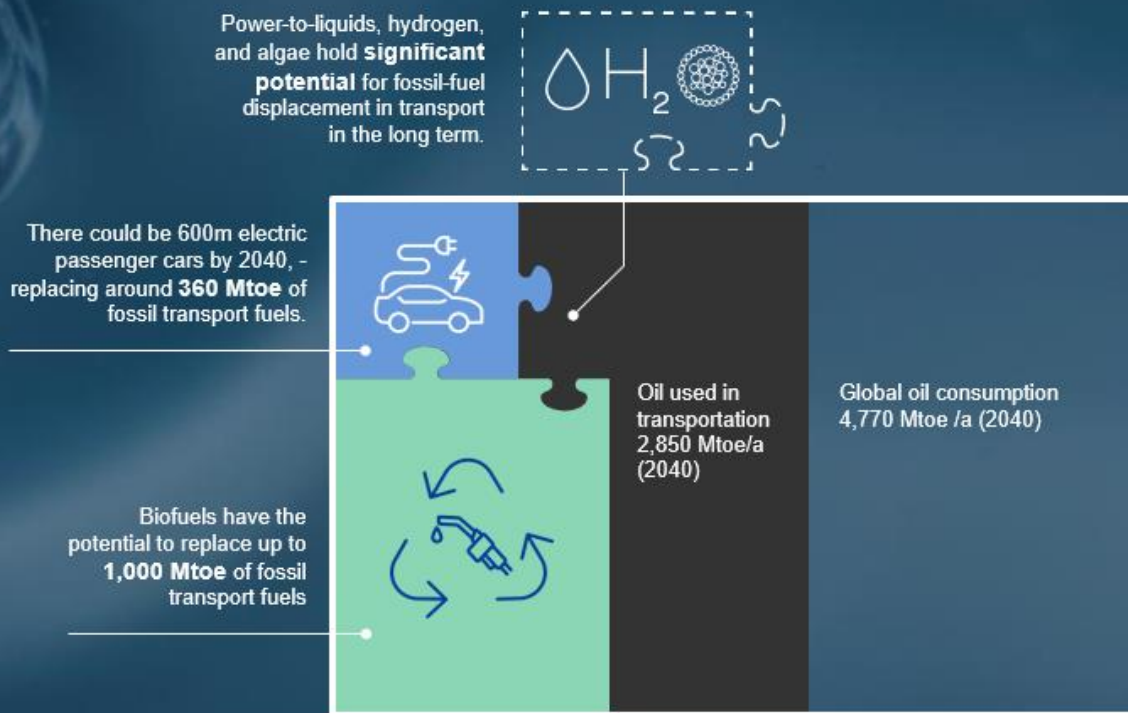


Renewable raw materials hold significant potential to accelerate the reduction of CO₂ emissions, in particular in the transportation sector. Regulators hold the key to enable a broad renewable raw material pool to unlock the full emission reduction potential in transport and beyond.

Source: Neste analysis based on WEF Clean Skies for Tomorrow and other sources. Biomass potential converted to fuel potential, using around 85% conversion efficiency (weight-based) for fats and oils and novel vegetable oils; around 25% efficiency for lignocellulosic biomass and municipal solid waste.

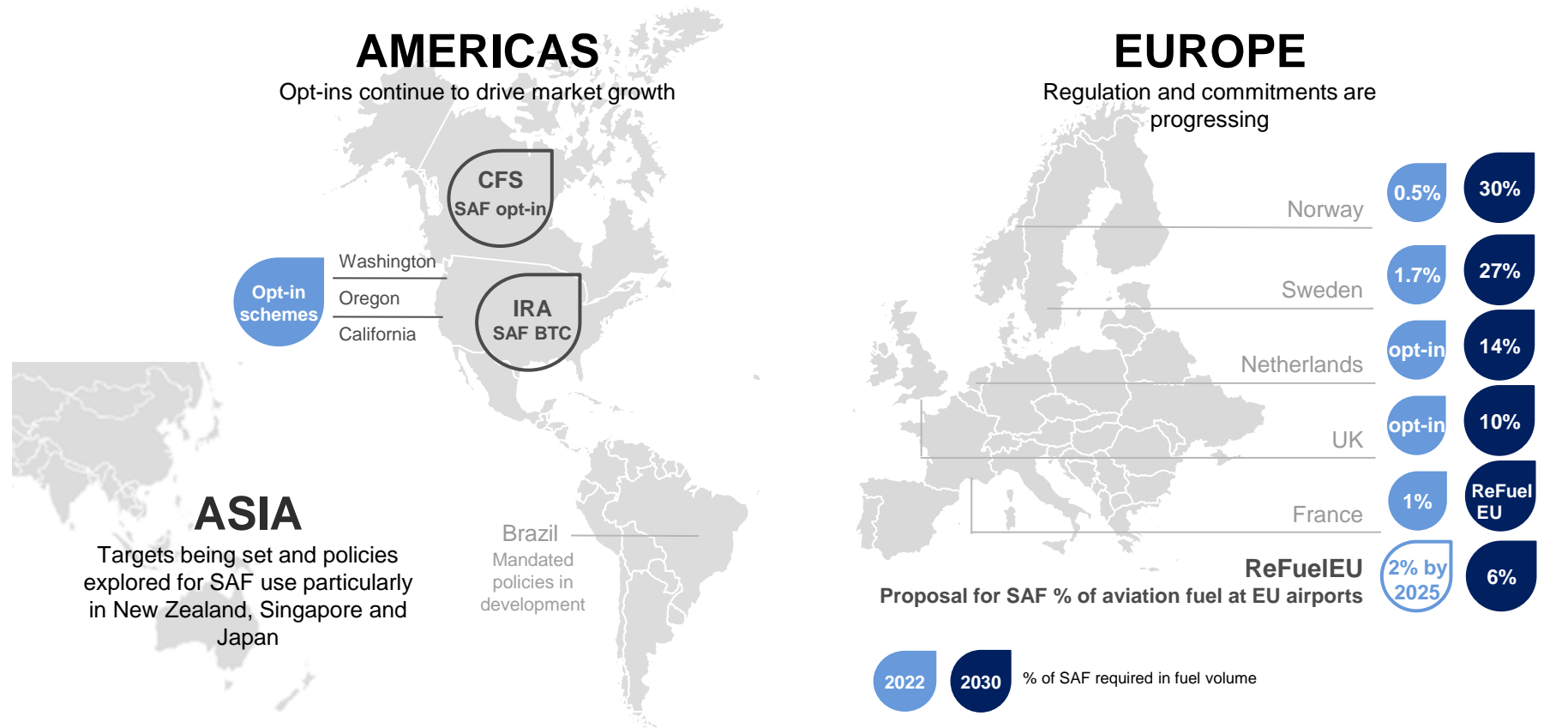
*80% organic waste, with 20% non-reusable, non-separable plastic waste

Sustainable transport requires all low-carbon solutions



Source: Neste based on IEA (2020) World Energy Outlook, Stated Policies Scenario; WEF Clean Skies for Tomorrow (2020) and other sources.

Continuing growth of the SAF market will require policy support to create demand certainty for investments



Frontrunner countries in the APAC region are already shaping policies for SAF, with ambitions that are aligned to western benchmarks

Key developments in selected APAC countries

SINGAPORE

Green Plan published in 2021 established first holistic approach for Singapore's climate agenda

International Advisory Panel (with Neste as member) set up to advise government on creating a **Blueprint to make Singapore a global Sustainable Aviation Hub**

Singapore Airlines, Temasek, CAAS SAF pilot in 2022 launched

Memorandum of Cooperation (MOC) on sustainable aviation signed between Singapore and United States

AUSTRALIA

Government **Bioenergy Roadmap** published in November 2021 established SAF as key focus area (1 of 3 hard to abate sectors)

Qantas announcement on SAF use and partnership with Airbus

JAPAN

Ministry of Infrastructure, Land and Transport (MLIT) has set the **target of 10% for SAF in 2030**

30% emissions reduction target from transport sector to meet 2030 emissions reduction target

Ongoing sales of SAF to ANA since October 2020

MALAYSIA

Malaysia Airlines operated first flight using Neste MY SAF from Malaysia to Singapore in June 2022

Establishment of Sustainable Aviation Fuel Task Force

NEW ZEALAND

Government announced intention to develop a **dedicated SAF mandate**, in force by 2025

Sustainable Aviation Aotearoa (Public-Private partnership) to be launched in Q3 2022

First delivery of SAF to Air New Zealand in 2022





Thank you

NESTE

Managing liquidity and future funding plans

Chan Mui Sin
Head of Treasury

Chan Mui Sin

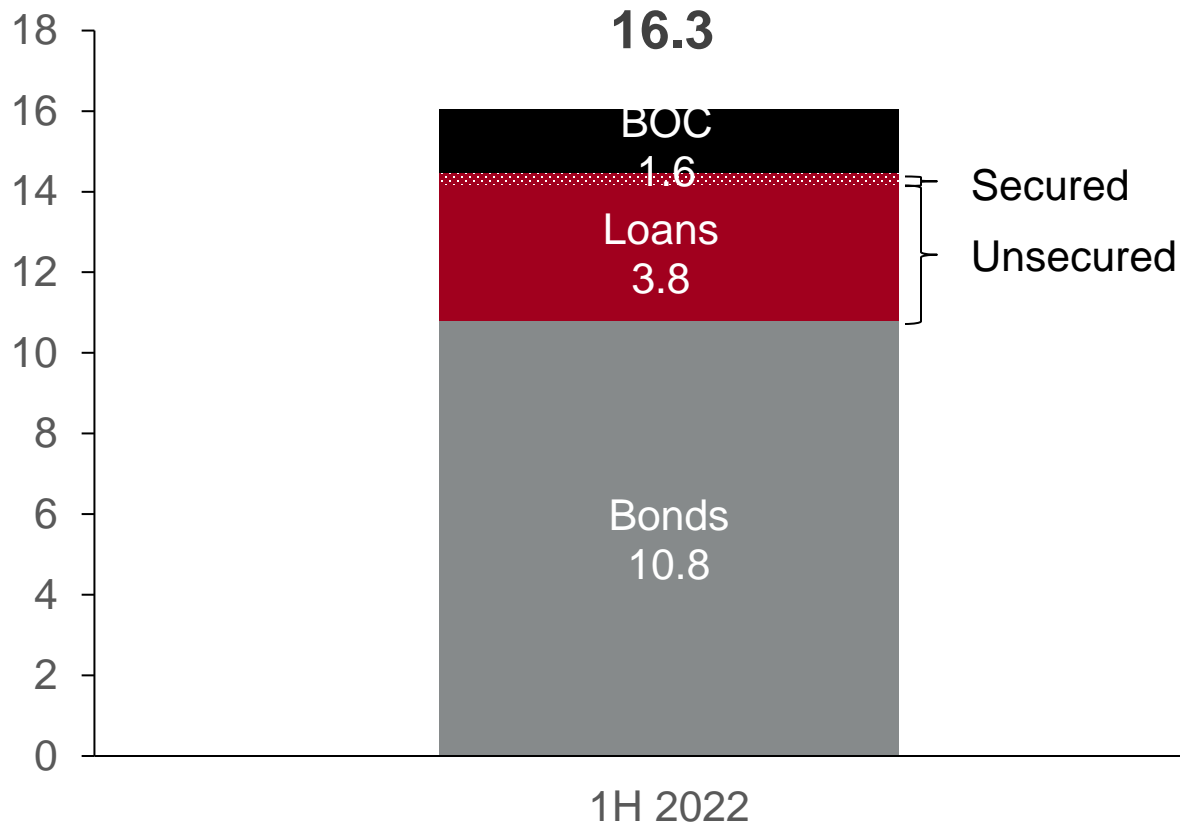
Head of Treasury



- More than 24 years of banking and leasing experience
- Joined BOC Aviation in 2005 and was responsible for aircraft sales
- Appointed Head of Treasury in 2022

Our Current Funding Structure

US\$ billion

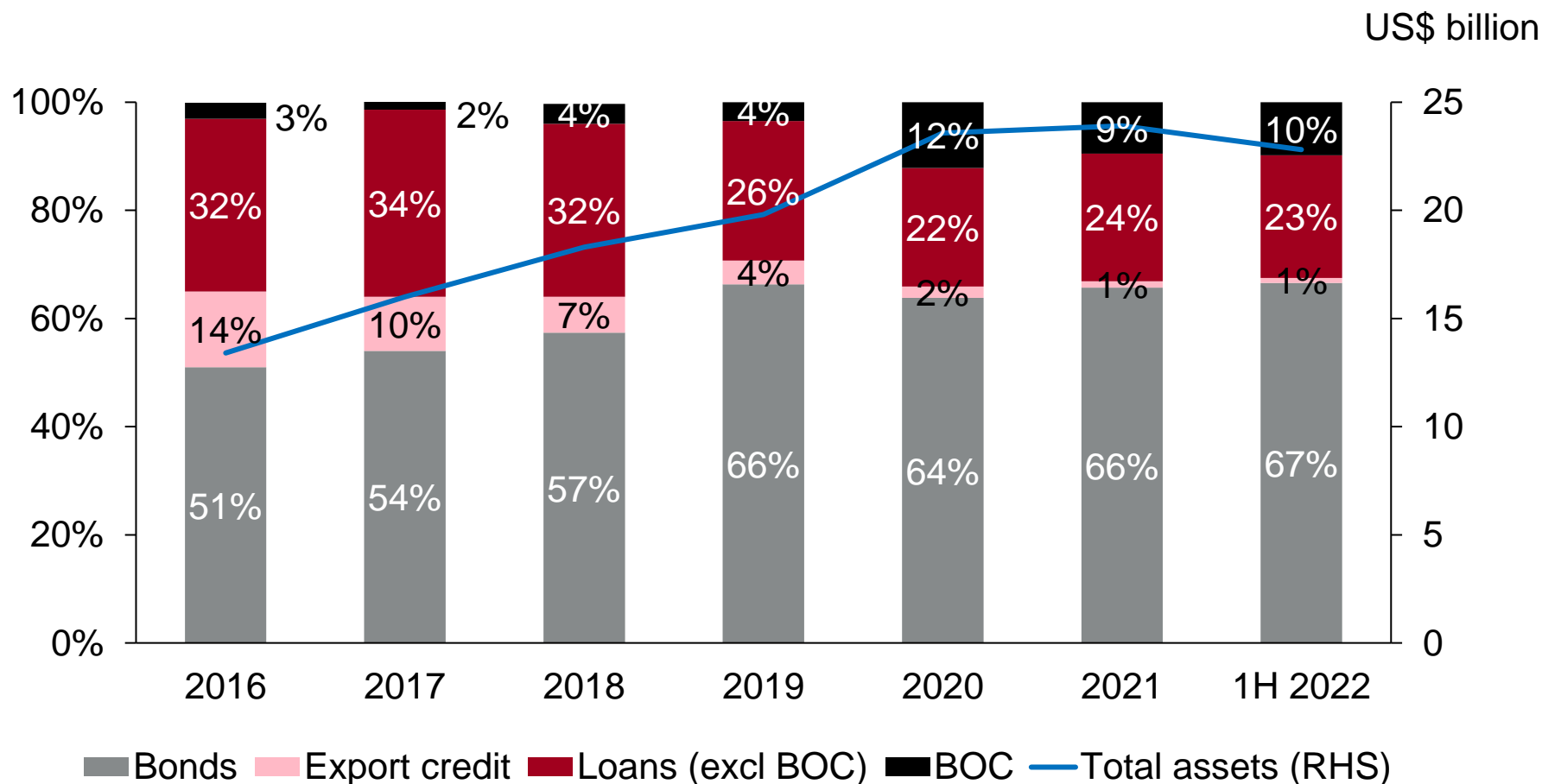


Bonds account for two-thirds of our funding sources and are on an unsecured basis

All data as at 30 June 2022

Numbers presented may not add up precisely to the totals due to rounding

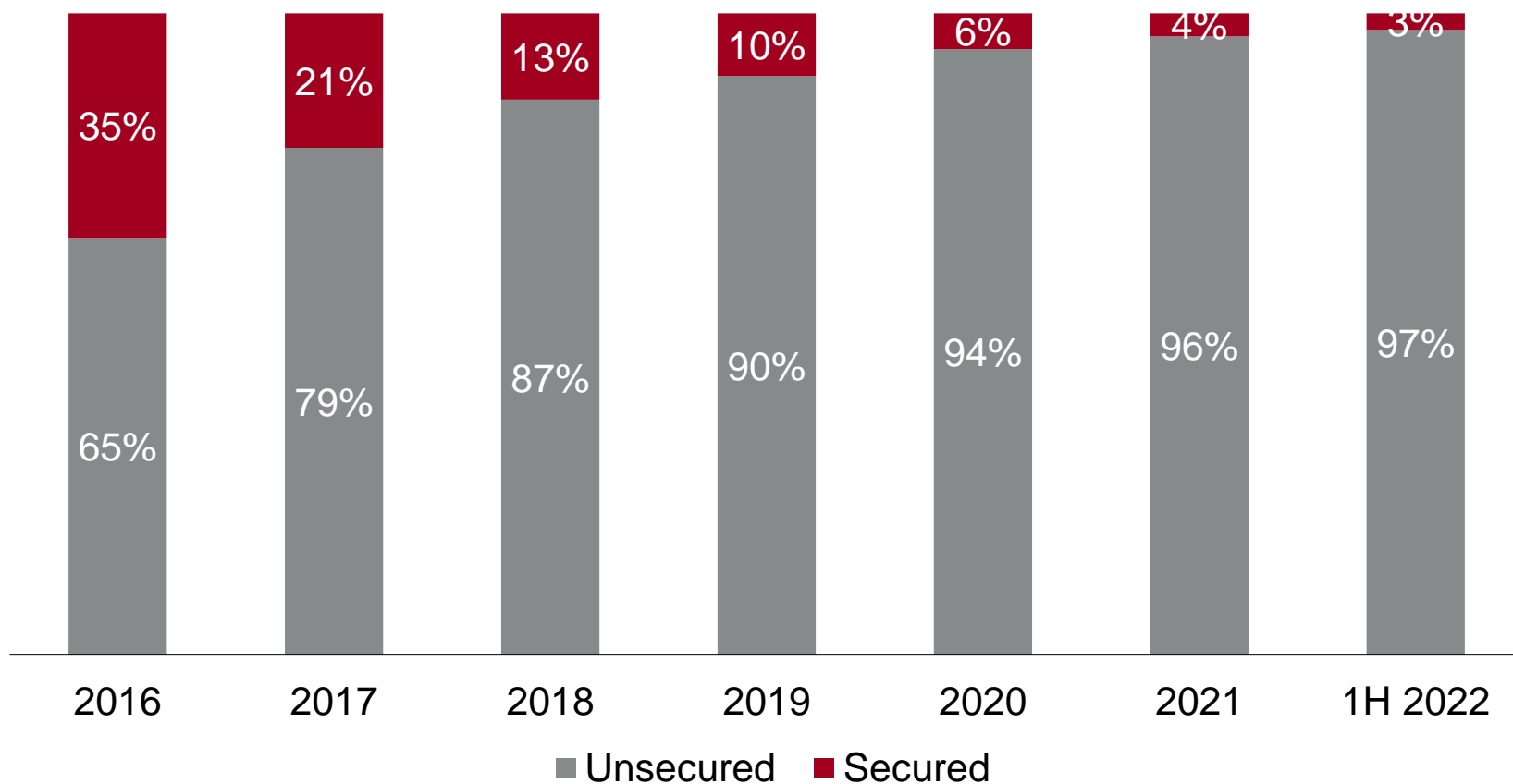
Evolution of our sources of funds



Bonds and loans are now the two most important sources of funds

All data as at 30 June 2022

Debt structure: secured vs unsecured



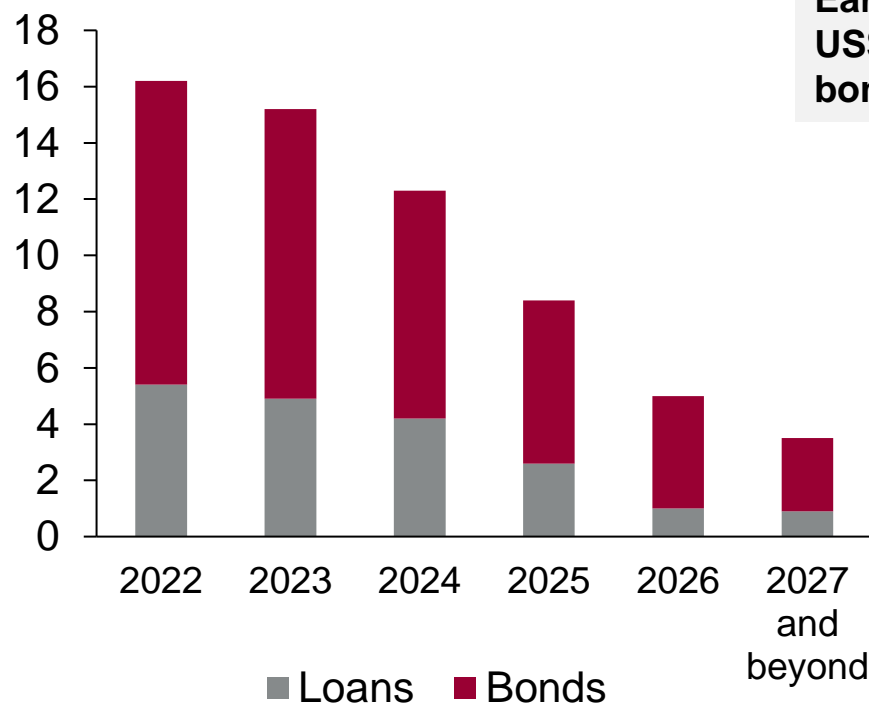
Increasing proportion of unsecured debt is credit positive and gives us flexibility

All data as at 30 June 2022

Long-term debt is a key strength

Outstanding debt amortises over a long term

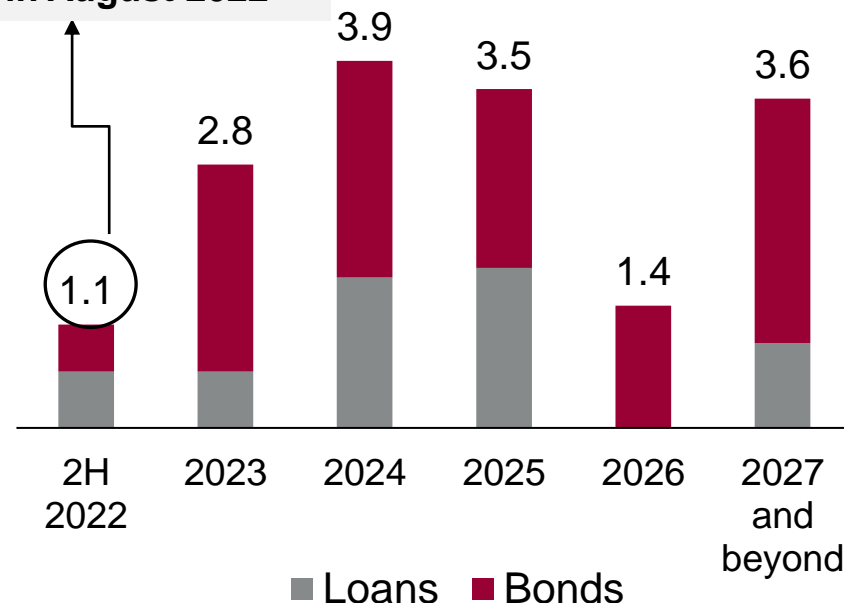
US\$ billion



Debt maturity by year

US\$ billion

Early redemption of US\$500 million of bonds in August 2022

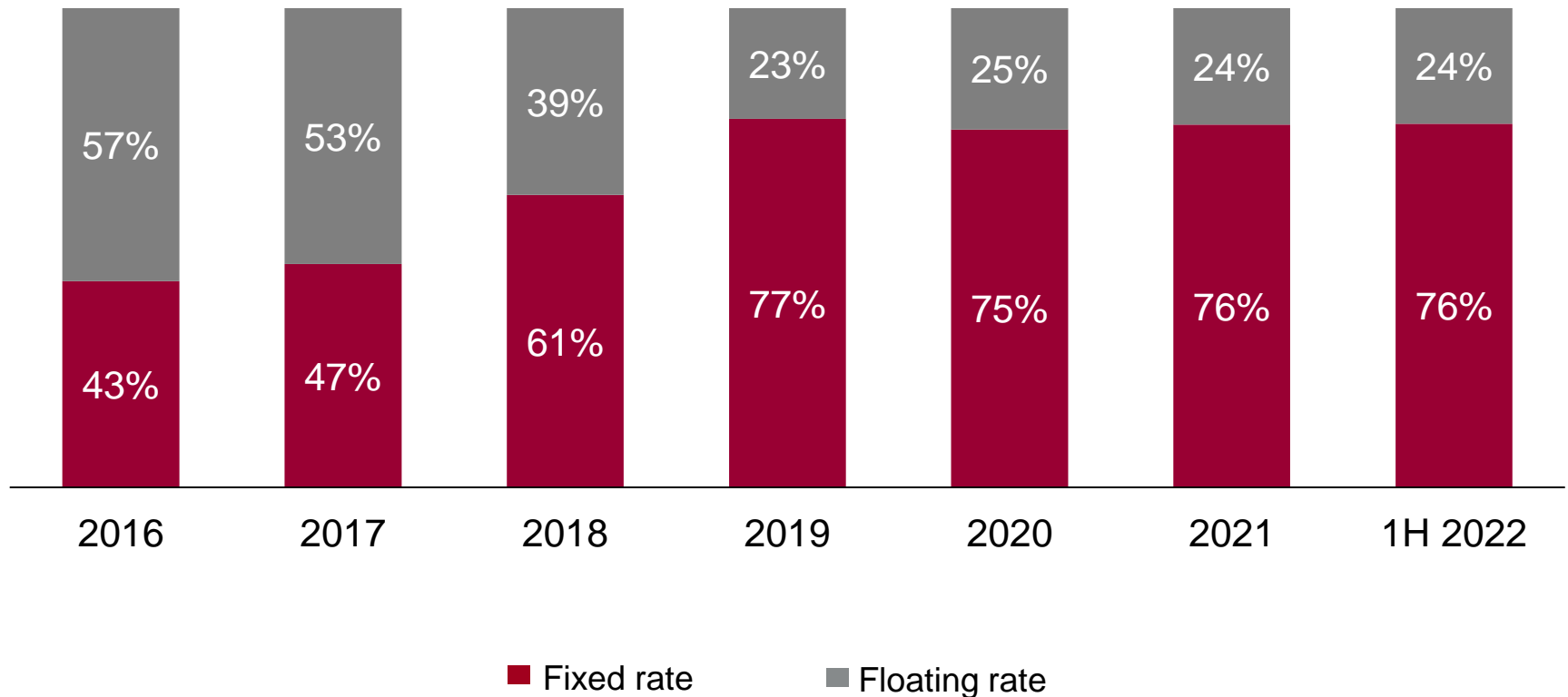


Near term debt maturities well covered by US\$6 billion available liquidity

All data as at 30 June 2022

Fixed / floating rate debt

Stable proportion of fixed rate debt¹



Stable proportion of fixed rate debt

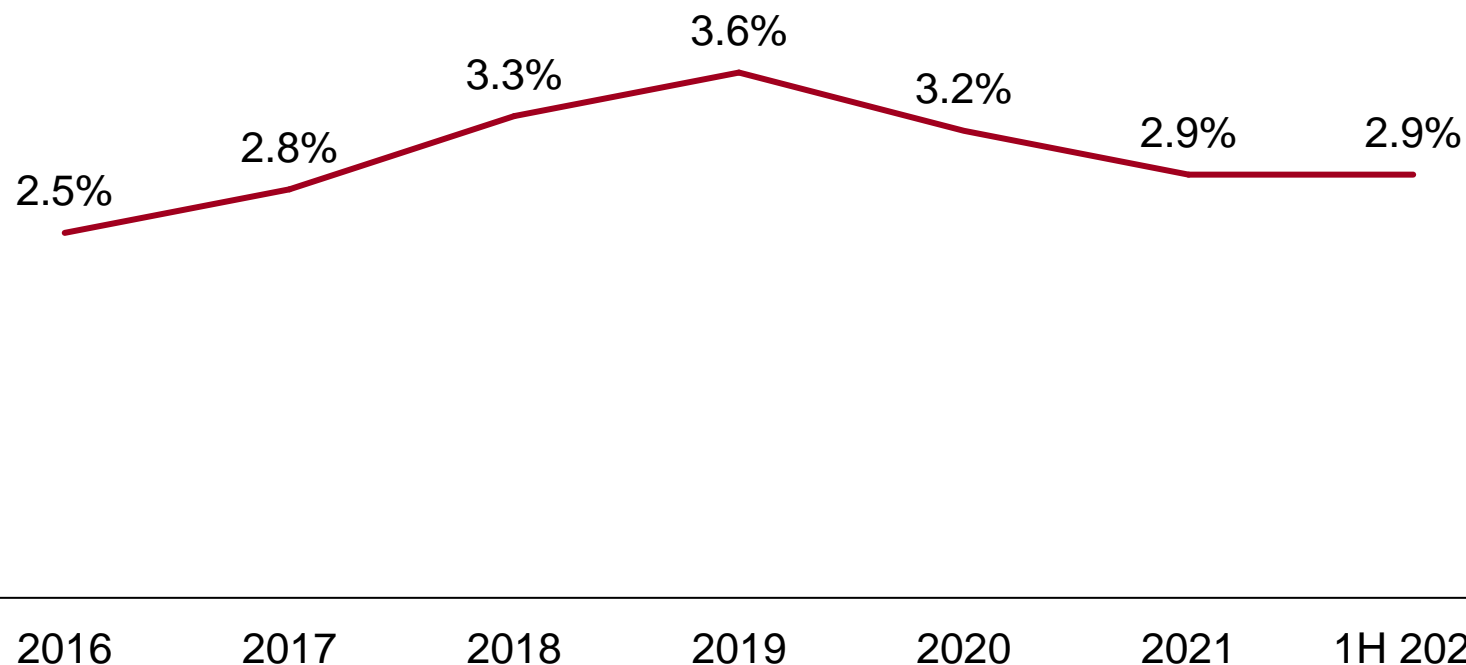
All data as at 30 June 2022

Note:

1. Represents the position net of any hedging

Cost of debt

Cost of debt¹



Aim to achieve the lowest cost of debt from scalable funding sources on an unsecured basis

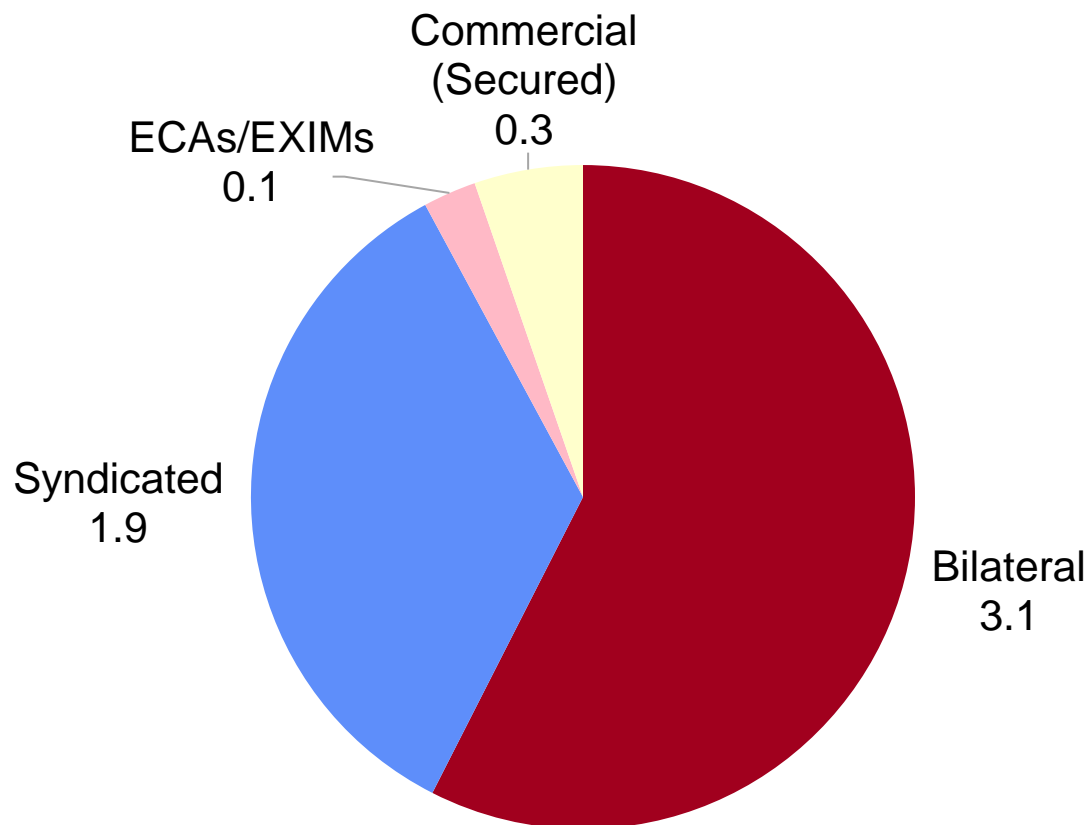
All data as at 30 June 2022

Note:

1. Calculated as the sum of finance expenses and capitalised interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes

Loans overview

US\$ billion



Global access to the bank market with more than 50 financial institutions in our lending group

All data as at 30 June 2022

Bonds

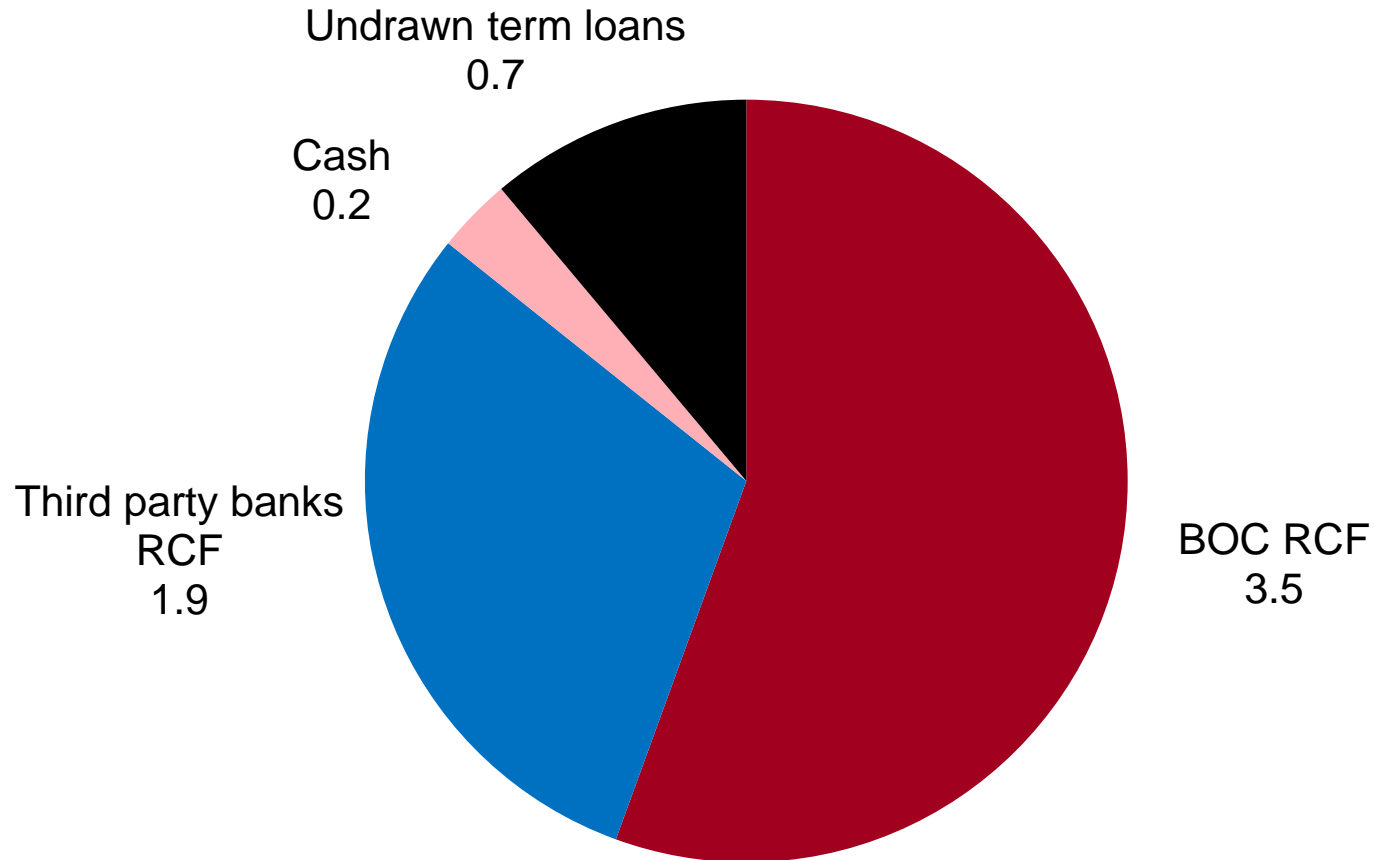
- US\$15 billion GMTN program, upsized from US\$10 billion in 2020
- US\$11 billion of bonds issued under the GMTN program outstanding as at 30 June 2022
 - 58% 144A/Reg S, 42% Reg S only
 - 95% denominated in USD
 - Non-USD issuances are immediately swapped to USD
- Private placement opportunistically tapped
- Closed US\$300 million of 5Y notes in May 2022

Bonds account for 67% of our funding sources

All data as at 30 June 2022

More than US\$6 billion of total available liquidity

US\$ billion

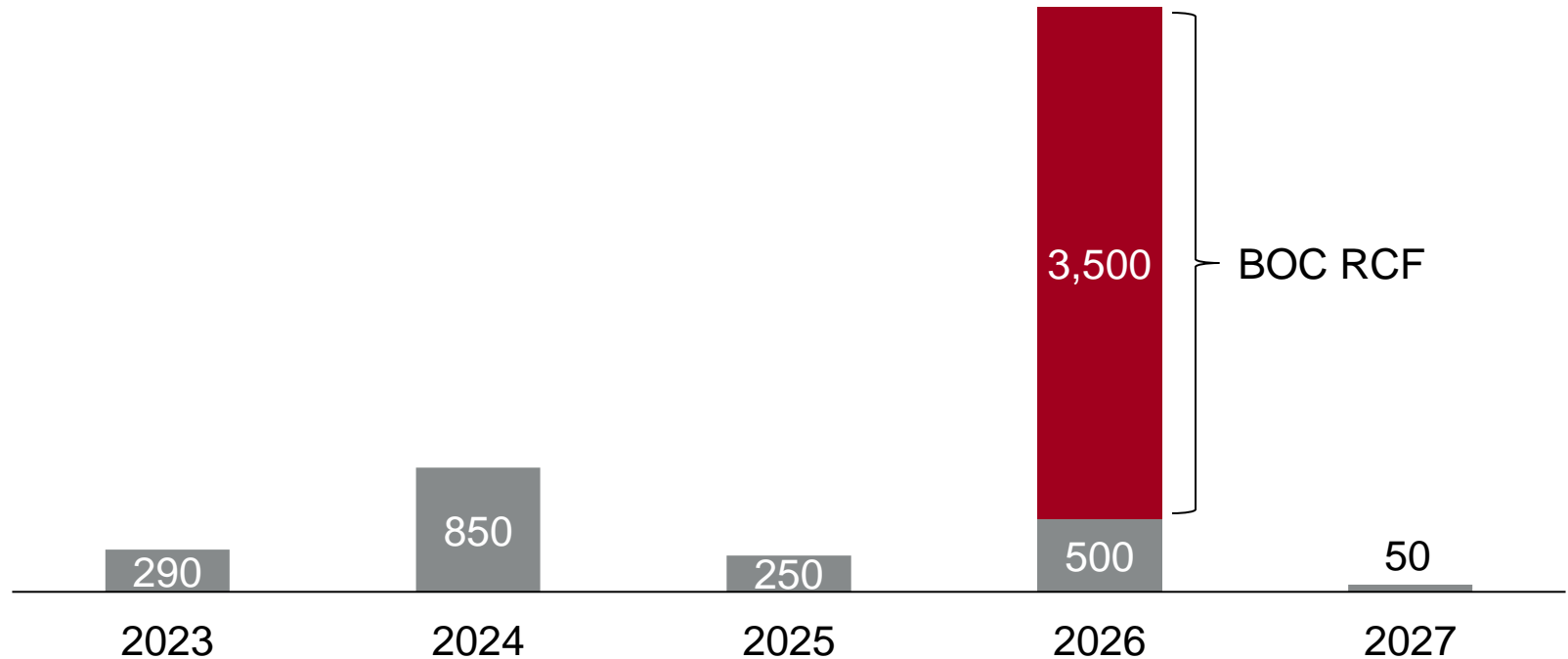


US\$500 million of 5Y club loan closed in October 2022

All data as at 31 October 2022

RCF maturity by year

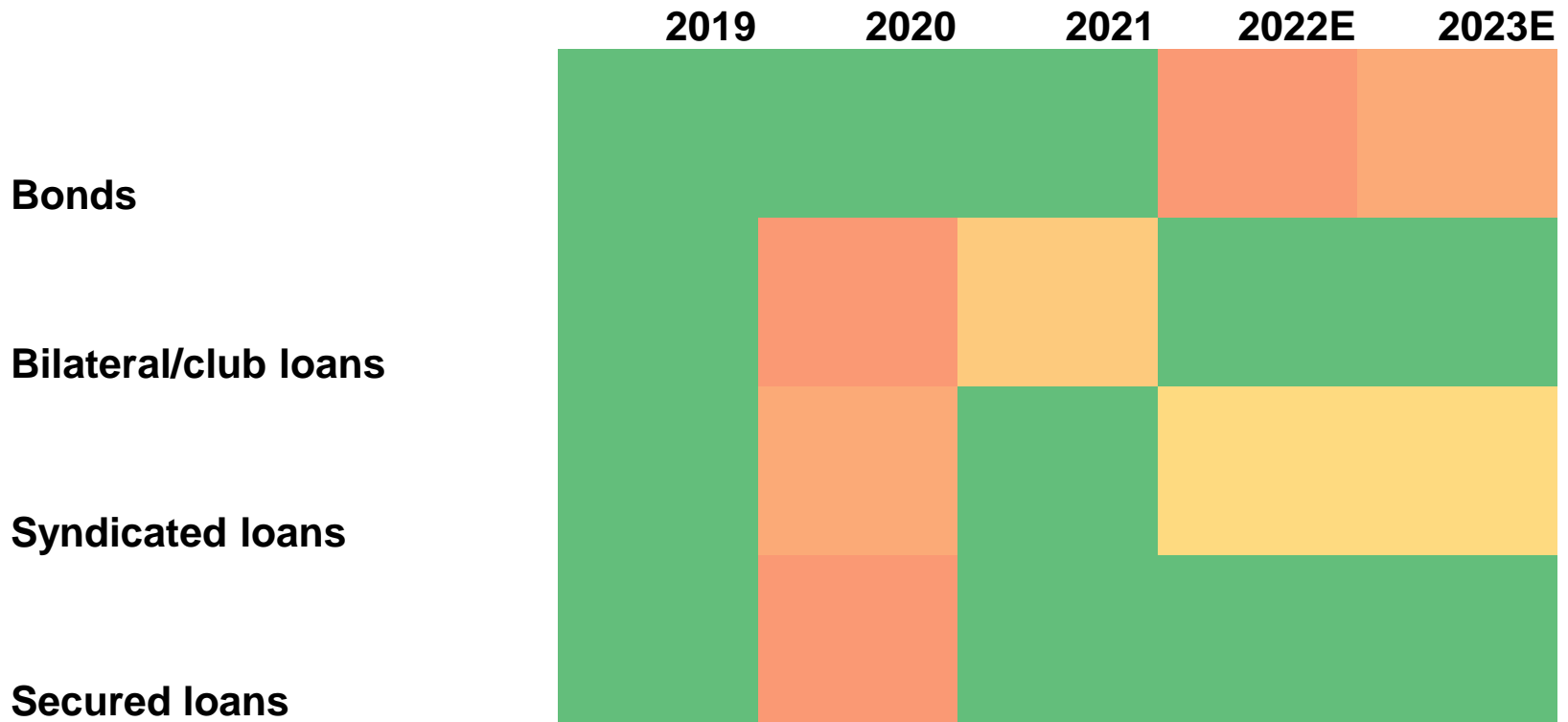
US\$ million



Very minimal near-term maturity of RCF facilities

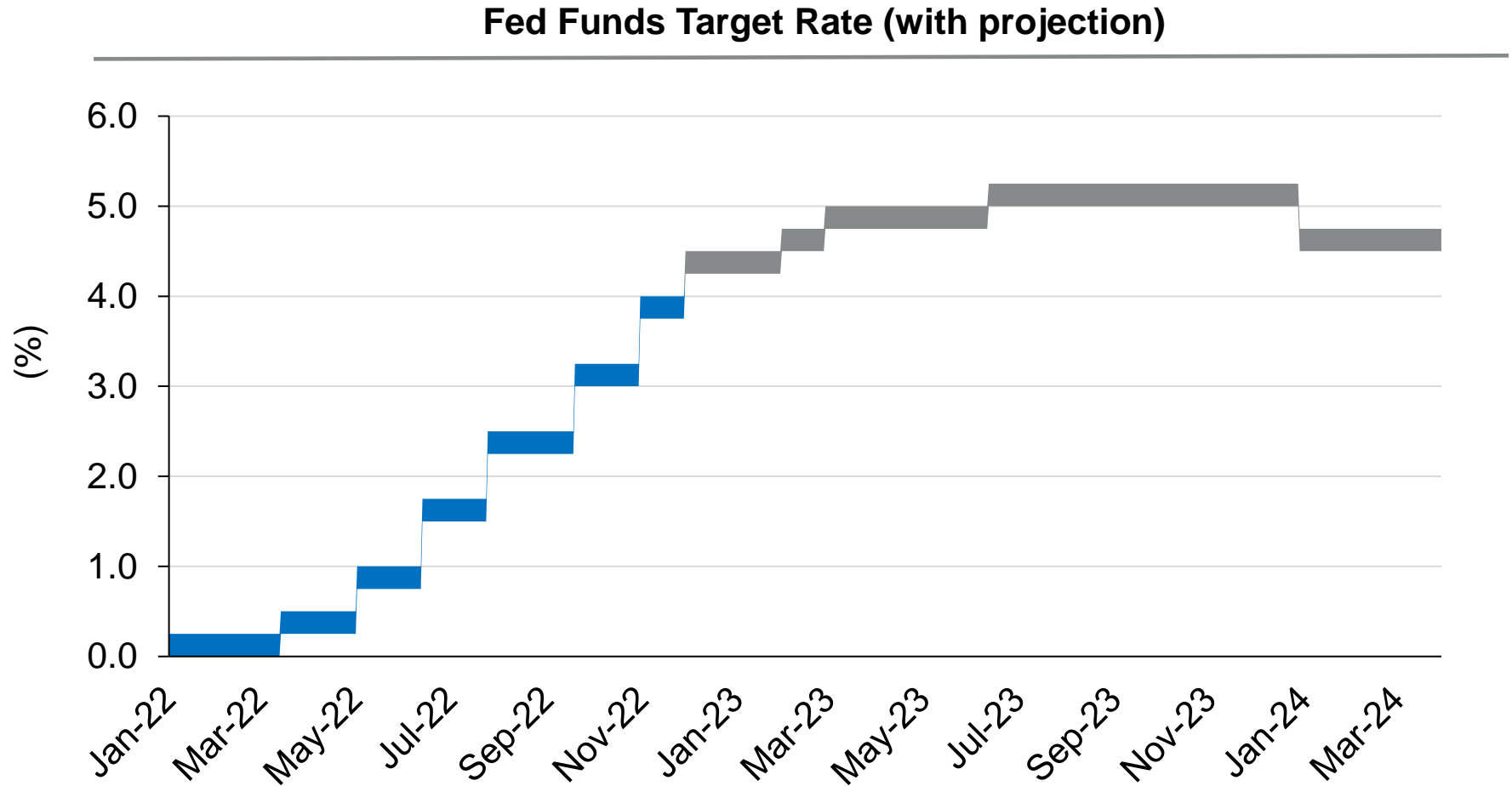
All data as at 31 October 2022

Current financing markets



Good Fairly good Average Not so good Bad

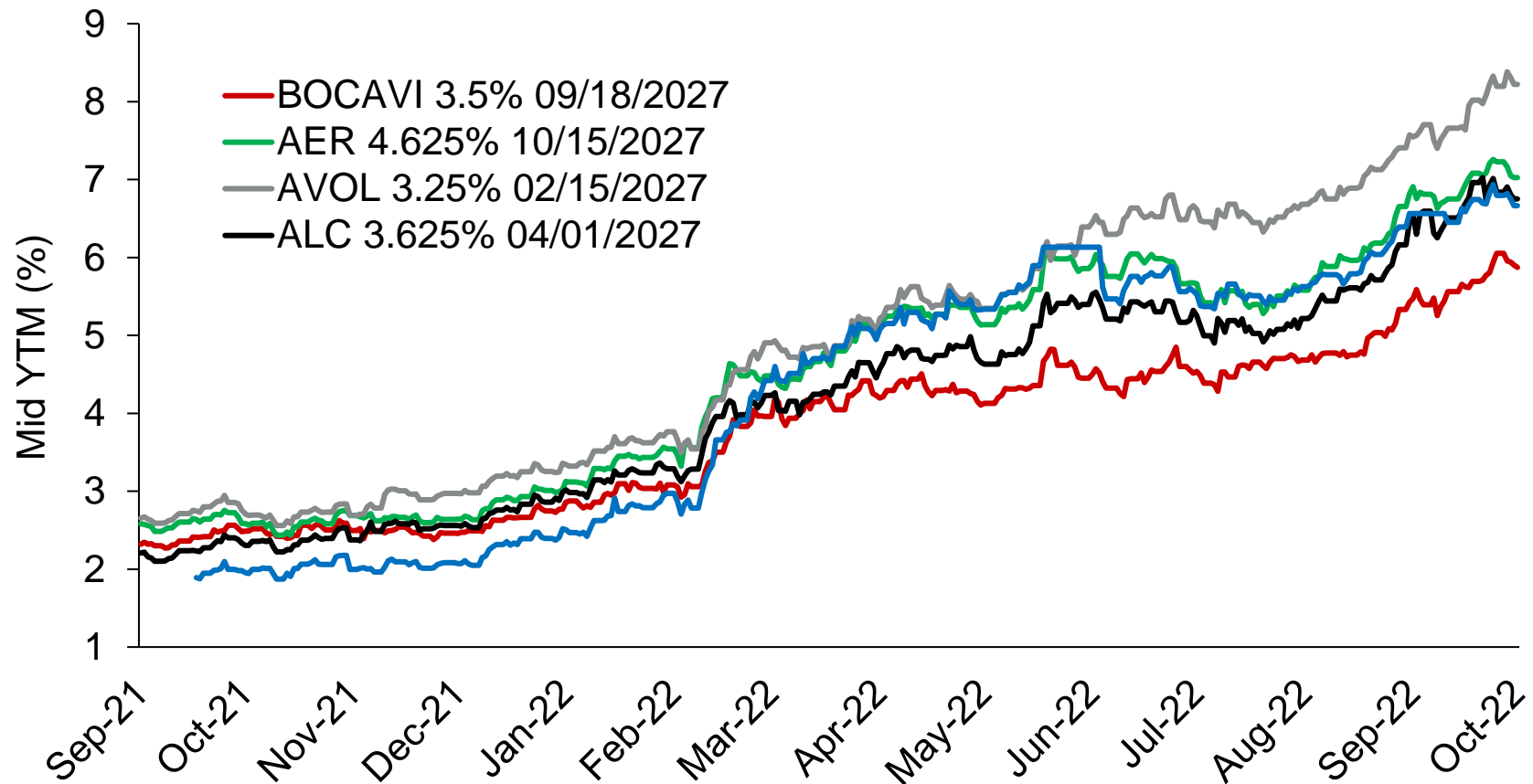
Fed funds target rate



Source: Bloomberg (7 November)

5Y yields vs peers

Investment Grade Bond Yields for Global Lessors



Source: Bloomberg

So far this year – raised more than US\$1.3 billion of debt financings

- Private Placement of US\$300 million 5Y 4.334% bond in May 2022
- US\$100 million 3Y club loan closed in July 2022
- US\$500 million 5Y club loan closed in October 2022
- Renewals of 4 x RCFs amounting to US\$400 million
- Renewal of US\$25 million bilateral term loan

Looking ahead: future funding plans

- **December 2022**
 - Early redemption of US\$300 million of bonds maturing in January 2023
- **2023**
 - Refinancing of US\$1.2 billion in loans (including early repayment of US\$750 million syndicated facility maturing in Jan 2024)
 - Refinancing of US\$1.9 billion in bonds
- **2024**
 - Refinancing of US\$0.7 billion in loans
 - Refinancing of US\$2.3 billion in bonds
- Bilateral RCFs / loans for BOC Aviation, BOC Aviation (USA), BOC Aviation (Ireland)
- LIBOR repapering kick started, active discussions with all counterparties in 1Q23

LIBOR transition

Published until 30 June 2023

- USD 1M LIBOR
- USD 3-6M LIBOR
- USD 12M LIBOR

Replacement for USD LIBOR

- Secured Overnight Financing Rate (SOFR)
 - Compounded SOFR in arrears / Term SOFR
- Not all banks have signed up for Term SOFR
- Derivatives market for Term SOFR is currently not liquid

The repapering of legacy transactions will start in late 2022/1Q 2023

Closing remarks

Steven Townend
Deputy Managing Director & Chief Financial Officer

Closing remarks

- We have a 5-year plan and a 10-year vision
- We do well in periods of volatility
- We have a strong balance sheet
- We are well-supported by the capital markets and more than 50 financial institutions
- We have US\$6 billion of available liquidity

We are well-positioned for the recovery!

Conclusion

Past

- Resilient business model tested through multiple downturns
- 29 years of accumulated global aircraft leasing experience
- More than US\$5 billion of cumulative earnings since inception

Present

- Diverse management team with global experience and long-term vision for the business
- Strong balance sheet of US\$23 billion
- Investment grade credit ratings and funding advantage
- Over US\$6 billion of liquidity and strong cash flow
- Long-term liability structure with more than 75% fixed rate debt
- Global customer diversification

Future

- Building blocks in place for strong earnings growth
- High future committed lease revenues of US\$17 billion
- Solid pipeline of aircraft orders with capped escalation
- Management interests aligned with shareholders
- Profits both distributed to shareholders and retained for building the balance sheet

Strong liquidity and robust balance sheet underpin future growth prospects

LESSOR OF THE YEAR!



**To download a copy of the presentation,
please visit:**

**[https://www.bocaviation.com/en/Investors/
Corporate-Presentations](https://www.bocaviation.com/en/Investors/Corporate-Presentations)**

Follow BOC Aviation on LinkedIn: www.linkedin.com/company/bocaviation



www.bocaviation.com

BOC Aviation Limited 79 Robinson Road #15-01 Singapore 068897 Phone +65 6323 5559
Incorporated in the Republic of Singapore with limited liability
Company Registration No. 199307789K