

BOC Aviation Investor Day 2023

HONG KONG

1 JUNE 2023

30 Years of
Excellence

 BOC AVIATION

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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
- Leads Investor Relations and Corporate Communications
- In depth knowledge of capital markets and industry investment community

Agenda

Topic	Time	Presenter
Welcome and introduction	9.00am – 9.15am	Timothy Ross Head of Investor Relations and Corporate Communications
Strategy and the long-term view	9.15am – 10.00am	Robert Martin Managing Director & Chief Executive Officer
Execution of mid-term plan	10.00am – 10.45am	Steven Townend Deputy Managing Director and Chief Financial Officer
Talent strategy – building a world class team	10.45am – 11.00am	Angela Ng Chief People Officer
Coffee break	11.00am – 11.30am	
Building the balance sheet and managing a growing portfolio	11.30am – 12.00pm	Tom Chandler Deputy Chief Operating Officer
Managing the liability side of the balance sheet	12.00pm – 12.30pm	Chan Mui Sin Head of Treasury
Risk management – 360° risk management	12.30pm – 1.00pm	Stephen Barnes Chief Risk Officer
Lunch guest speaker Engine and airframe supply chain issues: causes and remedies	1.00pm – 1.30pm	Frank Walschot Chief Executive Officer, HAECO Group
Closing remarks	1.30pm – 2.00pm	Steven Townend Deputy Managing Director & Chief Financial Officer

Covering the core competencies

Since inception in 1993:

- Purchasing More than 1,000 aircraft purchased totalling more than US\$58 billion
- Leasing More than 1,200 leases executed with >180 airlines in > 60 countries and regions
- Financing More than US\$38 billion in debt raised since 1 January 2007

- Sales More than 400 aircraft sold
- Transitions 129 transitions
- Repossessions¹ 65 aircraft in 19 jurisdictions

Delivering our business model

All data as at 31 March 2023, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

Moving beyond book

Key drivers of equity valuation

BOC Aviation is an asset owner, which also syndicates and finances

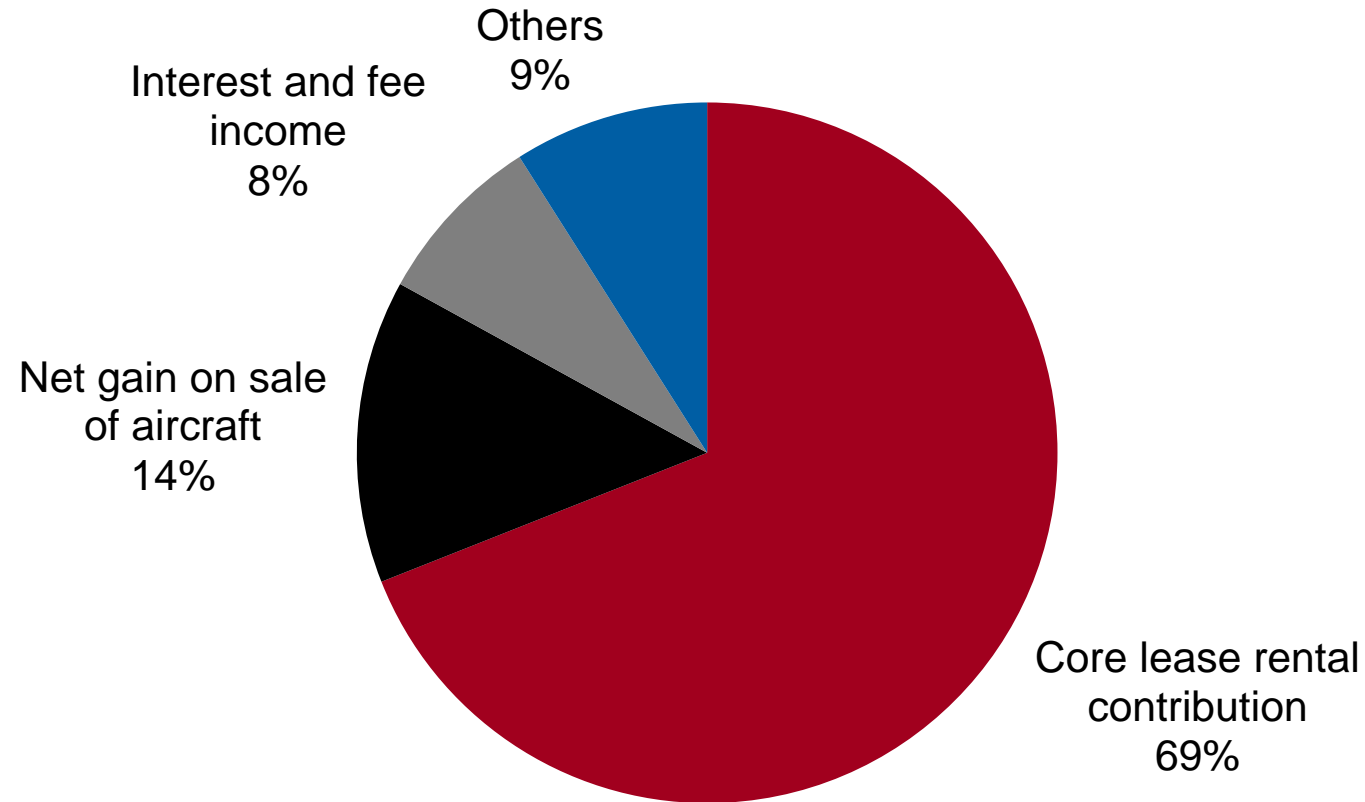
- Each business activity contributes enterprise value

Value component	Key drivers
Aircraft fleet	Aircraft type, age, condition, engines, inflation
Lease revenue	Monthly rental, interest rates
Gains on aircraft sales	Monthly rental, lessee credit quality , return condition, interest rates, security deposits, maintenance reserves
PDP & other recurring income	Duration, volatility, visibility, interest rates

Need to value all of BOC Aviation's activities to derive an accurate share price target

Contribution to BOC Aviation pre-tax earnings

Core lease rental contribution remains the cornerstone of earnings



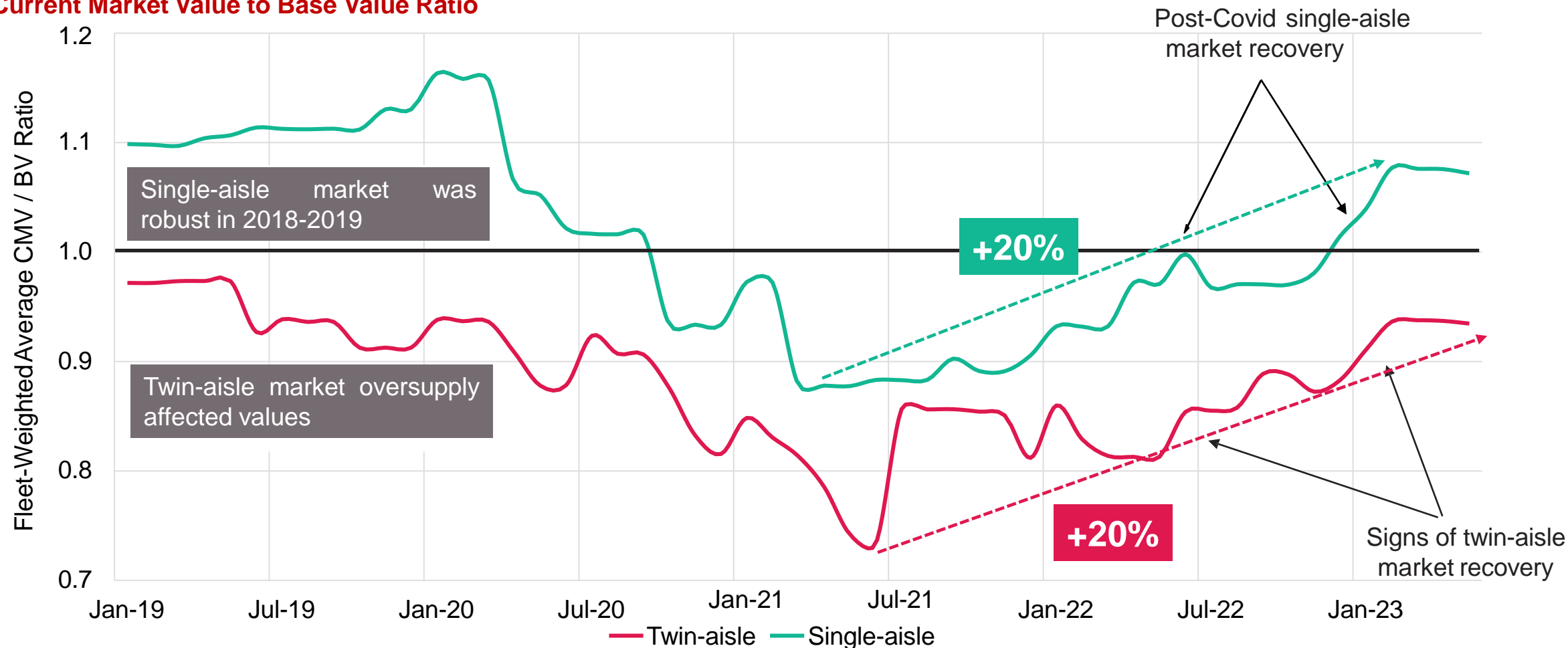
...but other businesses account for ~30% of earnings across a cycle

Average 2007-2022, excluding non-recurring effect of the write down of aircraft in Russia

Appraiser indices reflect rising asset values

Aircraft market values have bounced close to 20% from their lows

Current Market Value to Base Value Ratio

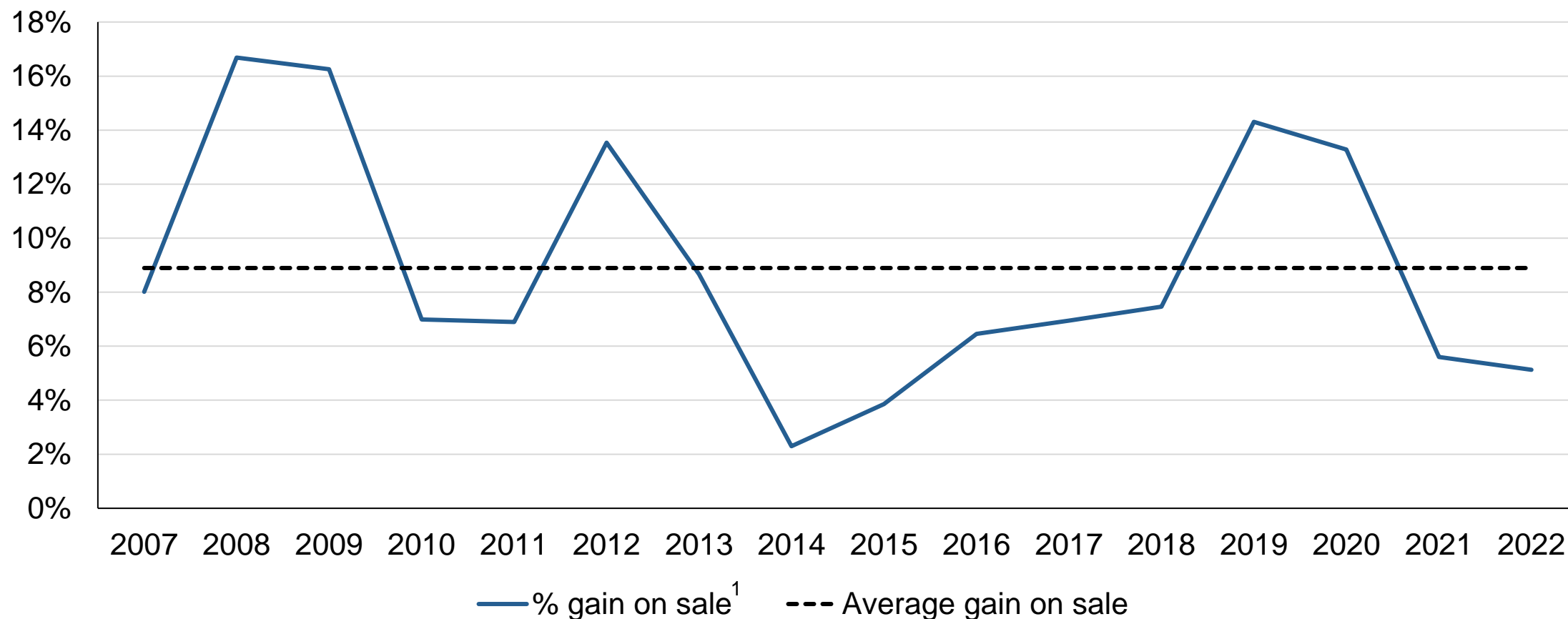


Rising aircraft market values create hidden equity

Source: Ascend Commercial Aviation Monitor (5 May 2023), Cirium Values Analyzer, passenger jets only

Value of lease revenue stream evident in resale gains

Gains reflect purchasing discounts and value of the lease



Average gain on sale of 9% across the cycle

Source: BOC Aviation analysis

Note:

1. Calculated as gains on aircraft sale divided by NBV of aircraft sold during the relevant period

Other business lines also create value

Aircraft sales, fees and management account for US\$1.6 billion of equity value

Aircraft Sales Valuation

Comparables	P/E multiple (2023E)
Airbus	22.2
Embraer	8.5
Bombardier	12.3
Dassault	33.8
Rolls Royce	28.8
Safran	27.3
Average (a)	22.2
2022 gains on sale NPBT	63.9
less tax @ 11.8% (b)	56.3
Divisional value (US\$ mn) (a x b)	1,248.0

Fees & Management Valuation

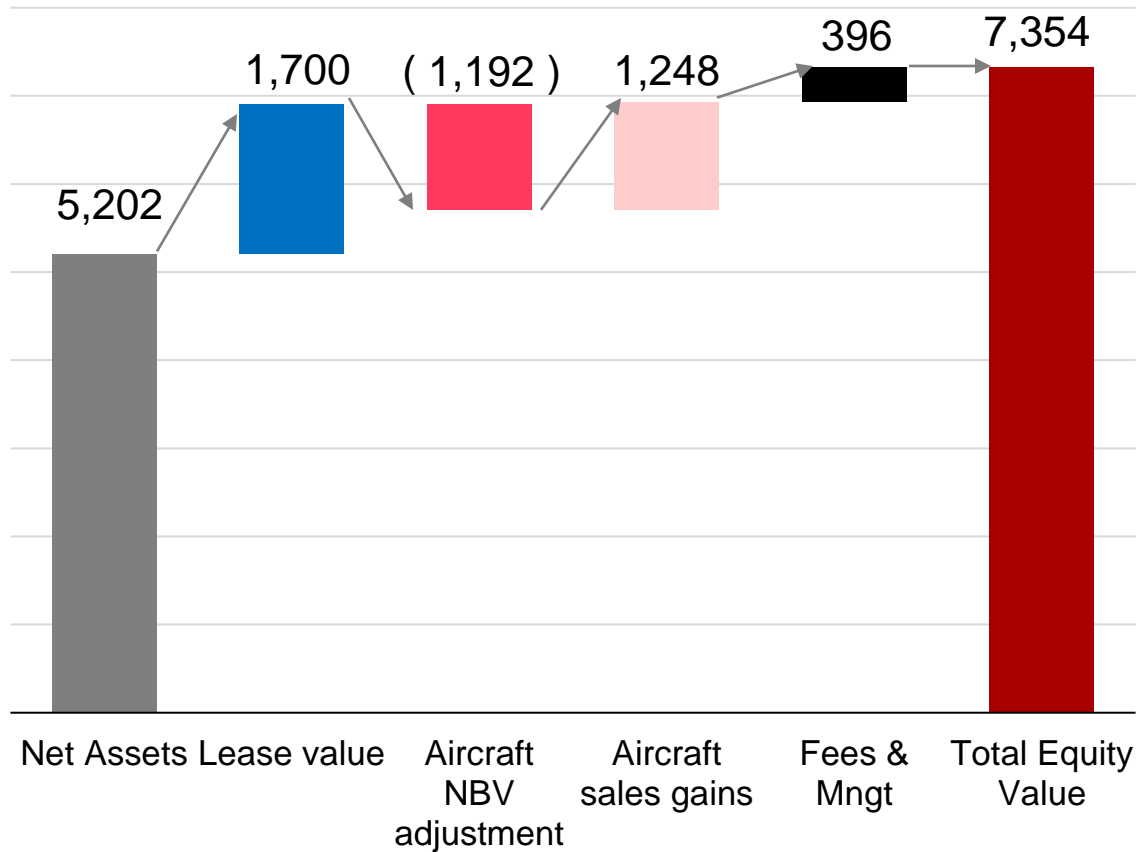
Comparables	P/E multiple (2023E)
Bank of America	8.2
BNP Paribas	6.7
Standard Chartered	6.2
Aercap	8.0
Air Lease	6.7
CALC	4.4
Average (a)	6.7
2022 interest & fee revenue	96.1
less costs (b)	66.7
less tax @ 11.8% (c)	58.8
Divisional value (US\$ mn) (a x c)	395.5

Harvesting aircraft residual value and fee income generation are significant valuation elements

Source: Bloomberg

Summing up – more than just metal

Valuation build-up (US\$ millions)



- Valuing the fleet, only, ignores significant value creation elsewhere
- Sum of the parts combines range of different valuation approaches
 - NBV adjustment reflects deduction of aircraft sold
 - No account taken of uplift in market values since start of the year
- Even using conservative assumptions, it suggests an equity valuation of US\$7.3 billion at end-2022...equivalent to HK\$82/share and 1.4x P/B
- Aircraft values have continued to rise during 2023, lending further valuation support

Sum of the parts approach needed to fully capture valuation

Strategy and the long-term view

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 25 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 today?

Top 5

Global aircraft operating lessor¹

Listed on HKEX

HKEX code: 2588

US\$5.5 billion

Cumulative profits since inception²

>US\$5.0 billion

Available liquidity²

207

Aircraft on order³

Bank of China

70% owned by BOC

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

US\$22.1 billion

Total assets²

635

Aircraft in fleet⁴

4.6 years; 8.0 years

Average fleet age & lease term remaining⁵

Industry leader focused on long-term sustainable earnings

All data as at 31 March 2023 unless otherwise indicated

Notes:

1. By net book value of owned aircraft
2. As at 31 December 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 31 March 2023
5. Weighted by net book value of owned fleet as at 31 March 2023

Core competencies - BOC Aviation track record over 30 years

Since inception in 1993:

- Purchasing More than 1,000 aircraft purchased totalling more than US\$58 billion
- Leasing More than 1,200 leases executed with >180 airlines in > 60 countries and regions
- Financing^{1,2} More than US\$38 billion in debt raised

- Sales More than 400 aircraft sold
- Transitions 129 transitions
- Repossessions³ 65 aircraft in 19 jurisdictions

The outcome:

- Total number of aircraft delivered **822**
- Proportion of aircraft sold⁴ **51%**
- Proportion of transitions⁵ **11%**
- Proportion of repossessions⁵ **5%**

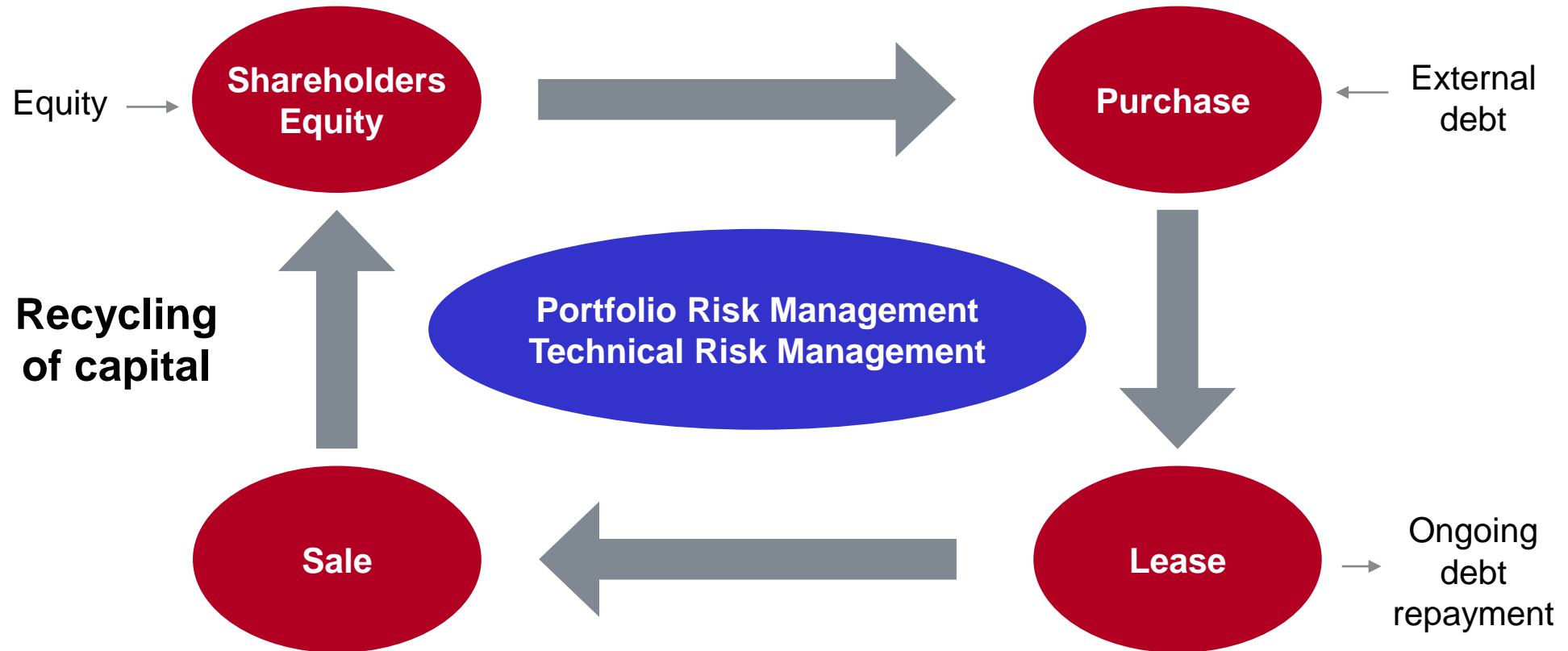
Aiming for US\$40 billion in total assets by 2030

All data as at 31 March 2023, since inception unless otherwise indicated

Notes:

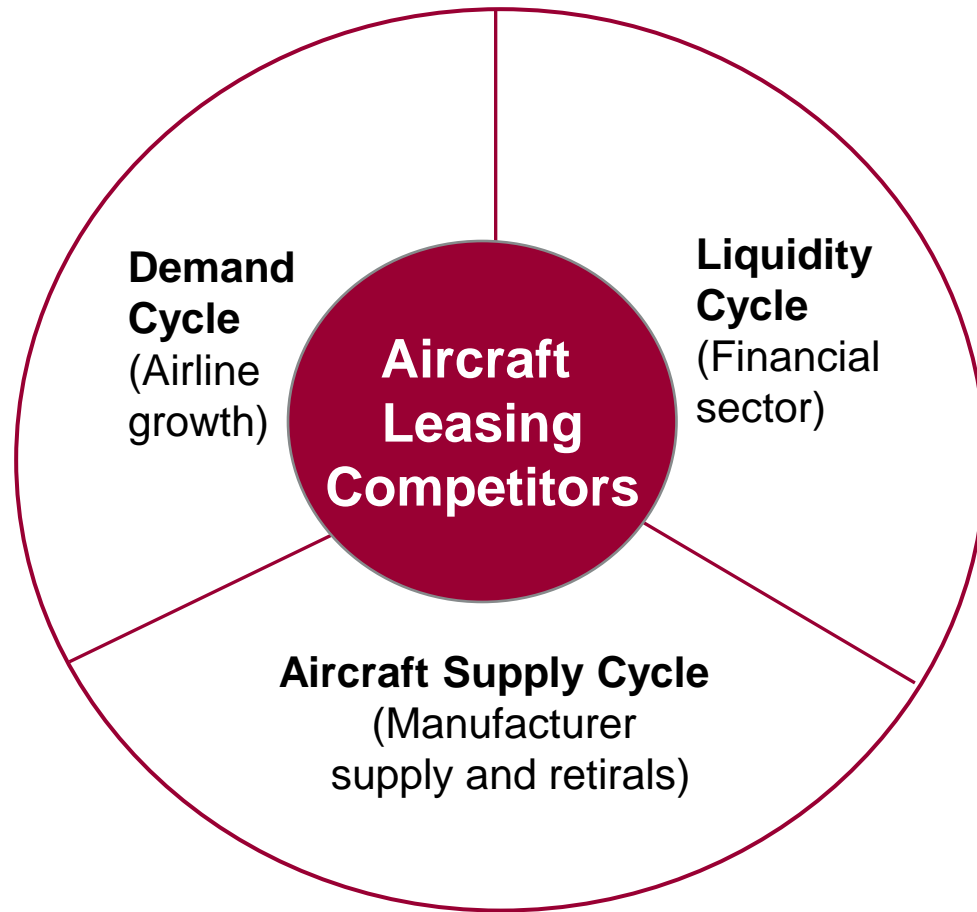
1. Since 1 January 2007
2. As at 31 December 2022
3. Includes repossessions and consensual early returns
4. As a proportion of aircraft delivered
5. As a proportion of leases executed

Our operating lease business model



Current equity base of US\$5.2 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

Long-term market growth

Asia on the world stage: rising contribution to global GDP

Top 10 economies in 2023

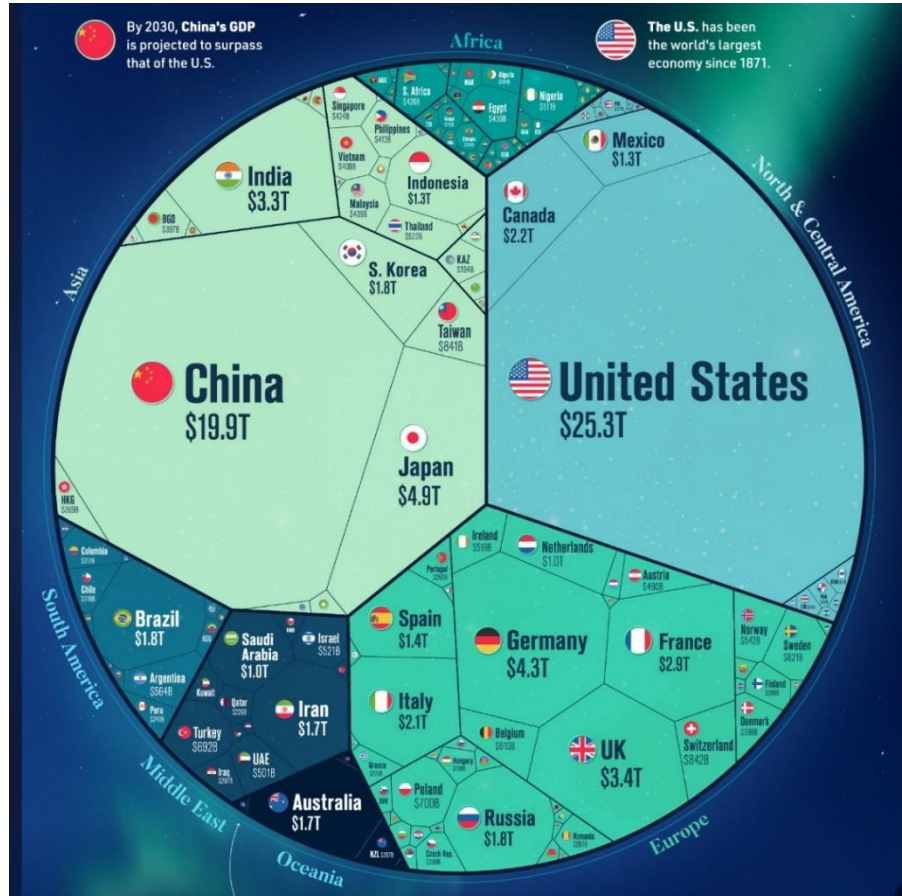
Expected nominal GDP (US\$) in trillions

Ranking	Country	Expected nominal GDP (US\$) in trillions
1	United States	26.9
2	China (mainland)	19.3
3	Germany	4.8
4	Japan	4.8
5	India	3.7
6	United Kingdom	3.3
7	France	3.0
8	Italy	2.2
9	Canada	2.1
10	Brazil	2.0

Asia will become largest region for airlines and aircraft leasing

Leasing is a global industry

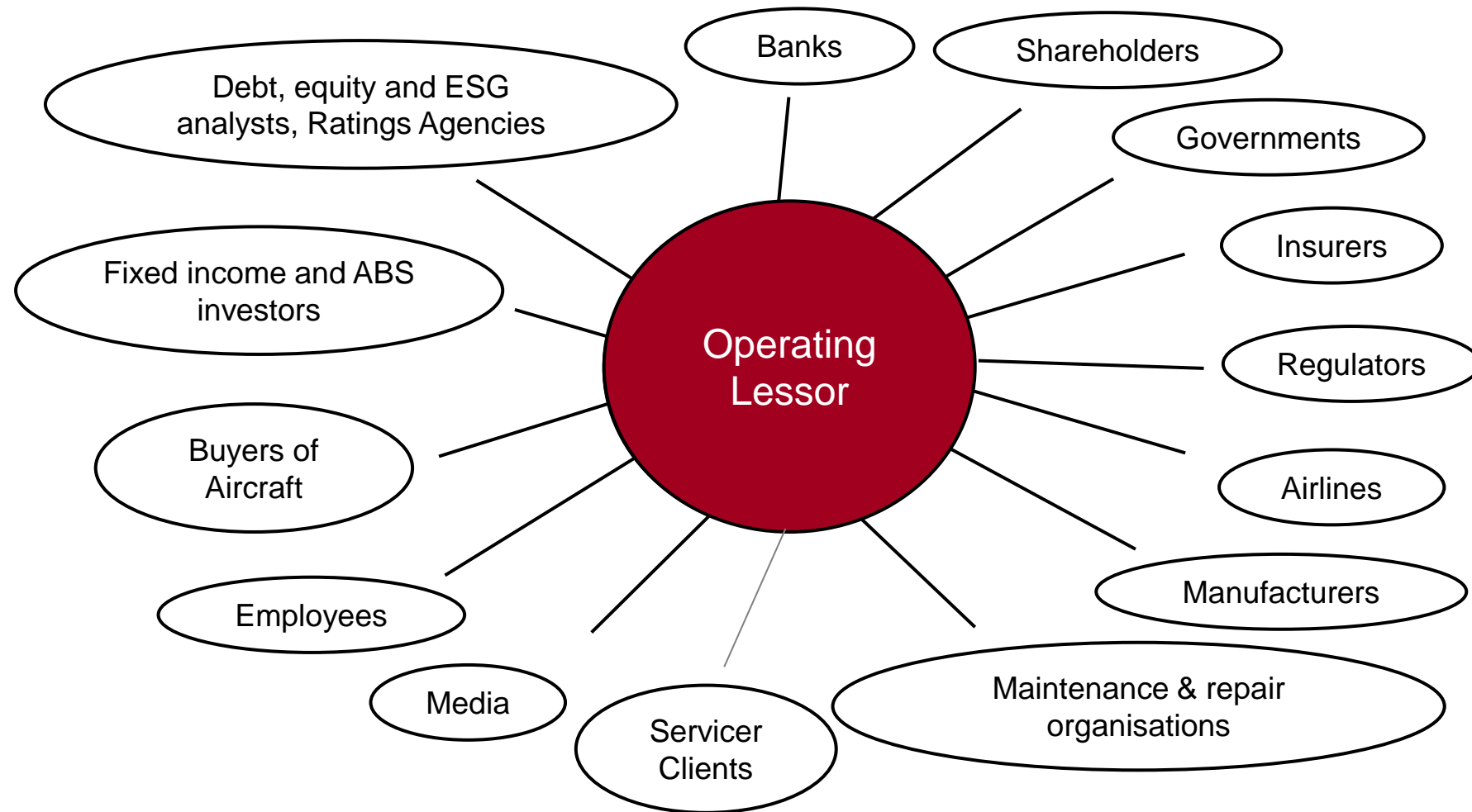
2022 Global GDP Breakdown



- BOC announced the establishment of a dedicated financing leasing subsidiary in China, BOC Financial Leasing Co, in 2020
- Following this, BOC Aviation will now be able to offer RMB finance leases to customers in China

Need understanding of global market and effective global reach in operations

Stakeholder relationships



A good operating lessor understands and engages all of these relationships

Key relationships in the operating leasing industry today

Customers

700+ airlines globally

41,170 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

Our global footprint

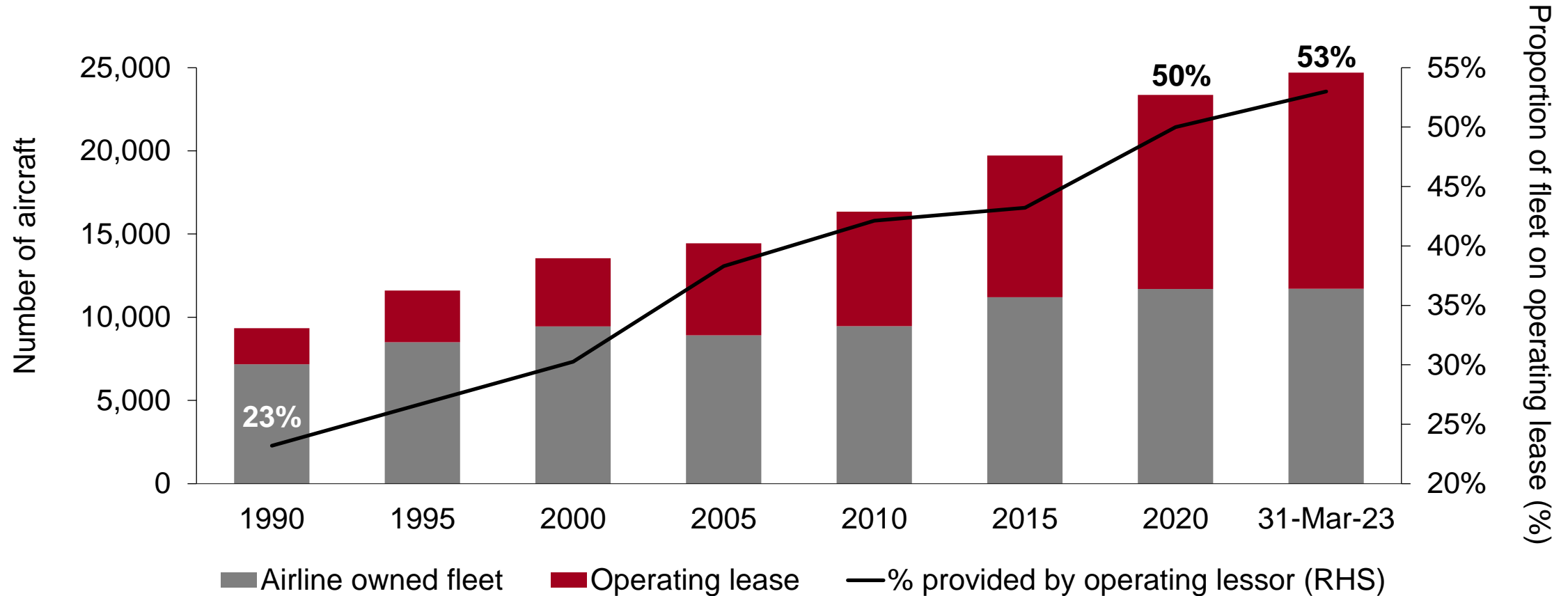


194 employees globally

As at 25 May 2023

Operating lessors' share of aircraft leasing has more than doubled since 1990

Proportion of fleet on operating lease



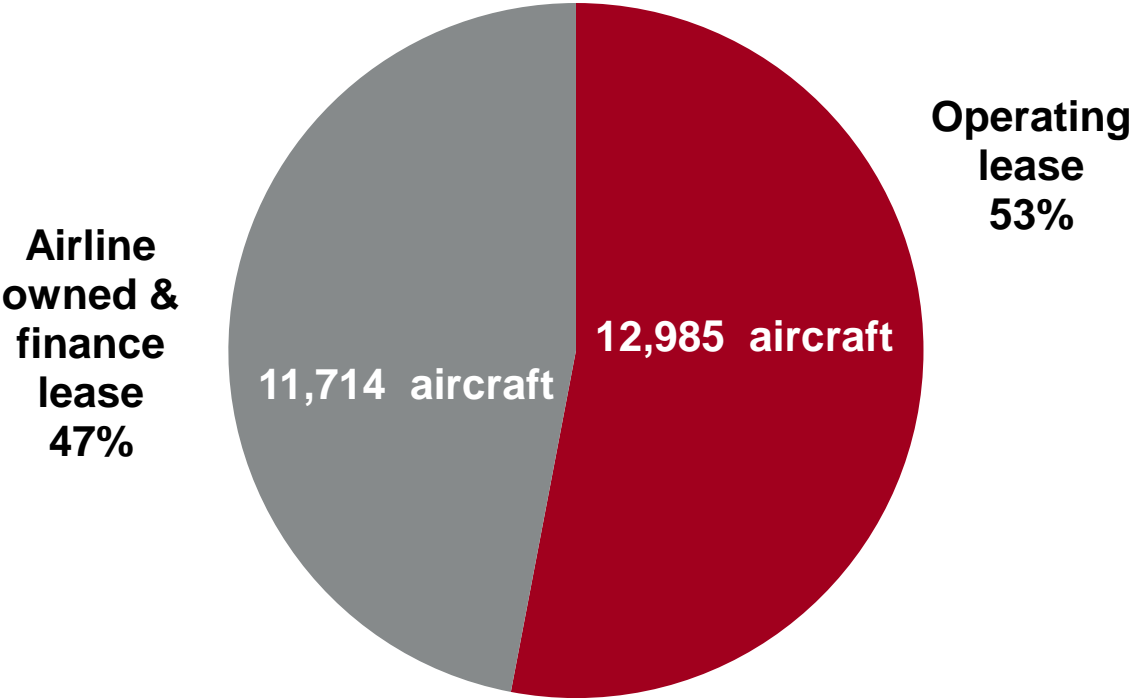
Potential for lessors to grow

All data as at 31 March 2023

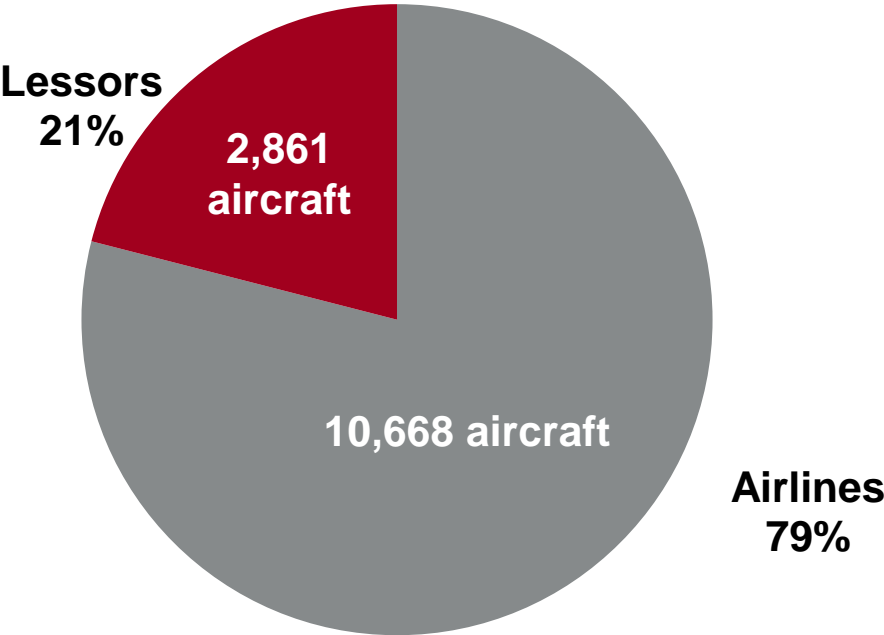
Sources: Ascend, as at 31 December 2022, based on aircraft of 100+ seats. Fleet data for 2020 onwards includes aircraft in-service and aircraft additionally parked from end-2019 due to Covid-19 fleet grounding

Building our product range

Operating lessors' share at 53%¹



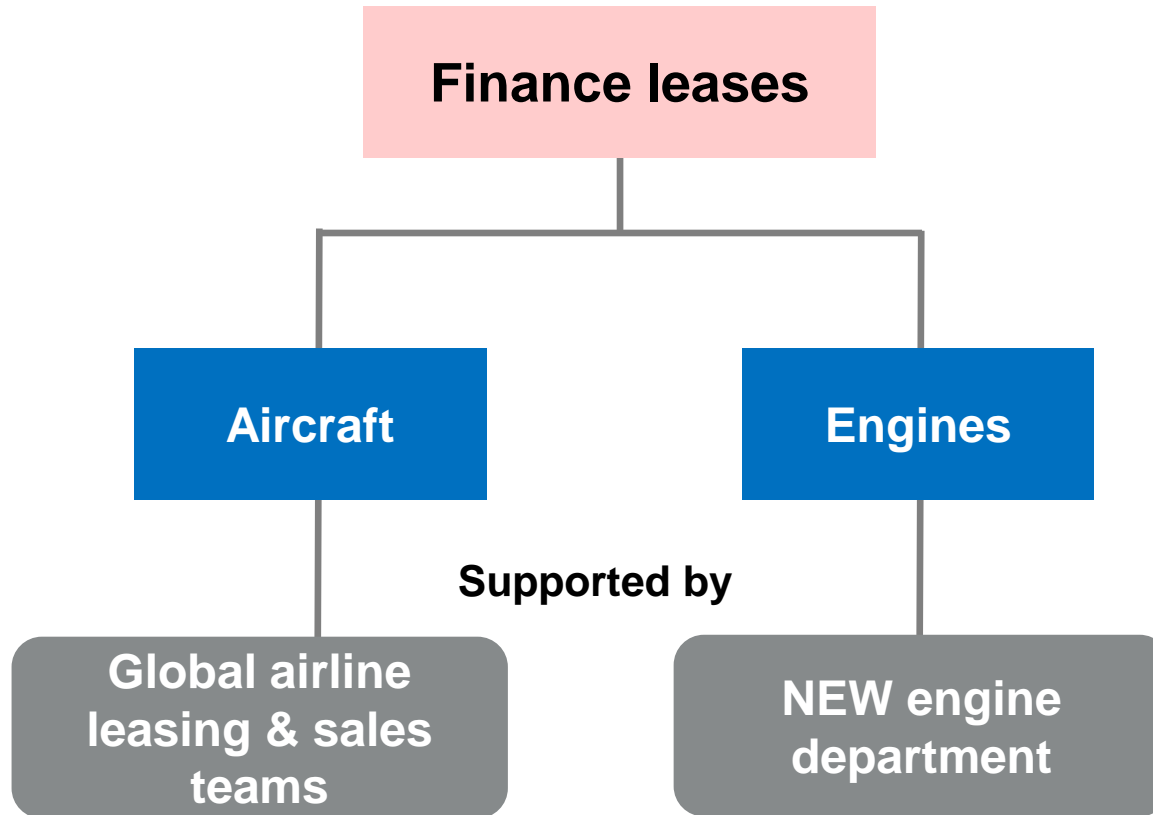
Airline vs lessors' share of orderbook²



Finance leases create new opportunities in owned portion of fleet and grow balance sheet

Notes:
1. Ascend, as at 31 March 2023, 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
2. Cirium, as at 30 April 2023

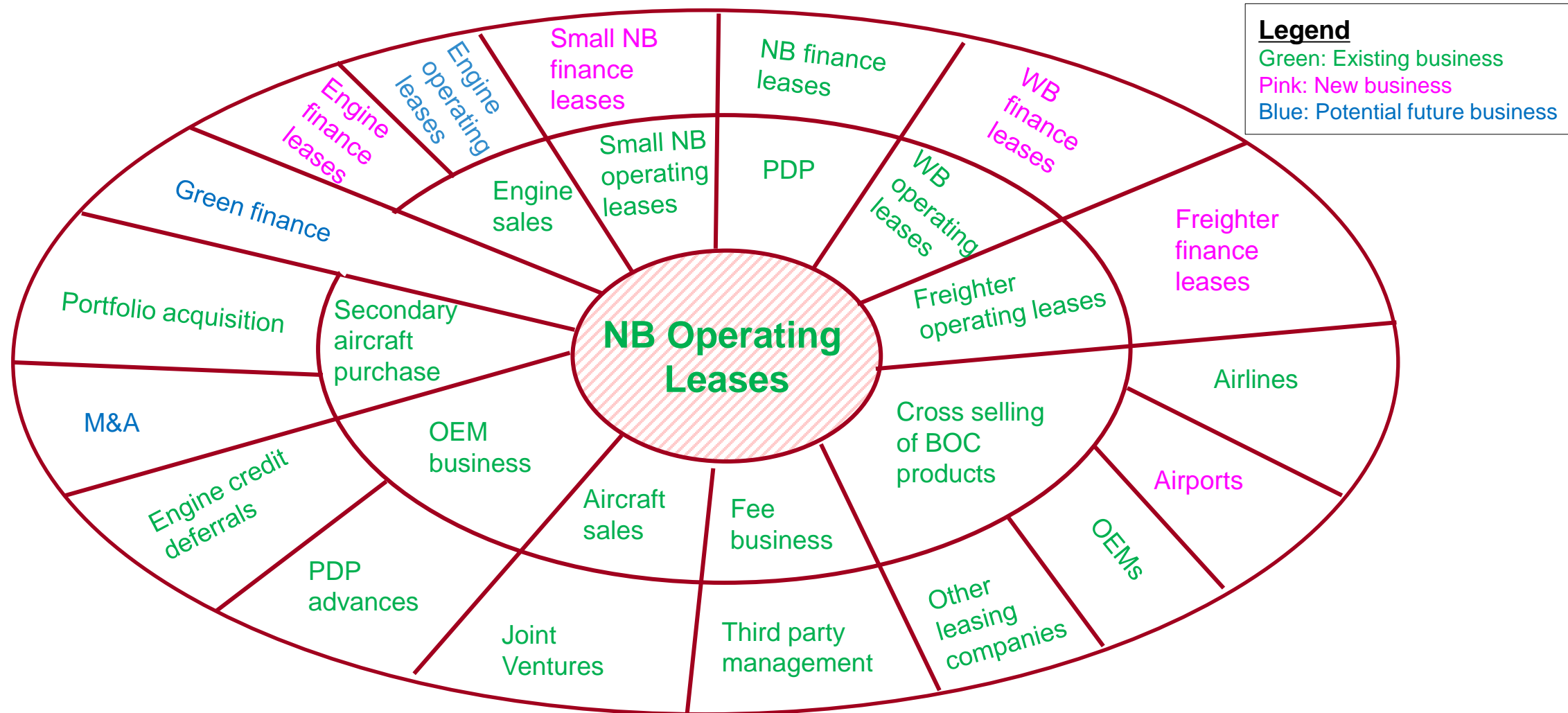
Business enhancements to meet customers' needs



- Offering new product types after extensive market research and engagement with customers
- Stringent risk management criteria apply
- Complements current operating leasing business model
- Talent development to support new areas of growth remains a key focus

Accessing the other half of the market for long-term sustainable growth

Business evolution starts with core business of narrowbody operating Leases

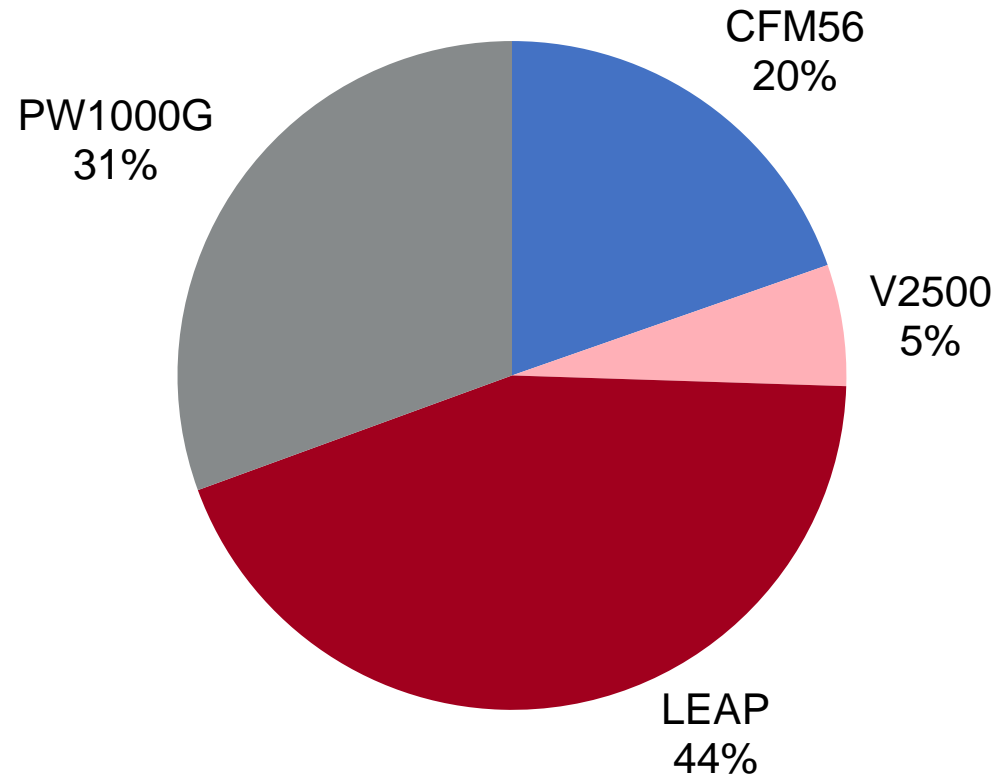


Strategic diversification of product mix to meet customer's requirements

Focusing on a market need – target market of US\$23 billion

Engine finance leasing

Target market by value of engines



Expanding our product offerings to meet customer's requirements

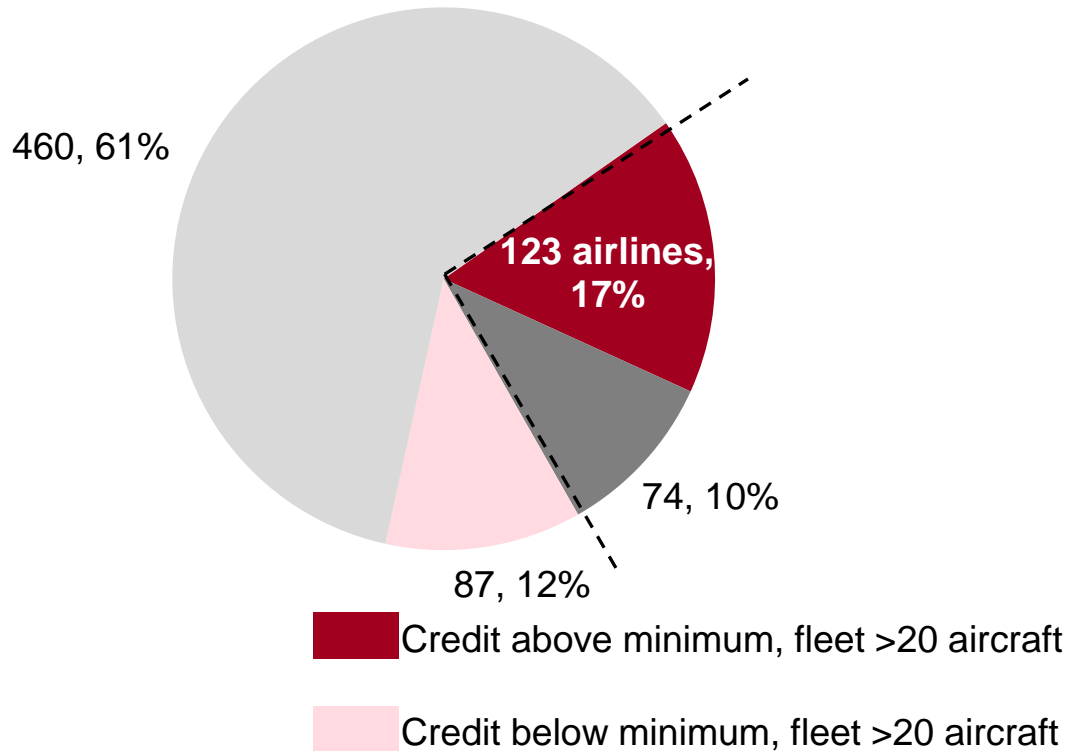
Source: BOC Aviation analysis (% based on value of engines delivered and on order)

Aviation market in 2023

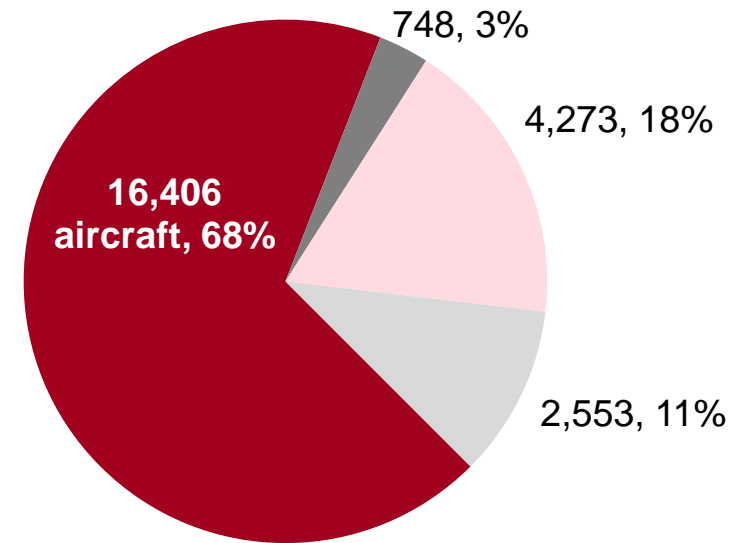
Airline market trend

- 744 airlines in service today
- Focus on 197 airlines in the market – above minimum credit score

Airline segmentation by credit score and fleet size



Our target 197 airlines operate around 71% of global fleet¹

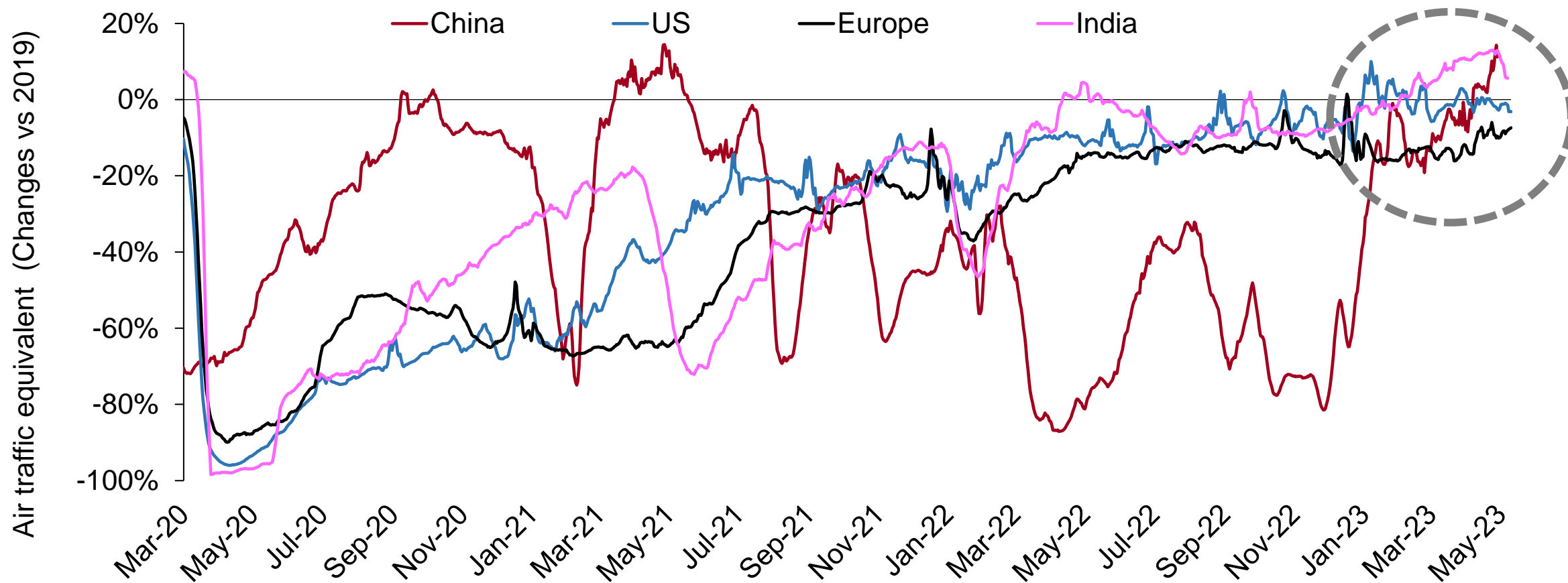


Stronger airlines are recovering more rapidly

All data as at 31 March 2023

Note:
1. Only commercial aircraft with 100 seats and above

Major passenger markets have broadly recovered to pre-covid levels



BOC Aviation proactively navigated aviation market's biggest stress test

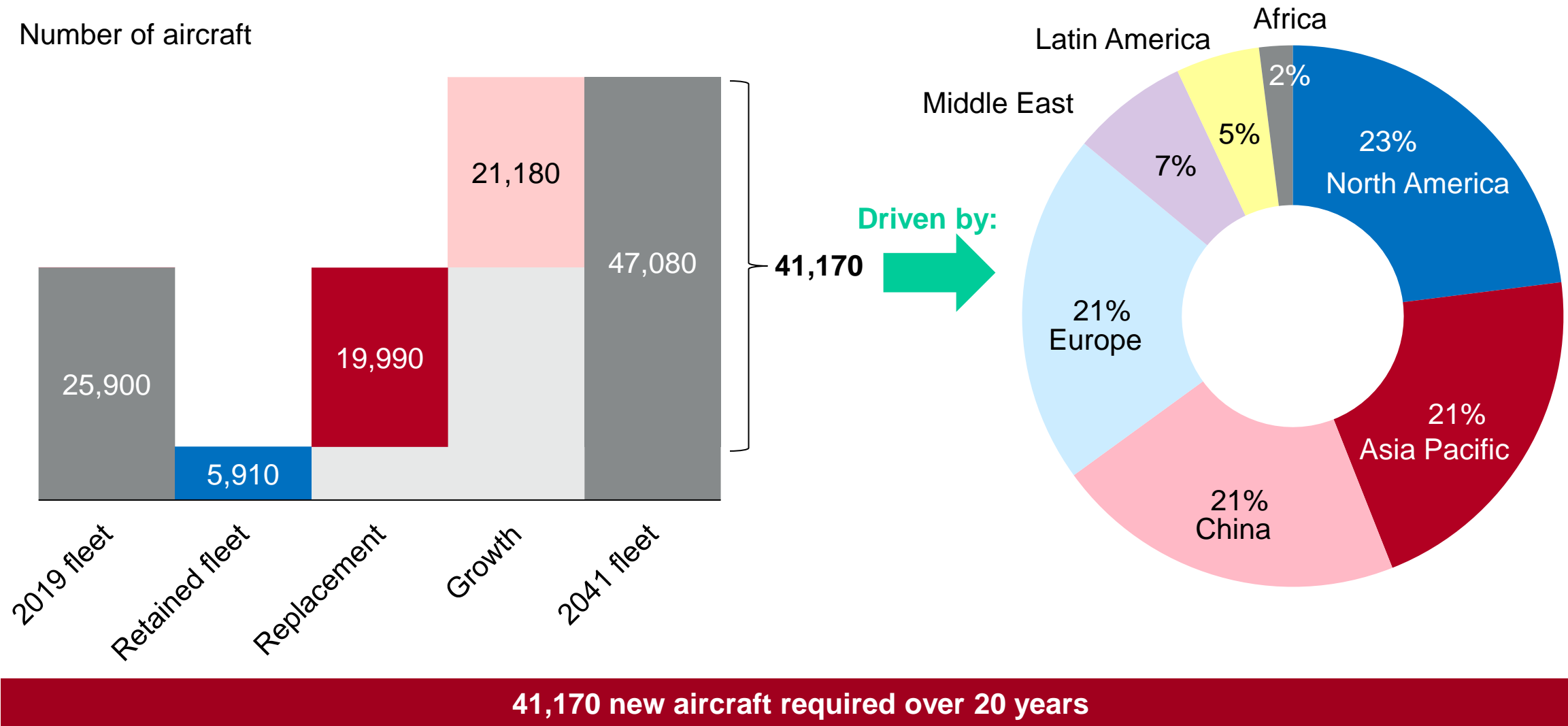
Sources: China MoT (Air Pax YoY), TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights)

All data as at 13 May 2023



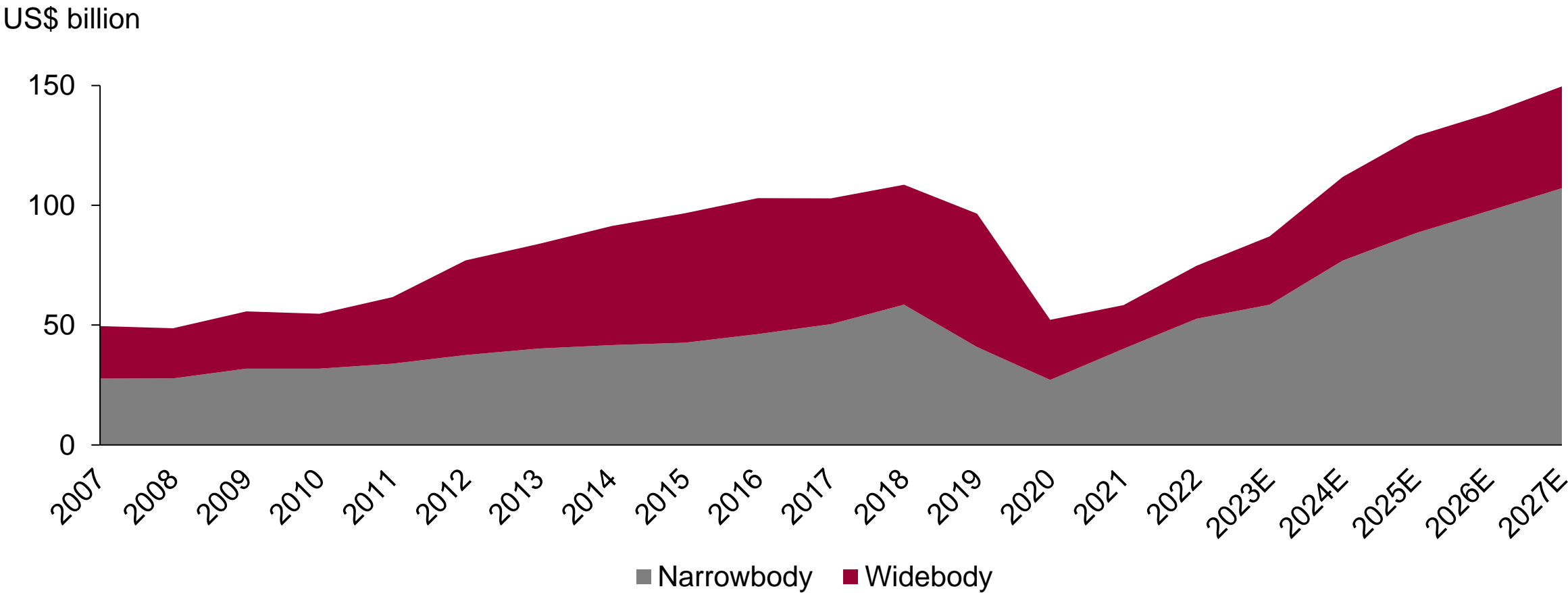
BOC Aviation looking forward

Global fleet to double to more than 47,000 aircraft by 2041



Source: Boeing Commercial Market Outlook (13 July 2022)

Value of deliveries to exceed US\$125 billion in 2025



Value of deliveries expected to rise in the next four years

All data as at 31 December 2022
Source: BOC Aviation Analysis

Our strategy

- Focus on aircraft leasing globally for aircraft with >100 seats and new-built freighters
 - Operating leasing
 - Finance leasing
- Constantly monitoring and researching new market needs
 - Identified engine finance leasing as new area of growth
- Aim for net balance sheet growth of US\$2 billion expected per year, contributed by:
 - US\$4 billion of aircraft purchase
 - US\$1 billion of aircraft sale
 - US\$1 billion of aircraft depreciation
- Robust risk management processes and customer segmentation ensure good quality customer base
- Maintain low cost of debt with leading A- credit ratings and support from majority shareholder BOC
- 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 long-term total shareholder returns

Corporate governance

BOC Aviation Board of Directors

BOC-appointed Non-executive Directors	Executive Directors	Independent Non-executive Directors
• Mr. Liu Jin (Chairman)	• 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 24 April 2023

Globally diverse management team



Robert Martin
*Managing Director &
Chief Executive
Officer*

- 35 years of banking and leasing experience
- Managing Director and Board Director since July 1998



Zhang Xiaolu
*Vice-Chairman &
Deputy Managing
Director*

- 32 years of banking experience
- In charge of Risk Management, Market Research, Board Secretariat and Corporate Affairs departments



Steven Townend
*Deputy Managing
Director & Chief
Financial Officer*

- 31 years of banking and leasing experience
- In charge of Finance, Treasury, Tax, Investor Relations and Settlement



David Walton
*Deputy Managing
Director & Chief
Operating Officer*

- 36 years of legal, aviation finance and leasing experience
- In charge of Procurement, all operations and related departments



Deng Lei
*Chief Commercial
Officer (Asia Pacific &
the Middle East)*

- 24 years of banking experience
- In charge of revenue activities for Asia Pacific and Middle East



Paul Kent
*Chief Commercial
Officer (Europe,
Americas, Africa)*

- 27 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 May 2023

Conclusion

- In our 30th year of excellence
 - Focused on long-term sustainable earnings
 - Cumulative earnings of US\$5.5 billion
 - Successfully weathered several downturns
- Management aligned with shareholders
 - Leadership succession planning in place to drive the Company towards 2030
- 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
- We need scale to remain as a top five global lessor

Targeting a US\$40 billion Company in 2030

Execution of mid-term plan

Steven Townend
Deputy Managing Director & Chief Financial Officer

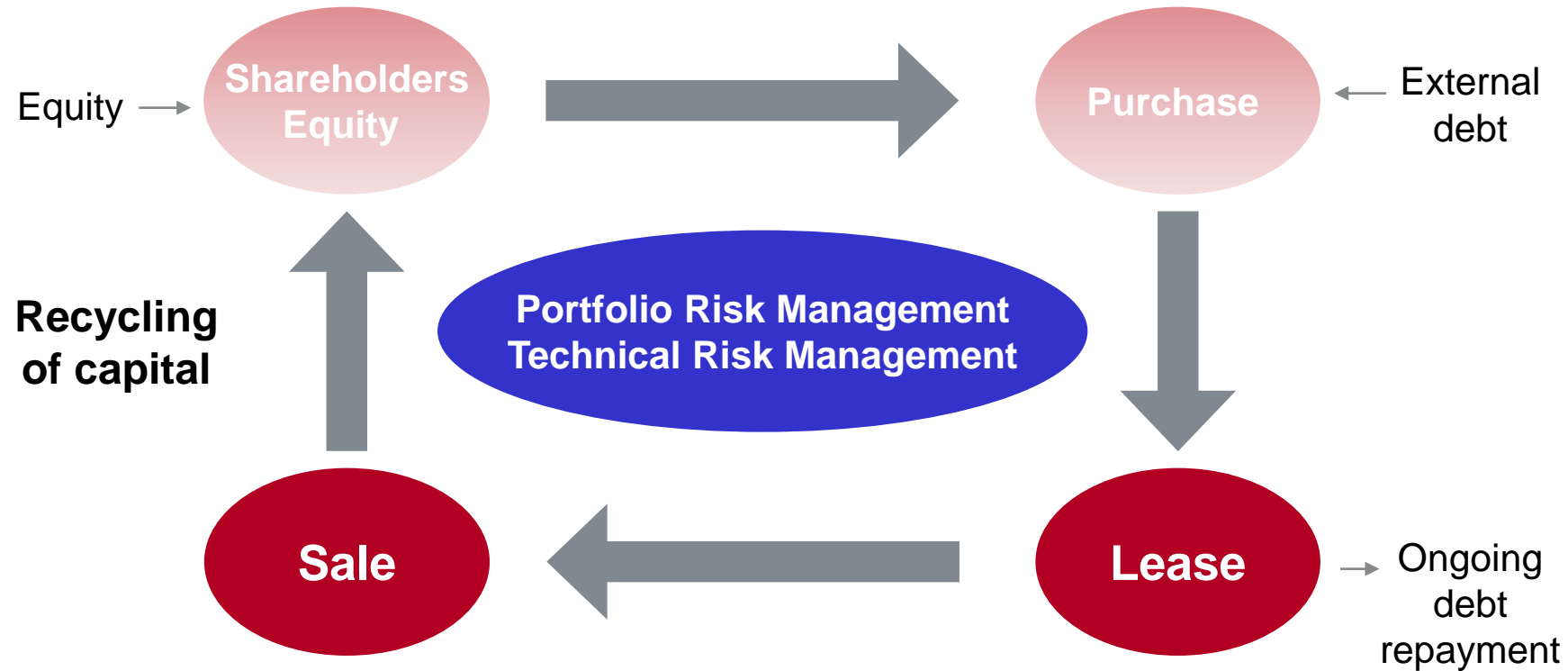
Steven Townend

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

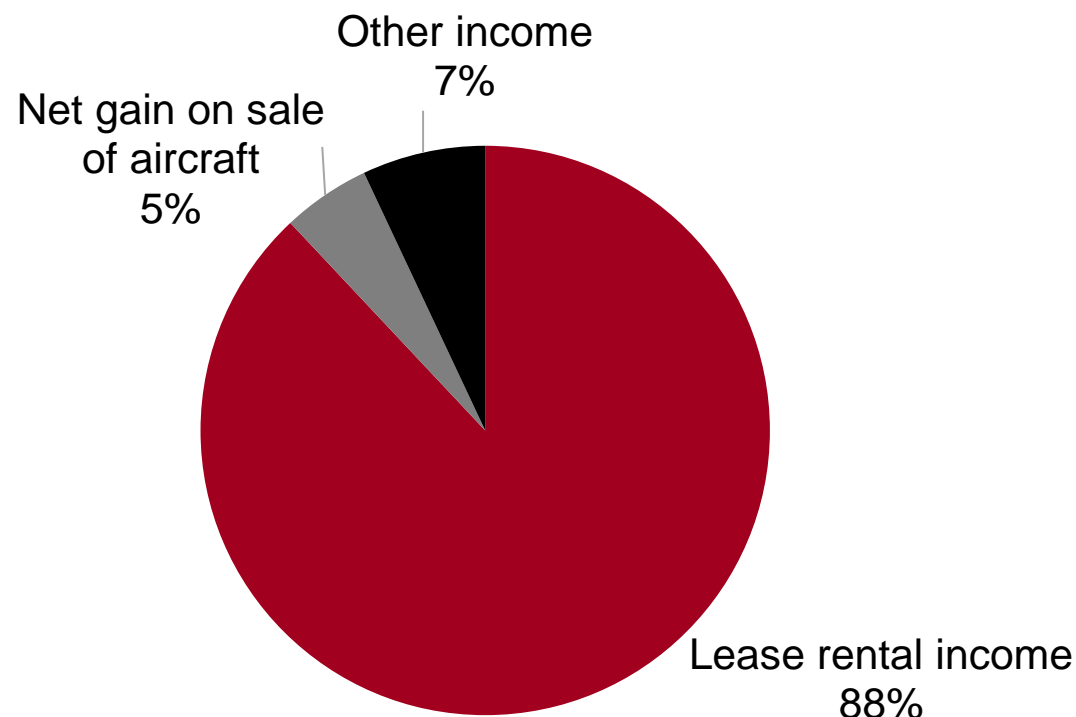
Our operating lease business model



Current equity base of US\$5.2 billion

Main drivers of operating lessor's profitability (1)

10-year average revenue breakdown¹



Revenue drivers

- Global marketing capability drives lease rental growth
- Aircraft sales activity drives access to investors for aircraft sales with leases attached
- 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
- Young average fleet age

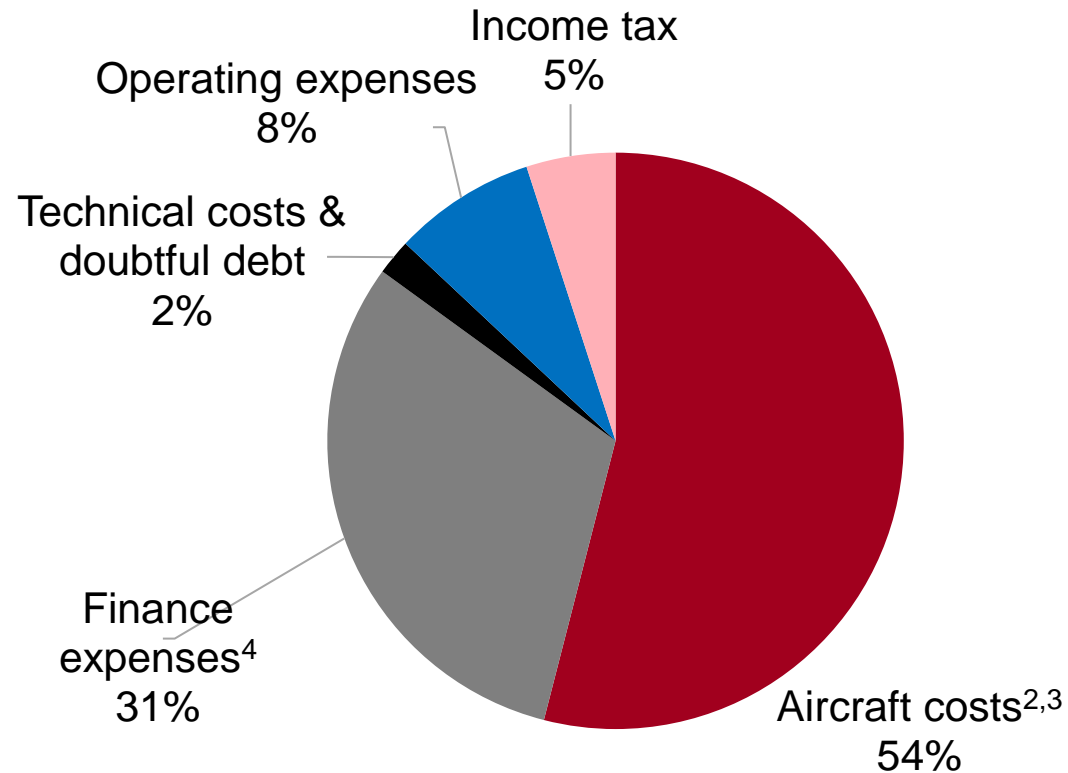
Proactive portfolio management drives increased profitability

Note:

1. As at 31 December 2022; Based on average revenue across the period 2013 to 2022

Main drivers of operating lessor's profitability (2)

10-year average 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 2022; Based on average cost across the period 2013 to 2022
2. Comprises aircraft depreciation and impairment
3. Excludes the write down of aircraft in Russia in 2022
4. Comprises Interest expense and amortization of debt issue costs

Lessors with clear funding strategy drive better execution

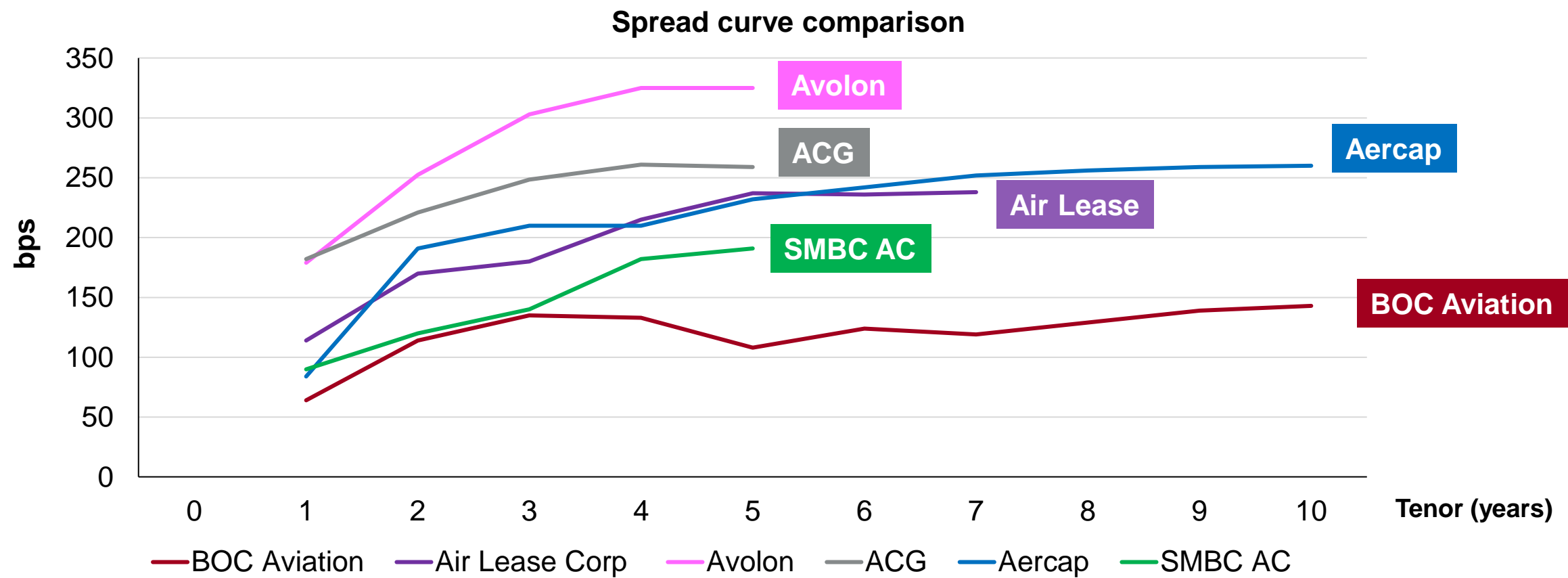
	Avg cost of debt in FY2022 (%)	Latest bond issue yield (%)	Tenor (years)	Latest bond issue date
BOC Aviation	3.1	4.6	5	23-May-23
BOC Aviation	3.1	5.0	10	3-May-23
SMBC AC	4.4	5.5	5	3-May-23
Air Lease Corp	3.1	6.1	5	15-Mar-23
Avolon	4.2	6.4	5	4-May-23
Aviation Capital Group	3.7	6.4	5	3-Apr-23
Macquarie Airfinance	-	8.4	5	18-Apr-23

BOC Aviation's strength is reflected in our latest bond issuance

Sources: Company Financials, BOC Aviation Analysis, Bloomberg



Strength in our cost of debt

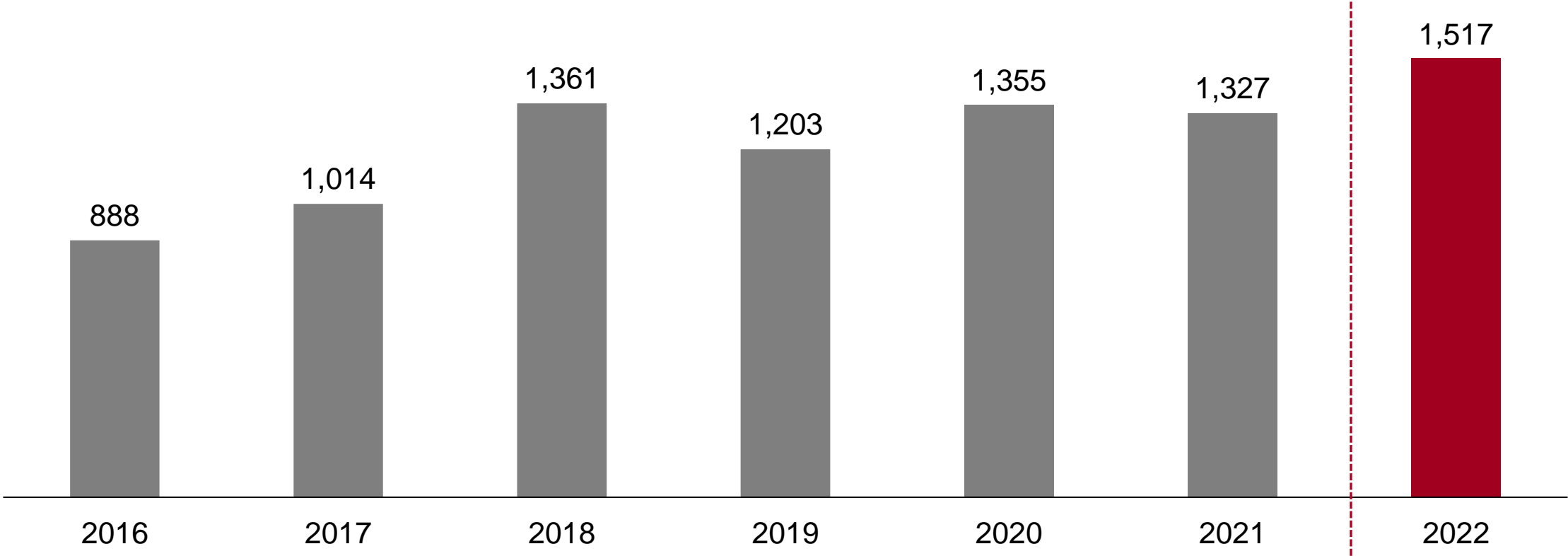


Spreads reflect relative credit strength

Source: Citi

Consistently high operating cash flow net of interest

US\$ million

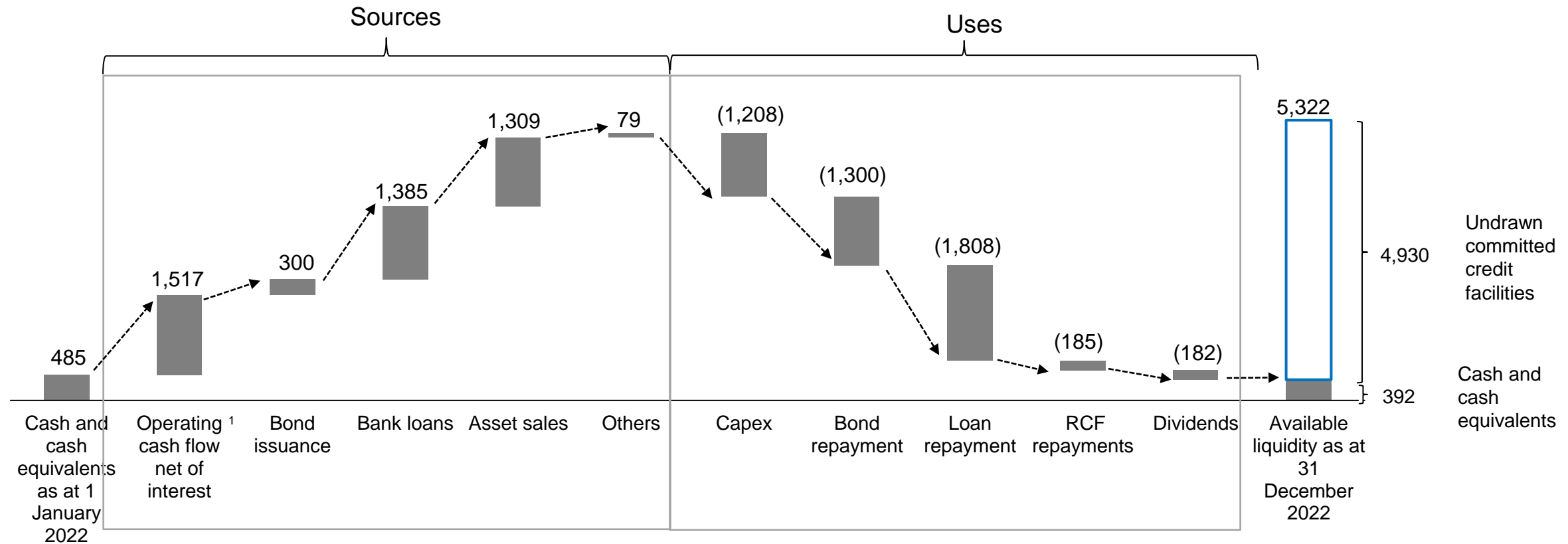


Stable operating cash flow¹ is important to maintaining A- credit ratings

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

Operating cash flow is an important source of funding

US\$ million



Internal cash generation reduced reliance on debt financing

All data as at 31 December 2022

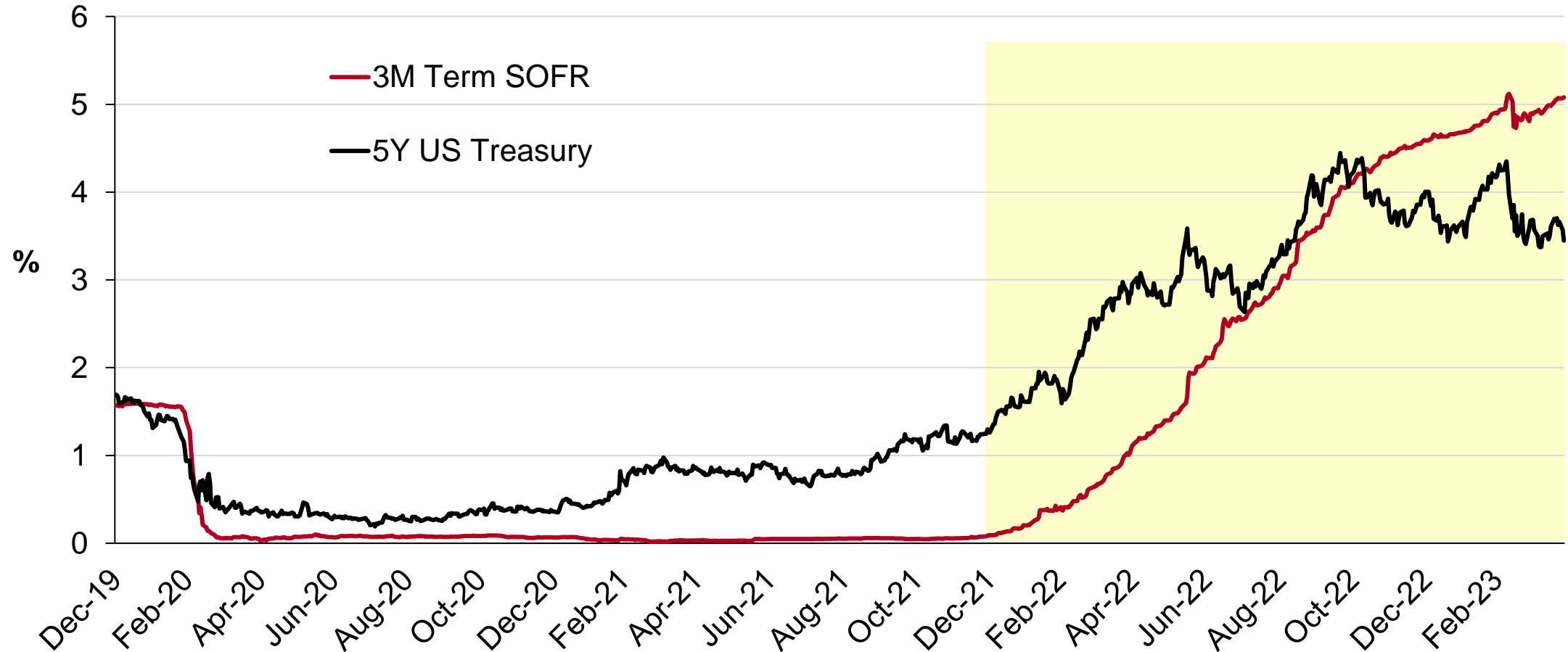
Note:

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

Interest rates and inflation

Low interest rate environment has ended (1)

3M Term SOFR and 5Y US Treasury Rates (%)

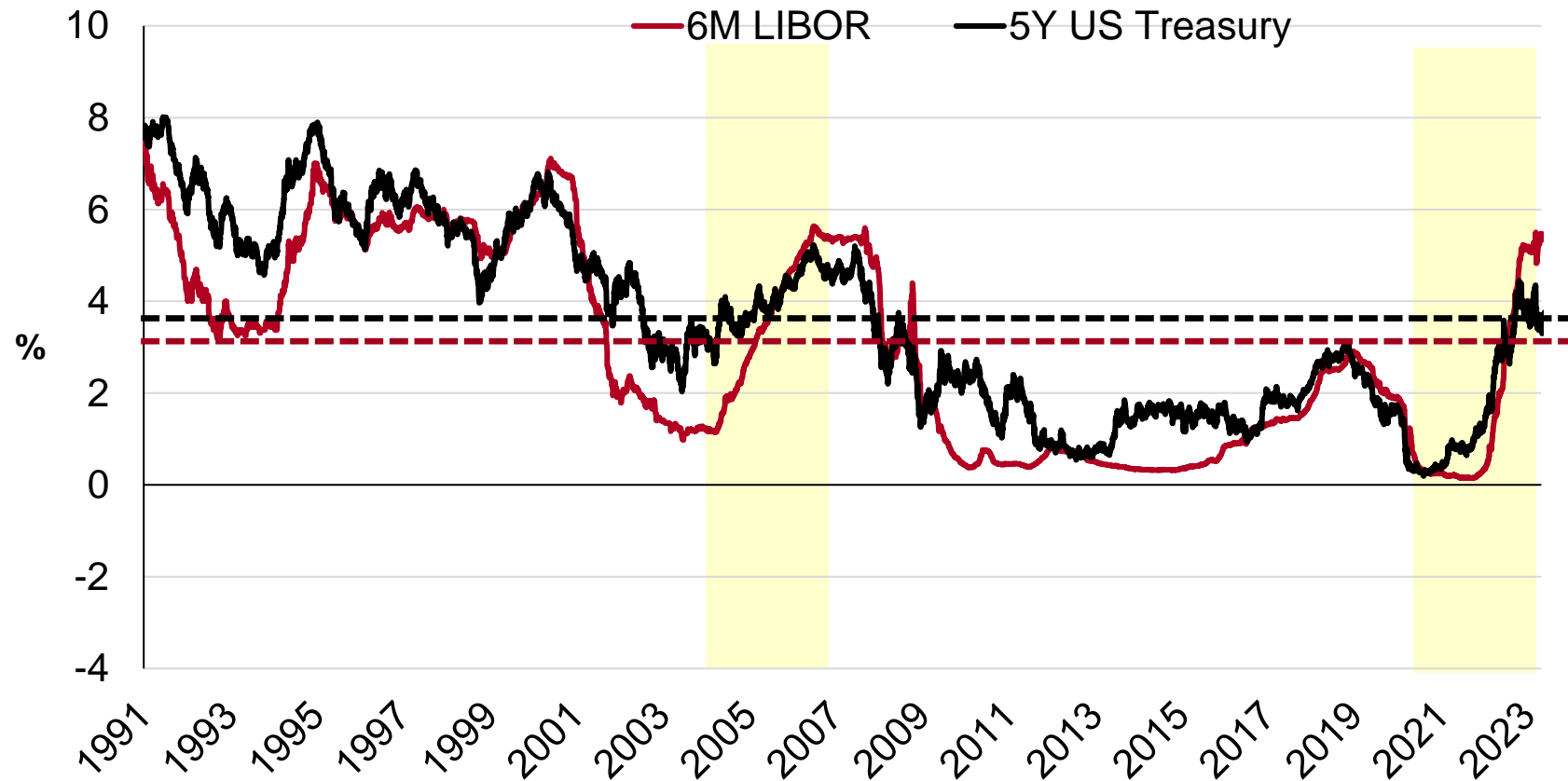


Most rapid short-term interest rate hikes in recent history (+500bps in 1.5 years)

Source: Bloomberg

Low interest rate environment has ended (2)

6M LIBOR and 5Y US Treasury Rates (%)



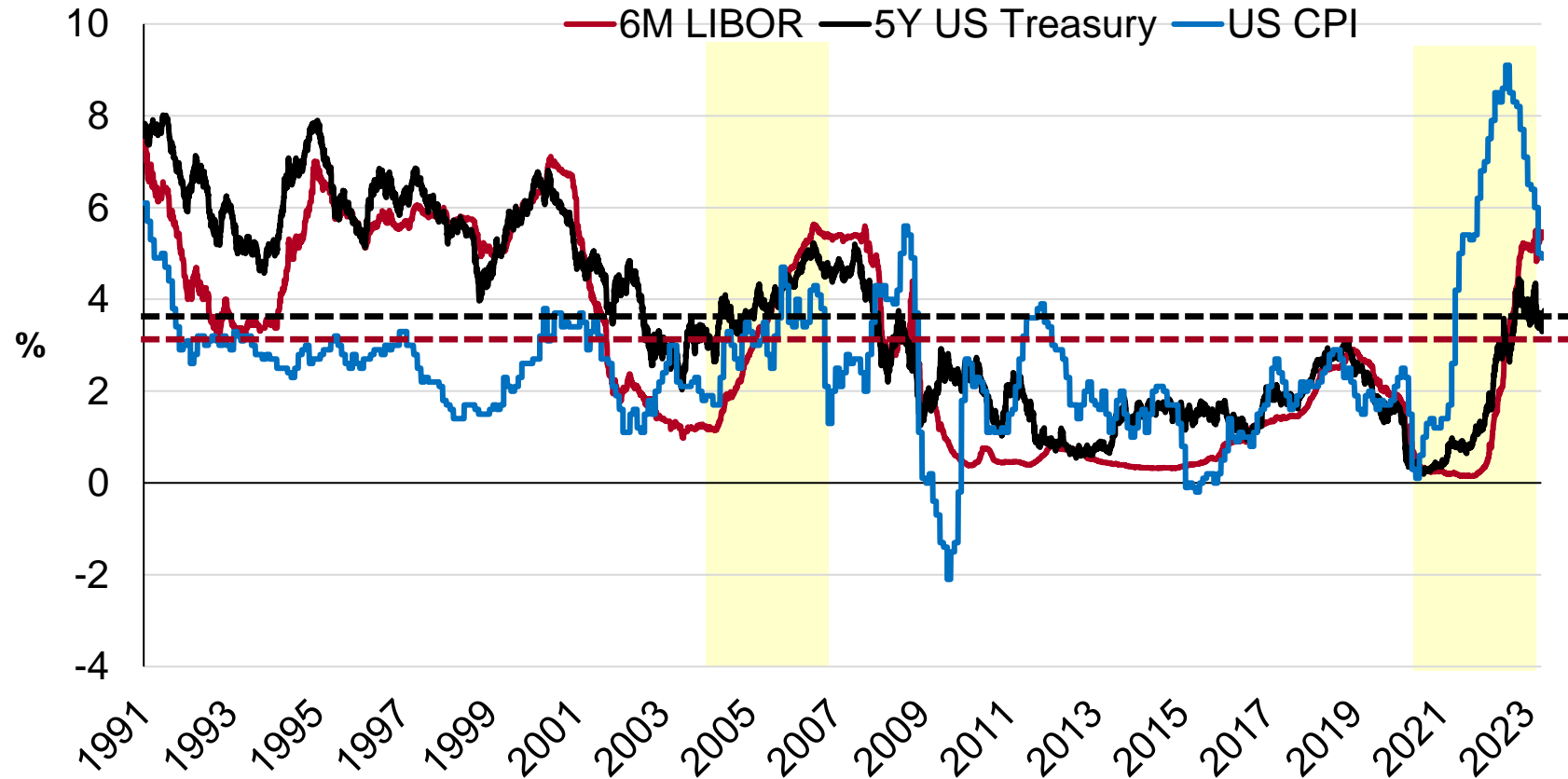
Avg 5Y UST since '91: 3.58%
Avg 6M LIBOR since '91: 2.99%

Pace of rate hikes between 2004-2006 comes close but still not as sharp

Source: Bloomberg (24 May 2023)

Low interest rate environment has ended (3)

6M LIBOR and 5Y US Treasury Rates (%)



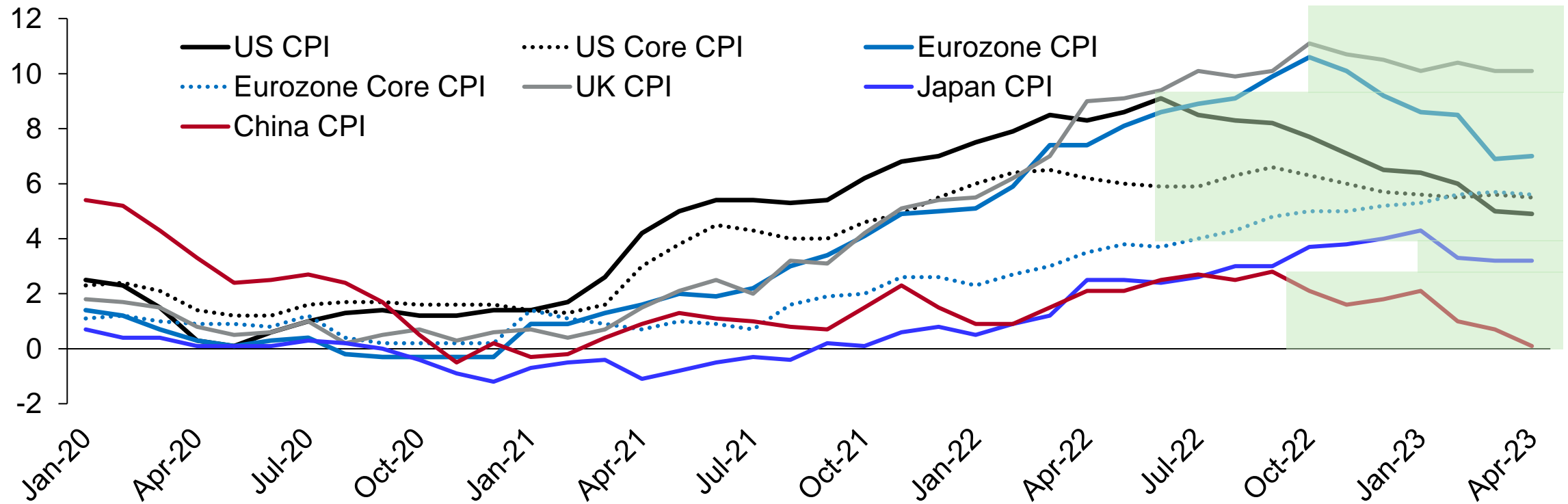
Avg 5Y UST since '91: 3.58%
Avg 6M LIBOR since '91: 2.99%

Pace of rate hikes between 2004-2006 comes close but still not as sharp

Source: Bloomberg (24 May 2023)

Inflation has peaked and is coming down

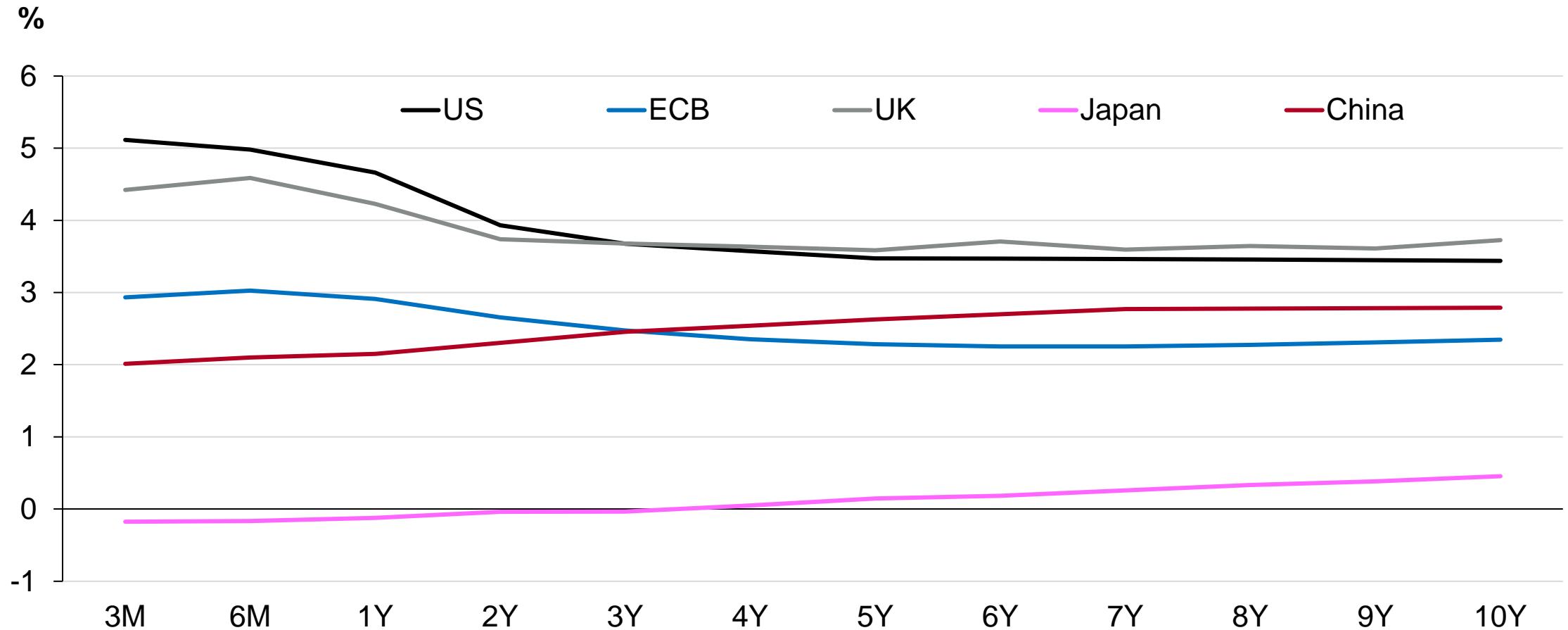
% YoY inflation of major economies
Jan 2020 to Apr 2023



Where will US inflation settle?

Source: Bloomberg

Not all yield curves are inverted

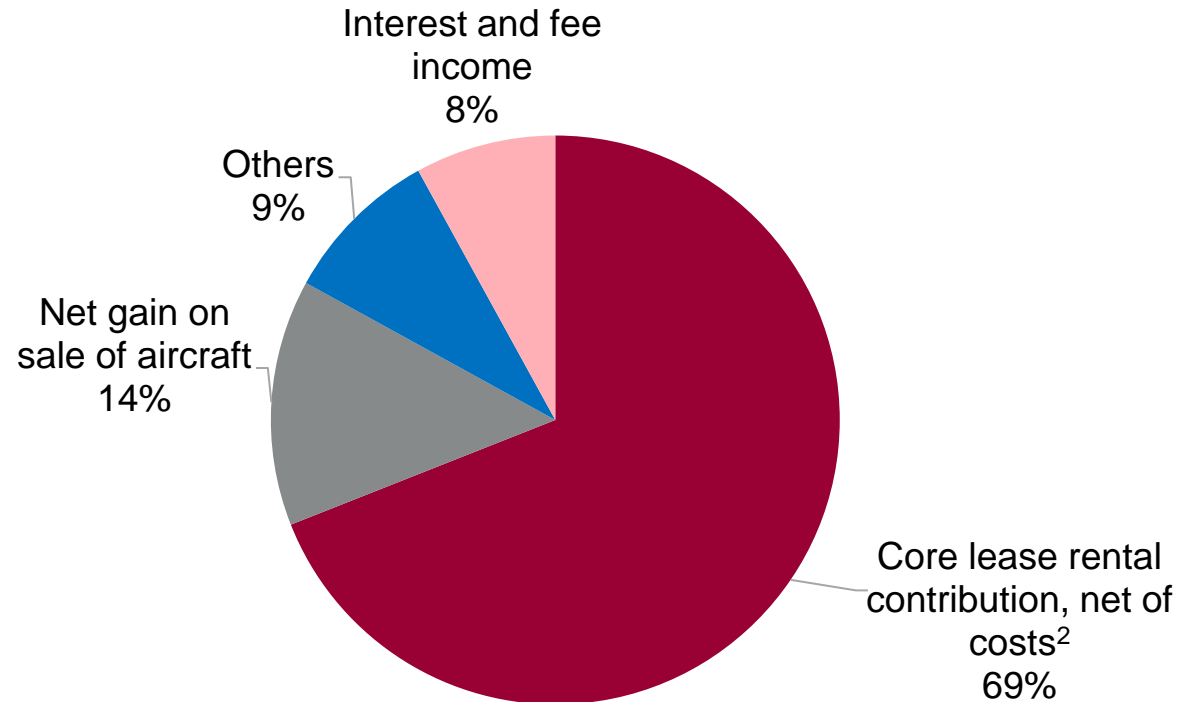


Source: Bloomberg

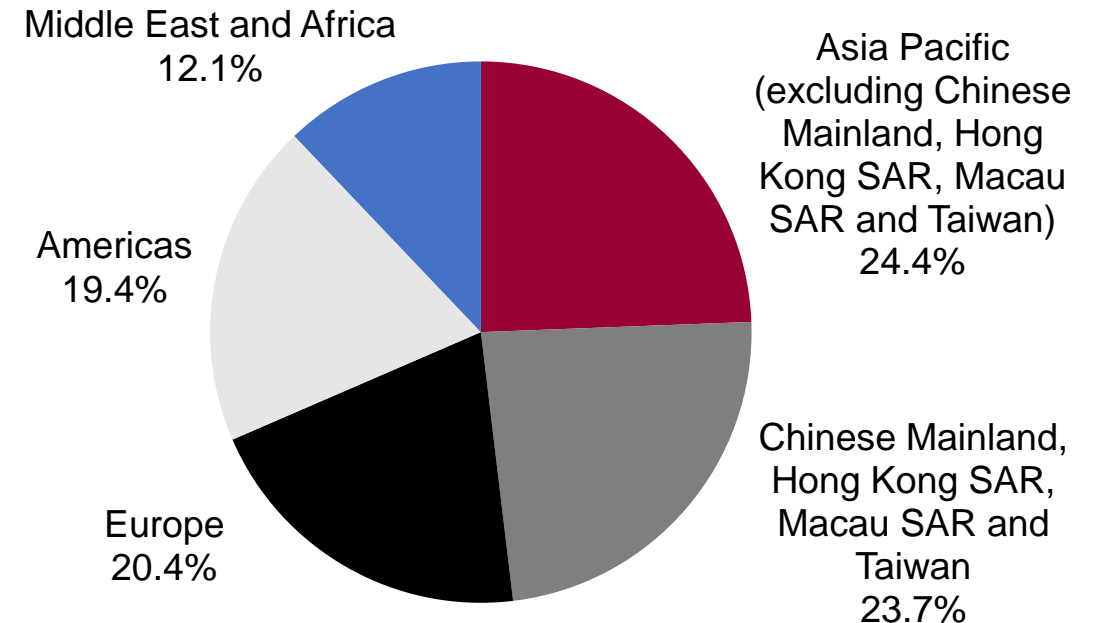
Leasing

Core leasing business propels earnings growth

Profit before tax breakdown¹



Customer portfolio by region^{3,4}



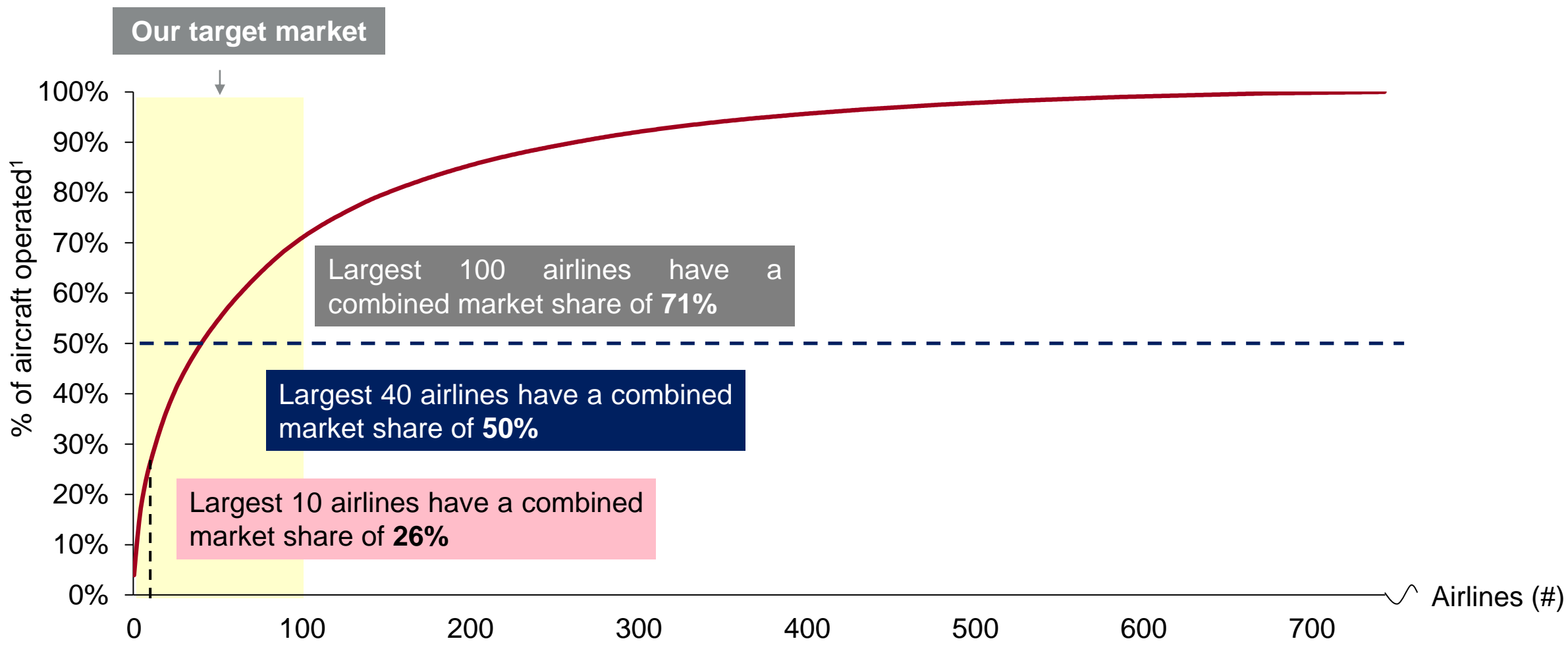
Global coverage through offices in Singapore, Tianjin, London, Dublin and New York

All data as at 31 December 2022 unless otherwise indicated

Notes:

1. 16 years average from 2006 to 2022
2. Calculated as lease rental income less depreciation and finance expenses, amortization of debt issue costs and lease transaction closing costs
3. Based on net book value of aircraft excluding aircraft subject to finance leases and including off lease aircraft
4. Off lease aircraft are allocated to the region of the prospective operator if a lease commitment is in place or to the region of the prior operator if no lease commitment is in place

Customer focus



Focusing the Revenue teams on target airlines

All data as at 31 March 2023
Sources: FlightPath, BOC Aviation Analysis

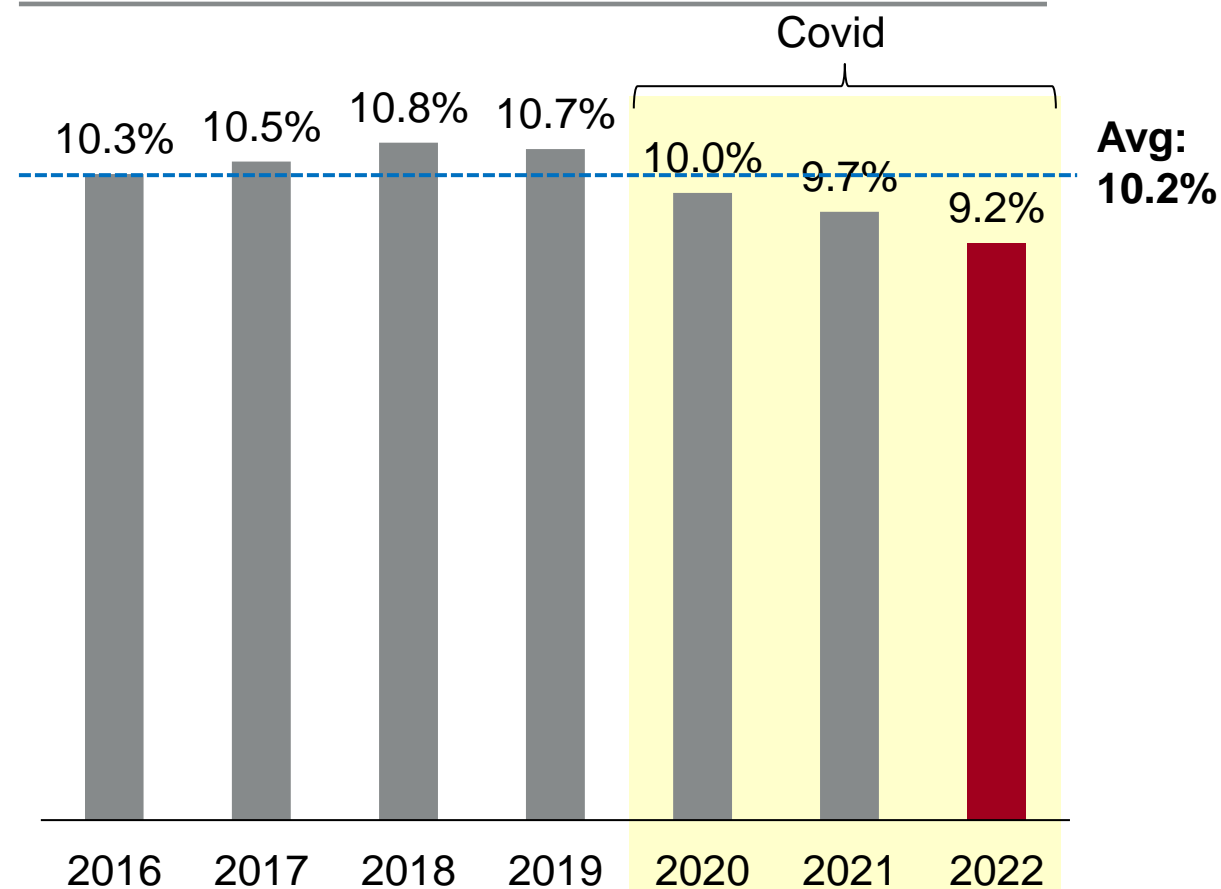
Note:
1. Only commercial aircraft with 100 seats and above

Aircraft placement

Placement committee

- Chaired by Deputy Managing Director and Chief Financial Officer
- Meetings held on a weekly basis
- Focused on aircraft placement-related activities at the best risk adjusted returns:
 - To ensure that new aircraft are placed on time
 - To ensure back-to-back transitions for used aircraft
 - Discussion of new leads and ideas
- 100% of aircraft scheduled for delivery in 2023 are committed for lease
- Creates internal capacity to focus on additional capex

Lease rate factor¹



Lease rate factor bottomed in 2022

Note::

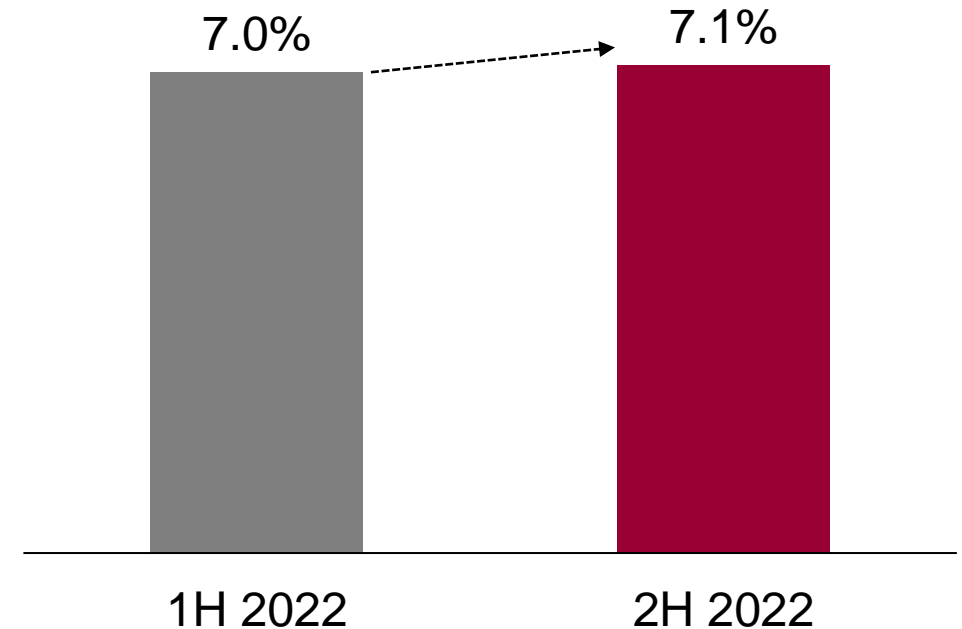
1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%.

Strong focus on net lease yield

Key drivers

- Rising utilisation rate
- Return to portfolio growth
- New deliveries are accretive
- Rising lease rates
- Long-term interest rates past peak

Net lease yield¹

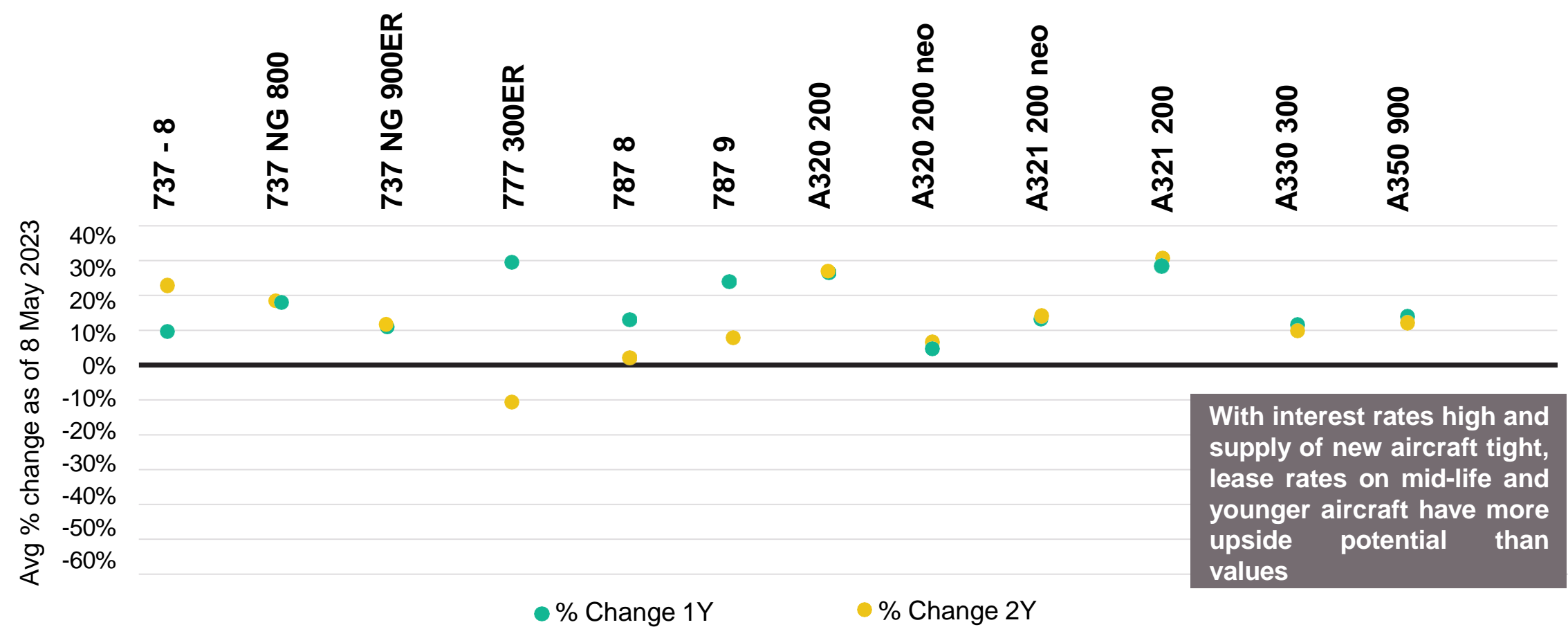


Net lease yield has bottomed

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. Semi-annual net lease yields are calculated on an annualised basis

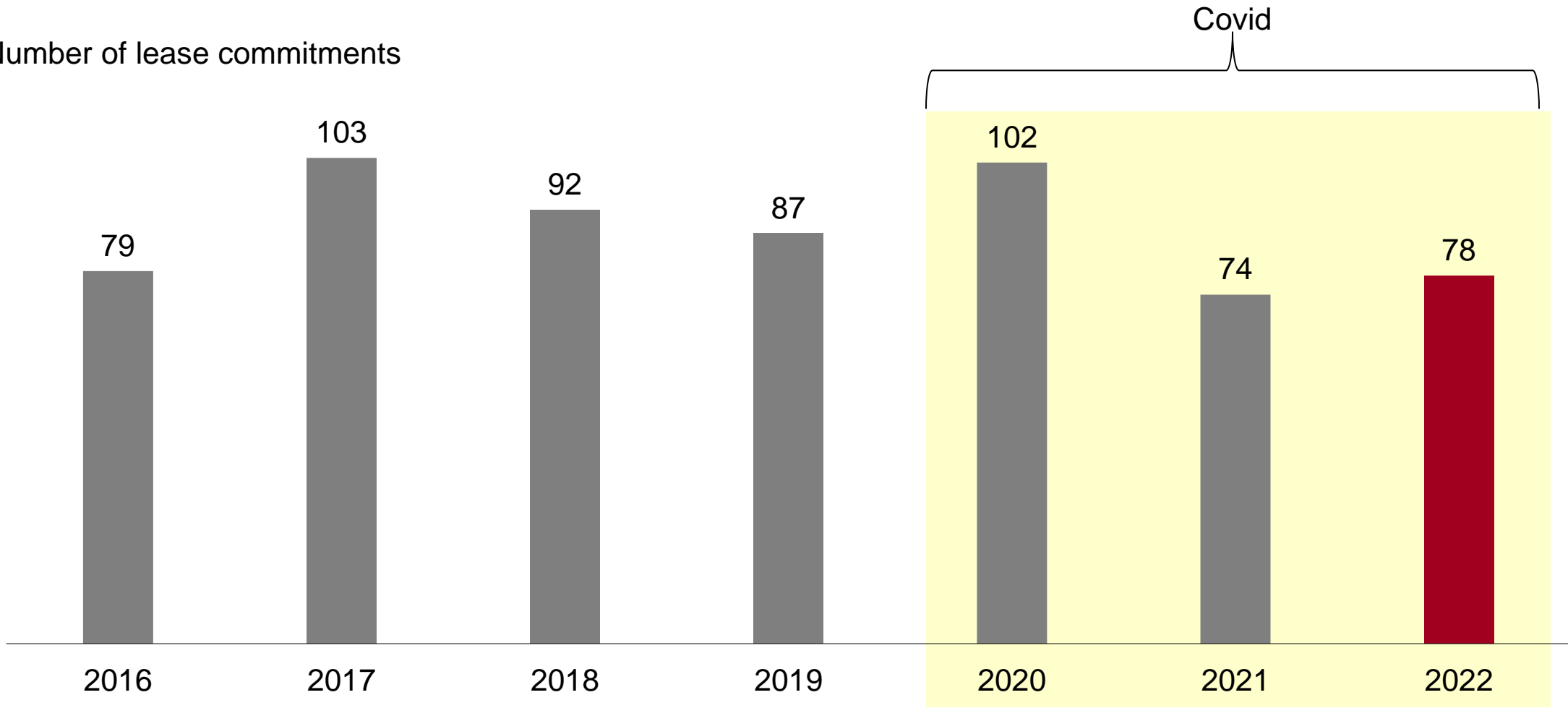
Recovering market lease rates



Source: Ascend Commercial Aviation Monitor (5 May 2023), Cirium Values Analyzer Current Market Lease Rates for top 25 aircraft types by fleet size, as at 8 May 2023 compared to 12, 24 and 48 months prior, on a fleet weighted and constant age basis

Annual leasing activity

Number of lease commitments



Going forward, we are expecting up to 80 new aircraft and 20 aircraft with scheduled lease expiries per year

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

Note:

1. Leases commitments include both owned and managed aircraft

Lease placement – case study

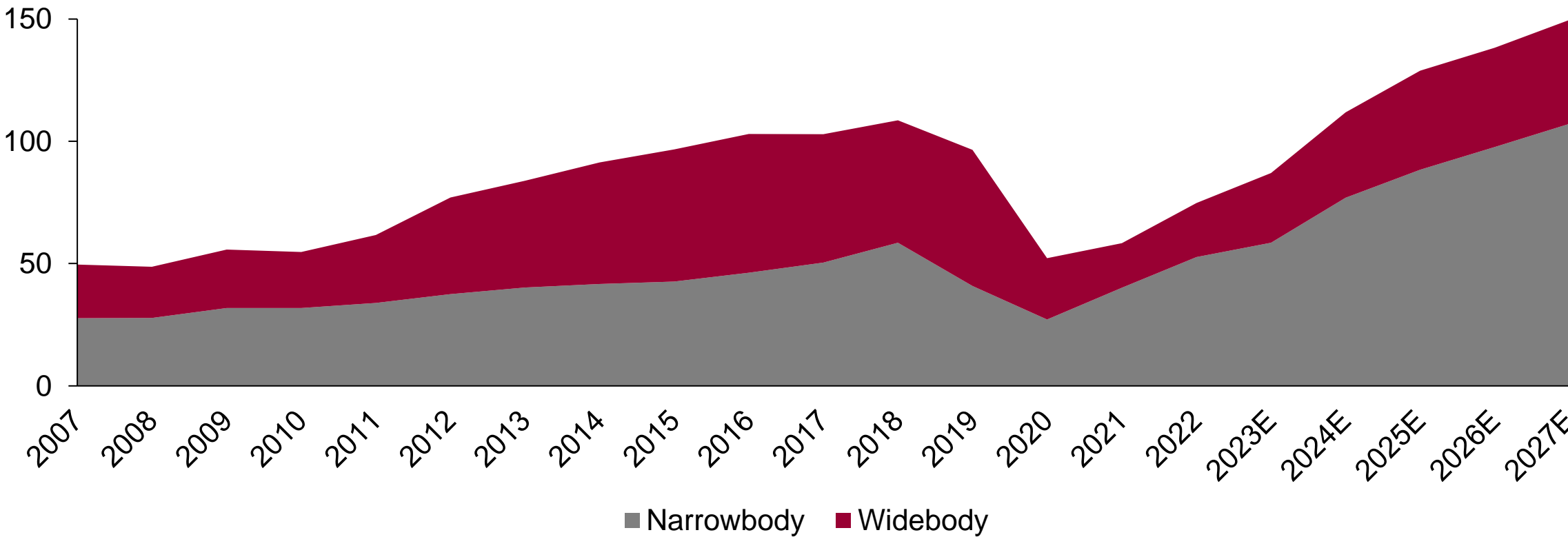
- Demonstrates the importance of scale and agility
- Acquiring and leasing of 11 Boeing 737-8 aircraft to Lynx Air, a new airline customer
 - Based in Canada with the backing of Indigo Partners, one of the world's most experienced and successful airline investors
- The deal took three months to close from negotiation to documentation and funding
 - Delivered the first Boeing 737-8 aircraft to Lynx in April 2023



Awarded 'Americas Lease Deal of the Year' by Airline Economics

Creating opportunities

US\$ billion

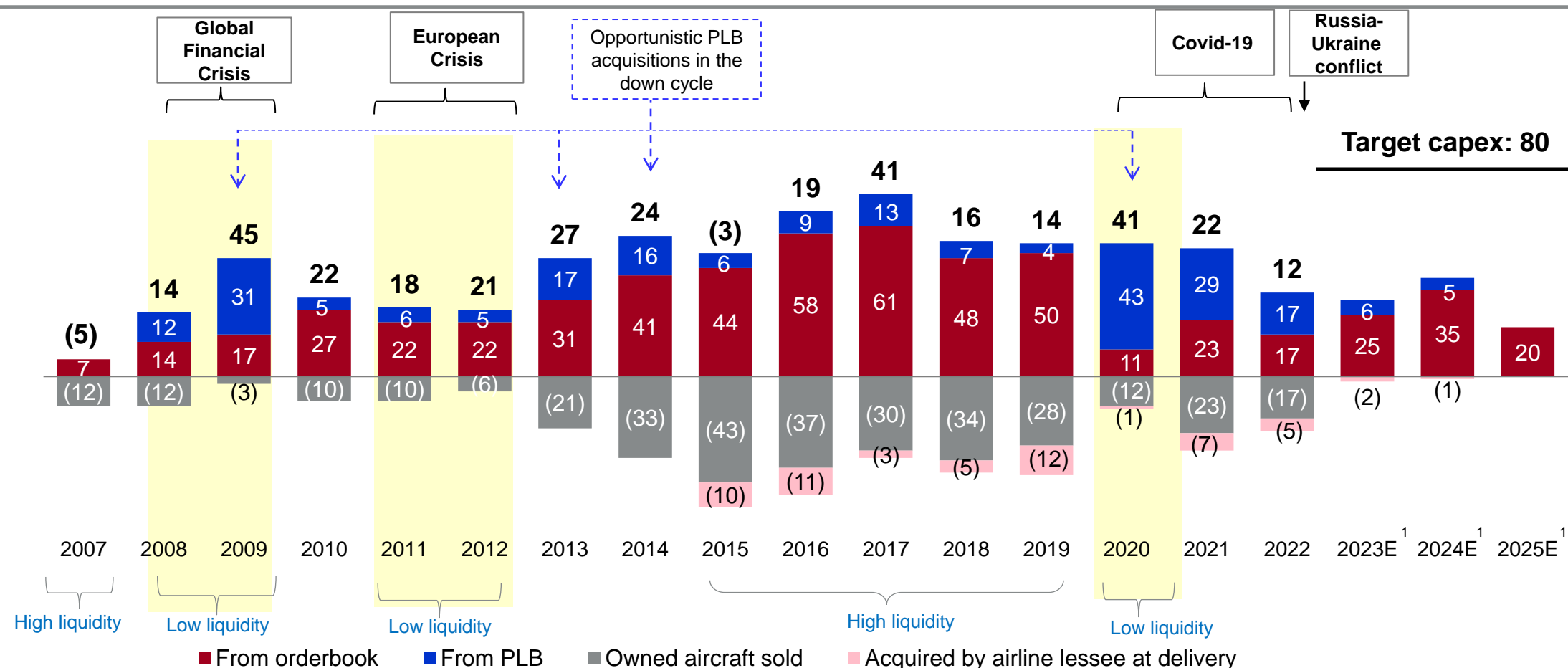


Value of deliveries above 2019 levels in the next four years

All data as at 31 December 2022
Source: BOC Aviation Analysis

How we invest and divest through the cycle

Number of aircraft delivered, purchased and sold



Counter cyclical aircraft investment strategy

All data as at the end of the relevant period

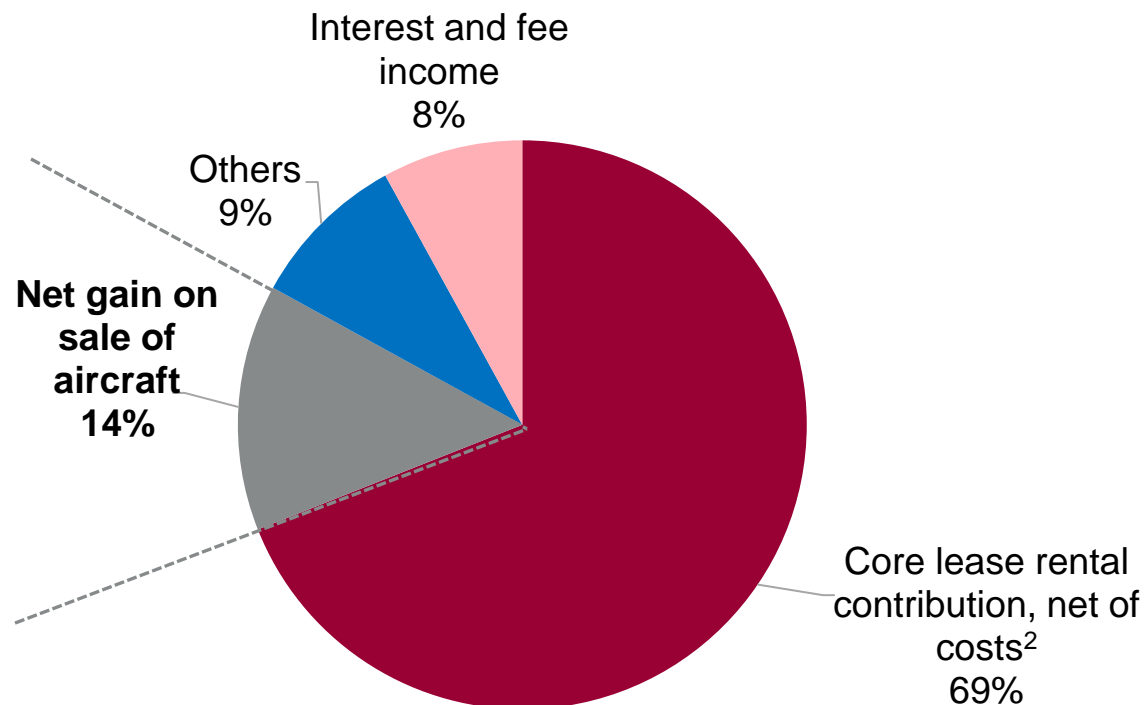
Note:

1. Based on expected delivery schedule and call options exercised as at 15 May 2023. Does not include expected aircraft sales

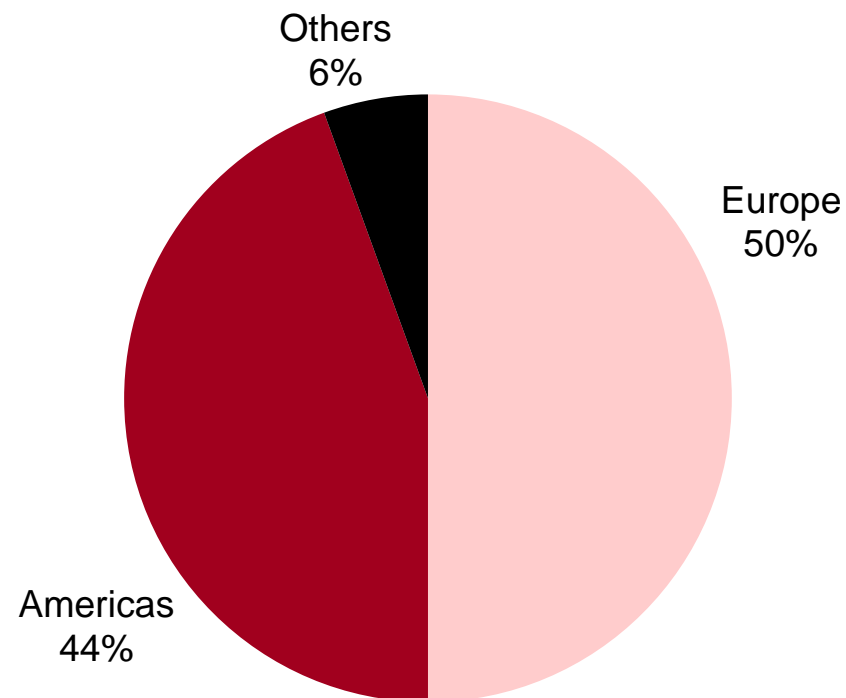
Aircraft sales

Selling aircraft is a core competency

Profit before tax breakdown from 2006 to 2022¹



Transacted counterparties by region³



Sales offices in Singapore, Dublin and New York covering over 300 investors

All data as at 31 December 2022 unless otherwise indicated

Notes:

1. 16 years average from 2006 to 2022
2. Calculated as lease rental income less depreciation and finance expenses, amortization of debt issue costs and lease transaction closing costs
3. Based on number of owned and managed aircraft sold in 2022

Why we divest

- Disciplined approach to weighing lease vs sales
- Risk management
- Portfolio management:
 - Maintain young aircraft age
 - Maintain long lease term remaining
 - Credit risk
 - Aircraft type
 - Underwrite large deals

We sell aircraft to profitably manage the portfolio

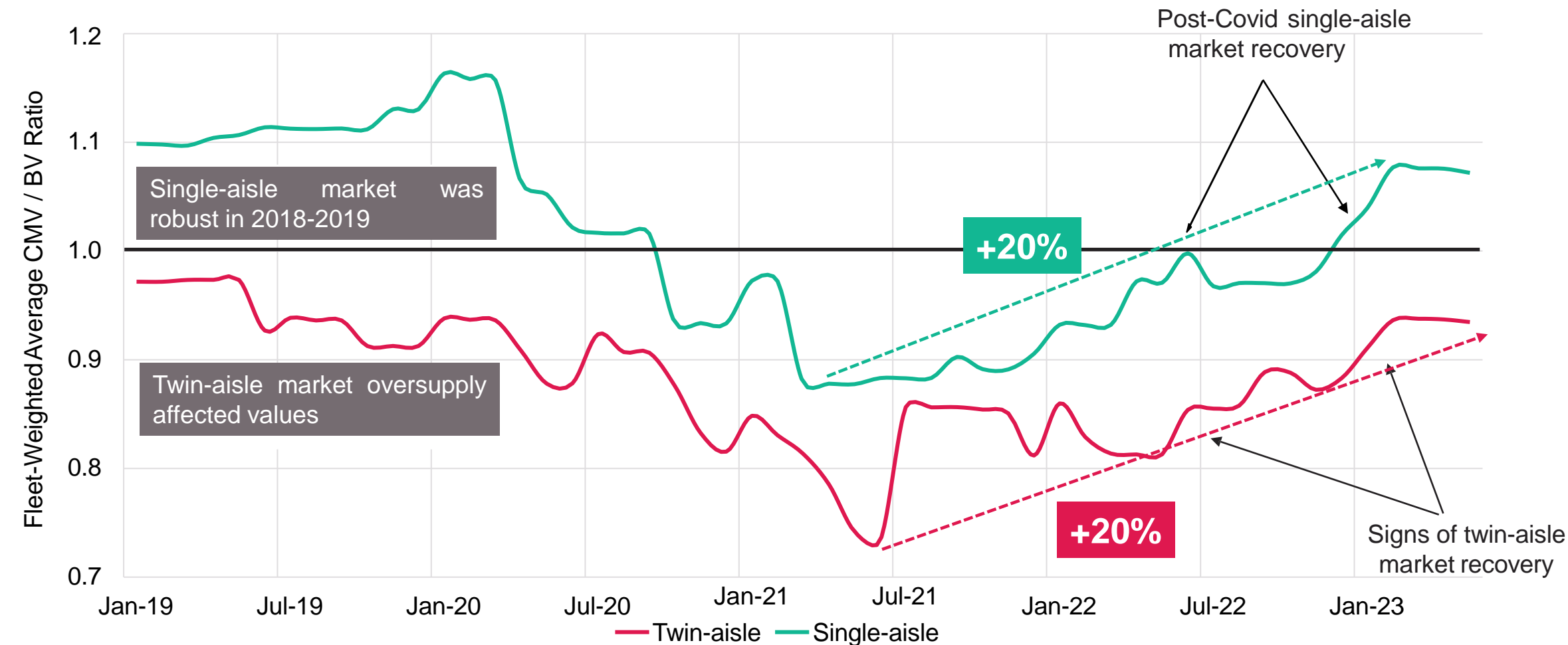
Impact of Inflation

- We have moved from a low-inflation environment to a higher-inflation environment
- This should have a positive impact on aircraft values
- Appraisers are revisiting 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 should lead to greater gains on sales

Aircraft market values rising on tighter supply-demand



MV/BV for narrowbody aircraft at 1.07, widebody aircraft at 0.94

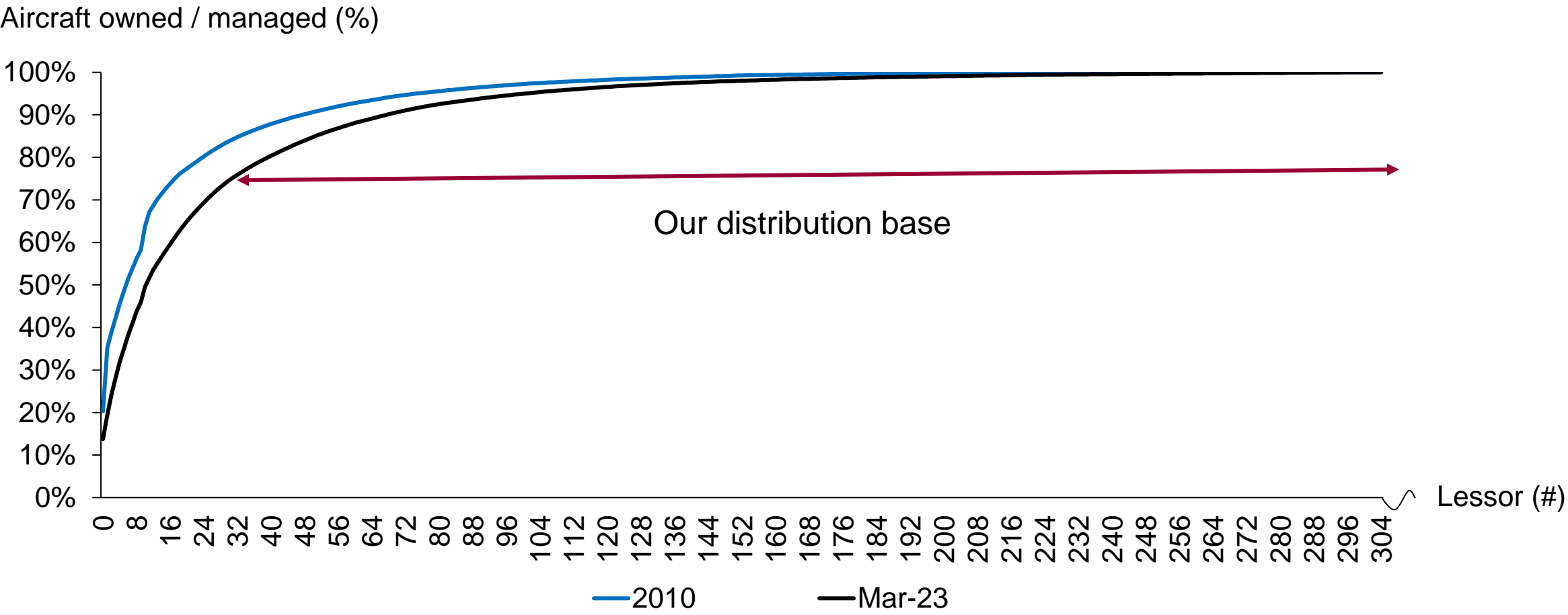
Source: Ascend Commercial Aviation Monitor (5 May 2023), Cirium Values Analyzer, passenger jets only

How we divest

- Global team of 6 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
- Successful sales programme through the cycle

More than 400 aircraft sold to a global investor base

A broad investor market

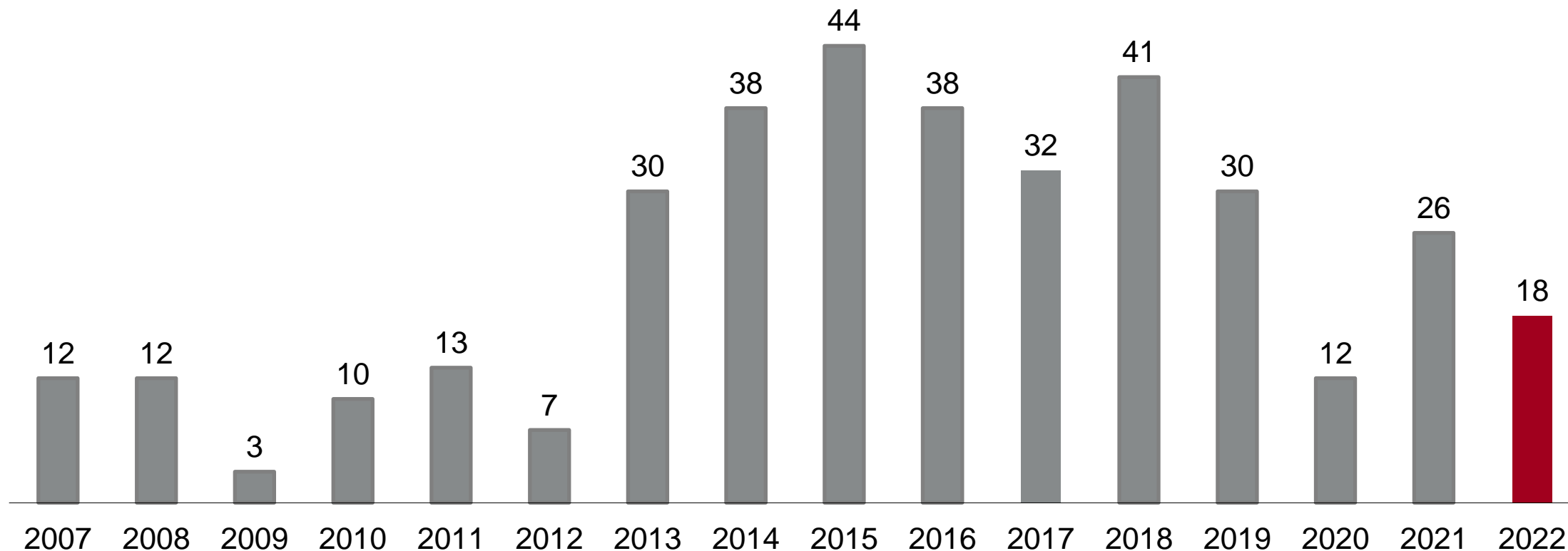


Global placement capabilities

Source: Ascend, as at 31 March 2023, owned and managed aircraft, based on aircraft of 100+ seats. Includes aircraft in-service and in-storage

Aircraft sales track record

Number of aircraft sold

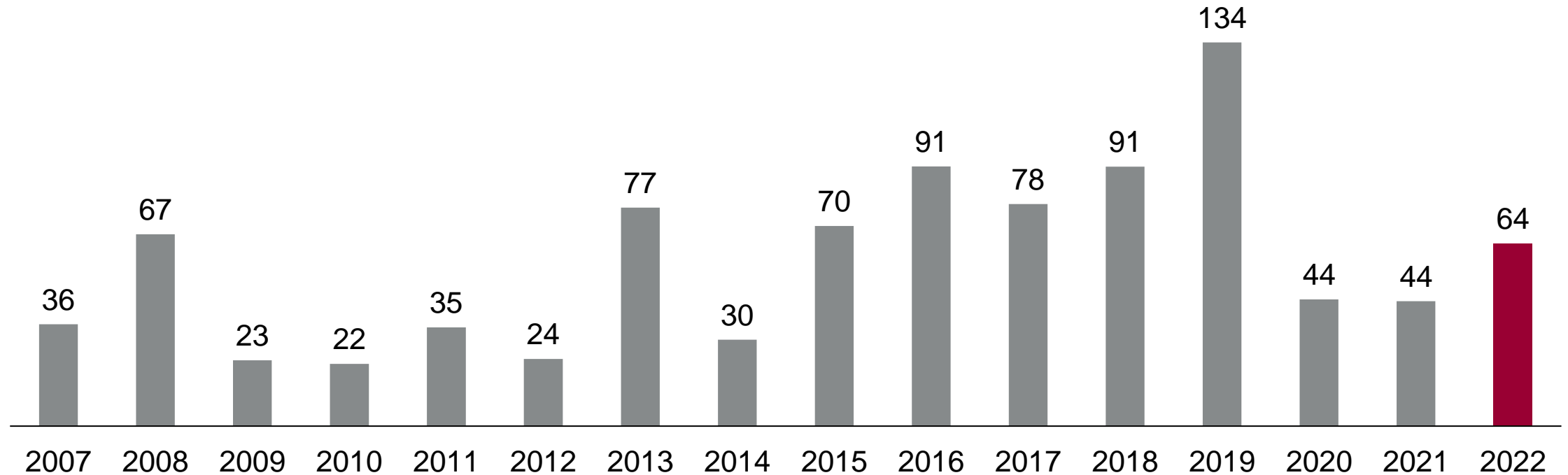


We have sold more than half of the aircraft delivered since inception; fleet age maintained at 4 years

Total portfolio (owned and managed); All data as of 31 December of relevant year unless otherwise indicated

Annual gains from sale of aircraft

US\$ million



We consistently sell aircraft profitably; gains on aircraft sale averaged 9% p.a since 2007

All data as at the end of the relevant period

Aircraft leasing and sales outlook

Factors affecting aircraft leasing and sales	Commentary	Impact
Airline industry growth	<ul style="list-style-type: none"> IATA expects air travel to reach pre-Covid levels by 2024¹ 	Positive
Airline profitability	<ul style="list-style-type: none"> Airline industry is expected to record net profits of US\$4.7 billion in 2023, a US\$12 billion improvement on 2022's earnings² 	Positive
Capacity constraints	<ul style="list-style-type: none"> Supply chain constraints are likely to persist into 2024 With strong demand for air travel, airlines are trying to improve aircraft utilisation and put parked aircraft back into their fleet Seeing increasing demand for lease extensions and used aircraft sales 	Positive
Inflation rates	<ul style="list-style-type: none"> Rising inflation should be good for residual values, which will positively impact aircraft sales proceeds 	Positive
ESG	<ul style="list-style-type: none"> Popular, latest technology aircraft will be in demand with airlines and aircraft investors More than 70% of our owned fleet comprised latest technology aircraft 	Positive

Positive outlook for aircraft leasing and sales underpinned by robust airline industry growth

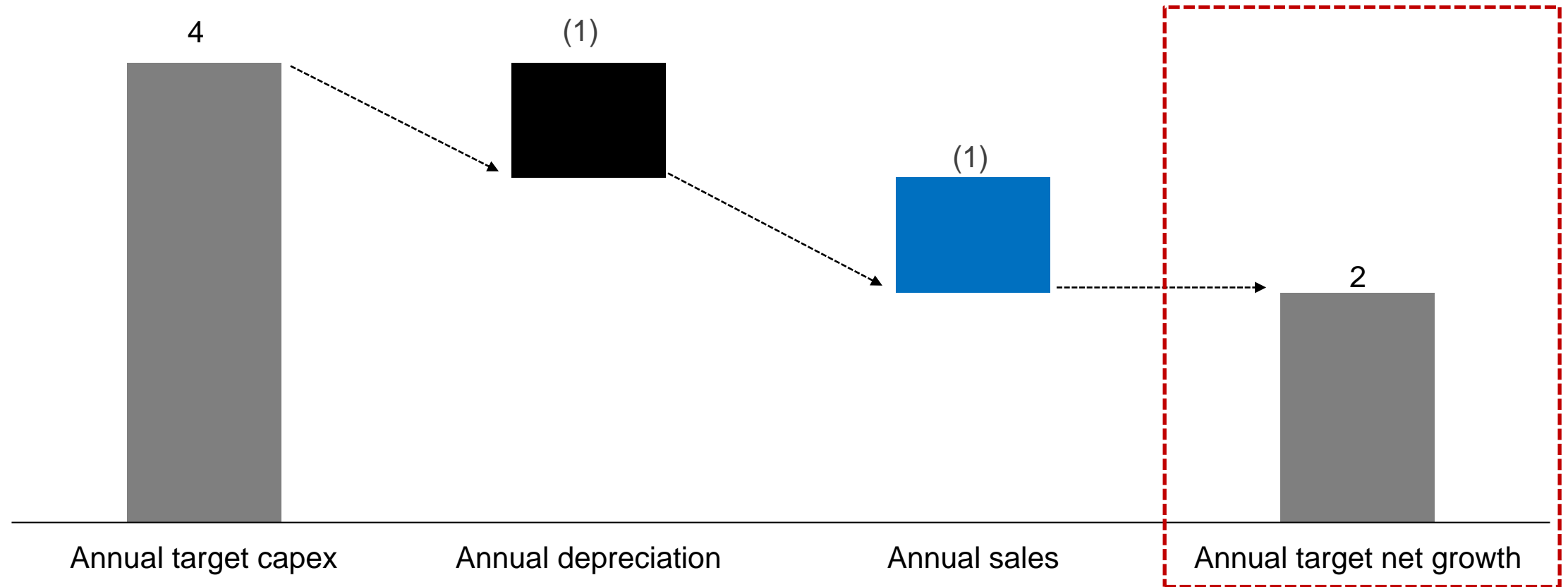
Sources:

1. IATA Sustainability & Economics Q1 2023 (Quarterly Air Transport Chartbook)
2. Airlines Cut Losses in 2022; Return to Profit in 2023 (IATA, 6 December 2022)

Summing it up: Creating shareholder value

Long-term sustainable growth (1)

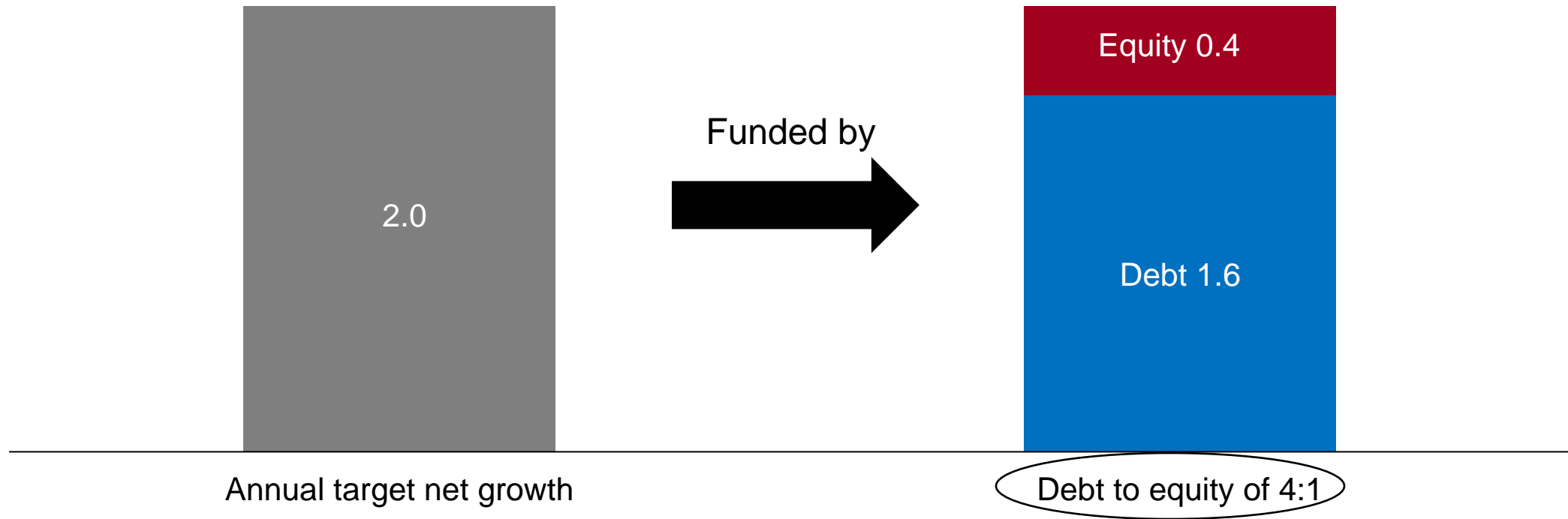
US\$ billion



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

Long-term sustainable growth (2)

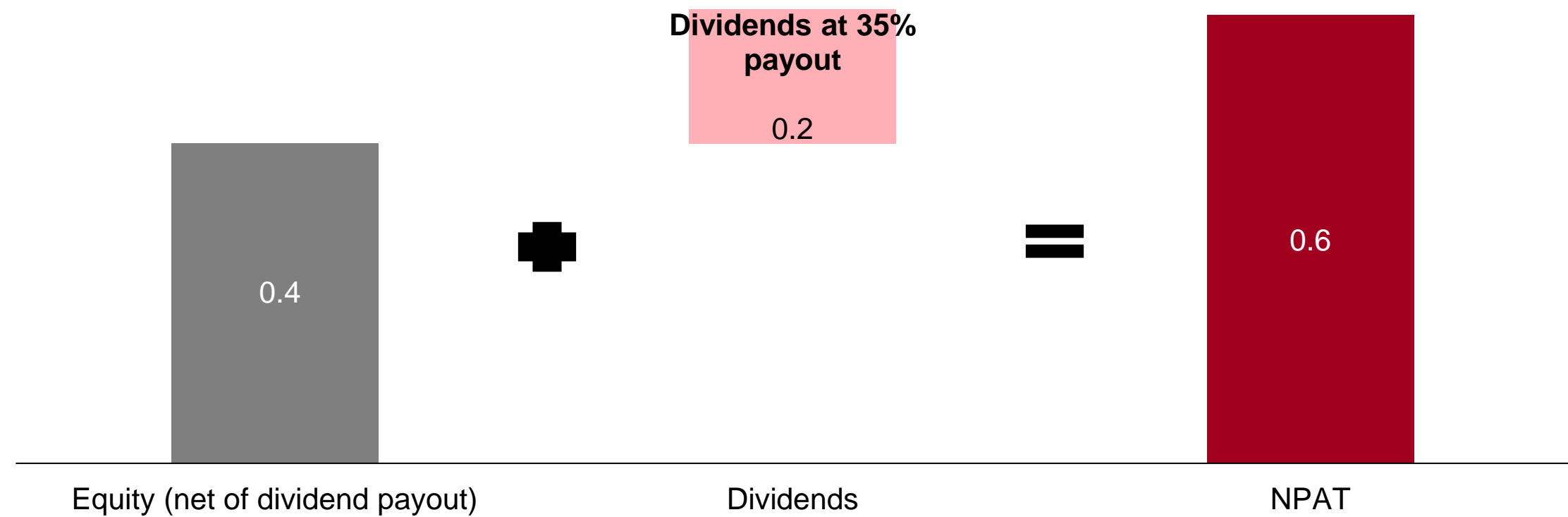
US\$ billion



Growth funded by equity and debt

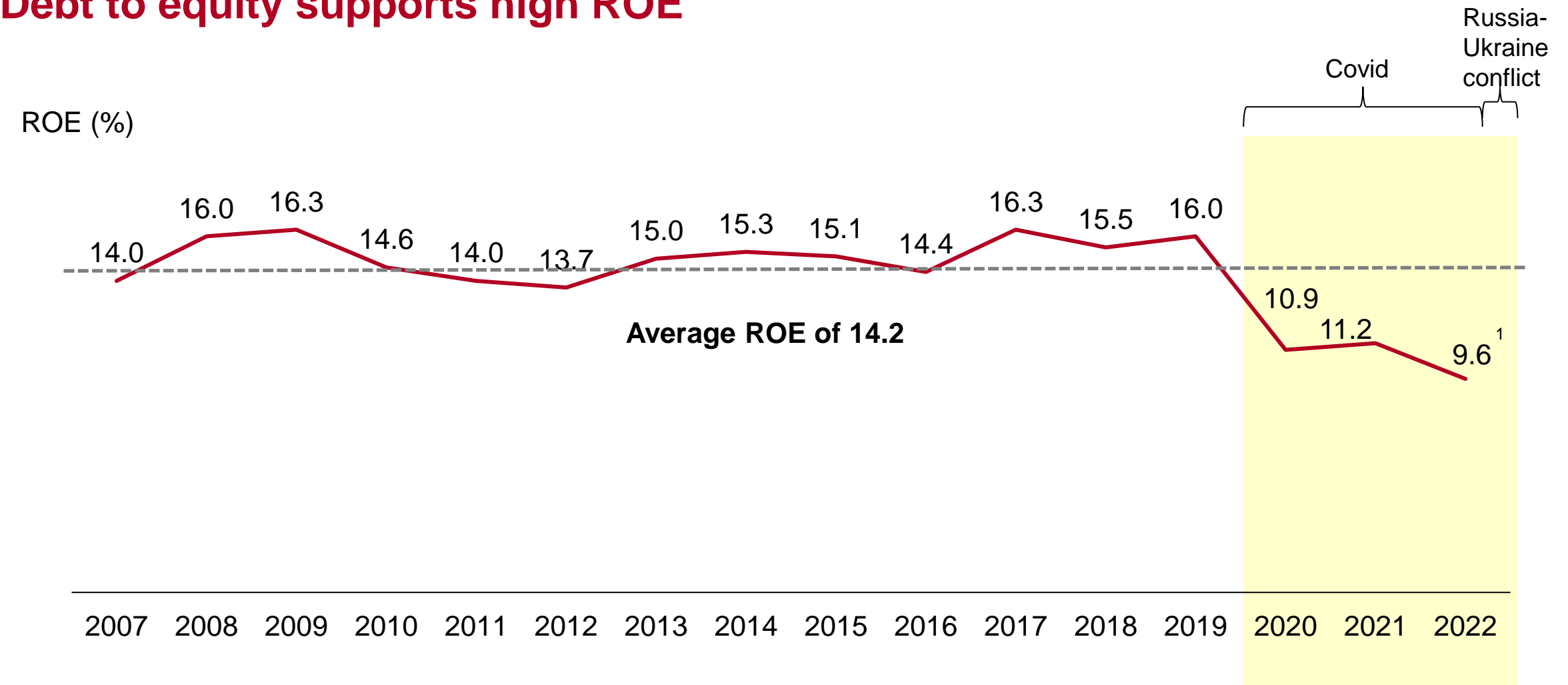
Long-term sustainable growth (3)

US\$ billion



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

Debt to equity supports high ROE



ROE has bottomed

All data as at 31 December 2022

Note:

1. Computed based on core NPAT, which excludes the net impact of aircraft in Russia

Conclusion

- Robust air travel growth will further drive demand for aircraft leasing and sales
- Operating cashflow net of interest is an important source of funding
- Selling aircraft profitably is a key competency developed over the last 30 years
 - Sold more than half of the aircraft delivered
 - Our fleet is one of the youngest in the industry
- Focus on improving net lease yield and ROE
- Aircraft leasing and sales contribute to retained earnings to support target balance sheet growth

Focus on achieving target balance sheet growth

Talent strategy – building a world class team

Angela Ng
Chief People Officer

Angela Ng

Chief People Officer



- 30 years of experience in banks, sovereign wealth fund and government-affiliated company, with expertise ranging from policy, recruitment, compensation, global mobility to digital HR
- Joined BOC Aviation in 2022
- Leads all global talent acquisition and development

Social & Governance : the 'S' and 'G' of ESG

Focusing on 'S' and 'G'

Social

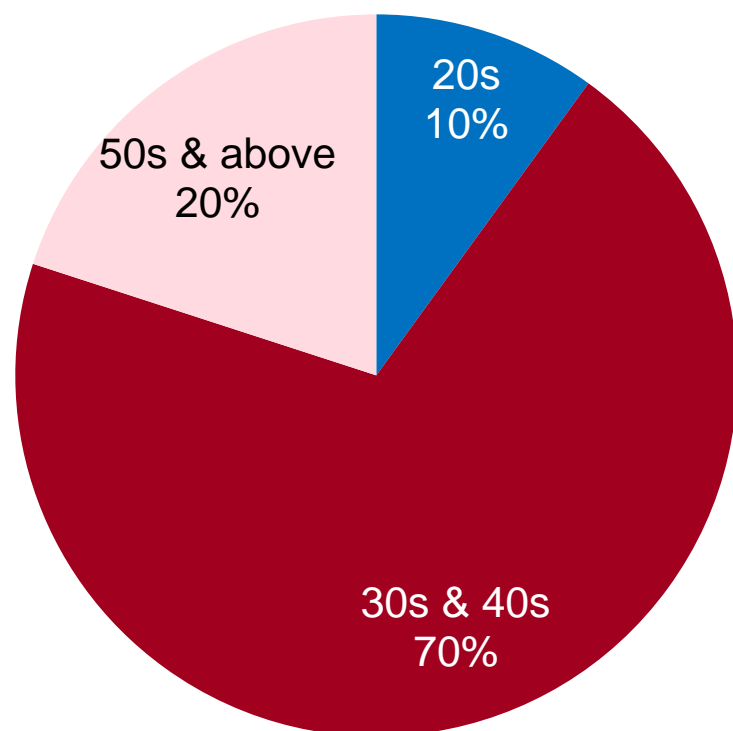
- **Supports Airlink** and other global and local NGOs
- **1,300** volunteer hours in local communities
- **More than 4,200** training hours across the company
- **50%** female representation in the workforce
- **20** nationalities across five offices

Governance

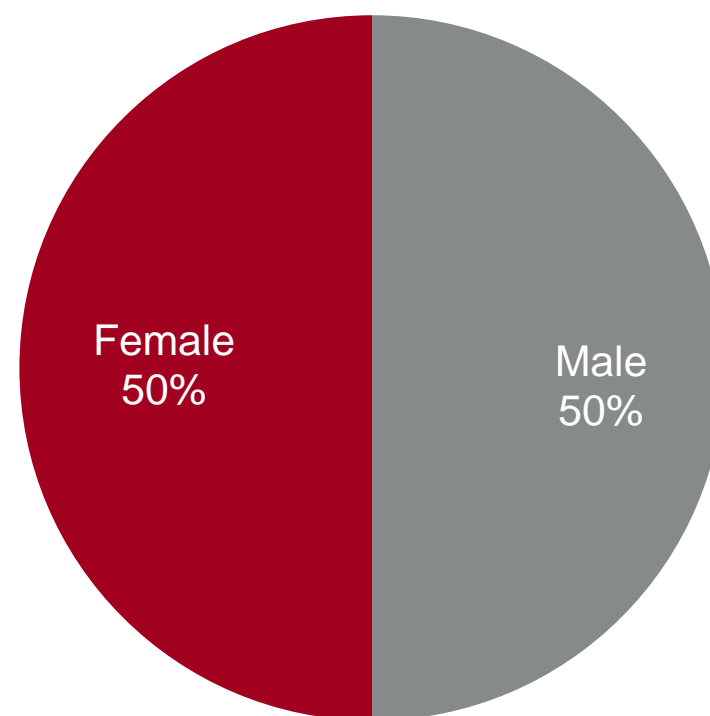
- **Three** female Board of Directors out of 11
- **Three** nationalities on the Board
- **30%** females in the management team
- **Nil** regulatory breaches
- **100%** completion of compliance training

Social - our people

Workforce by age group



Equal gender representation

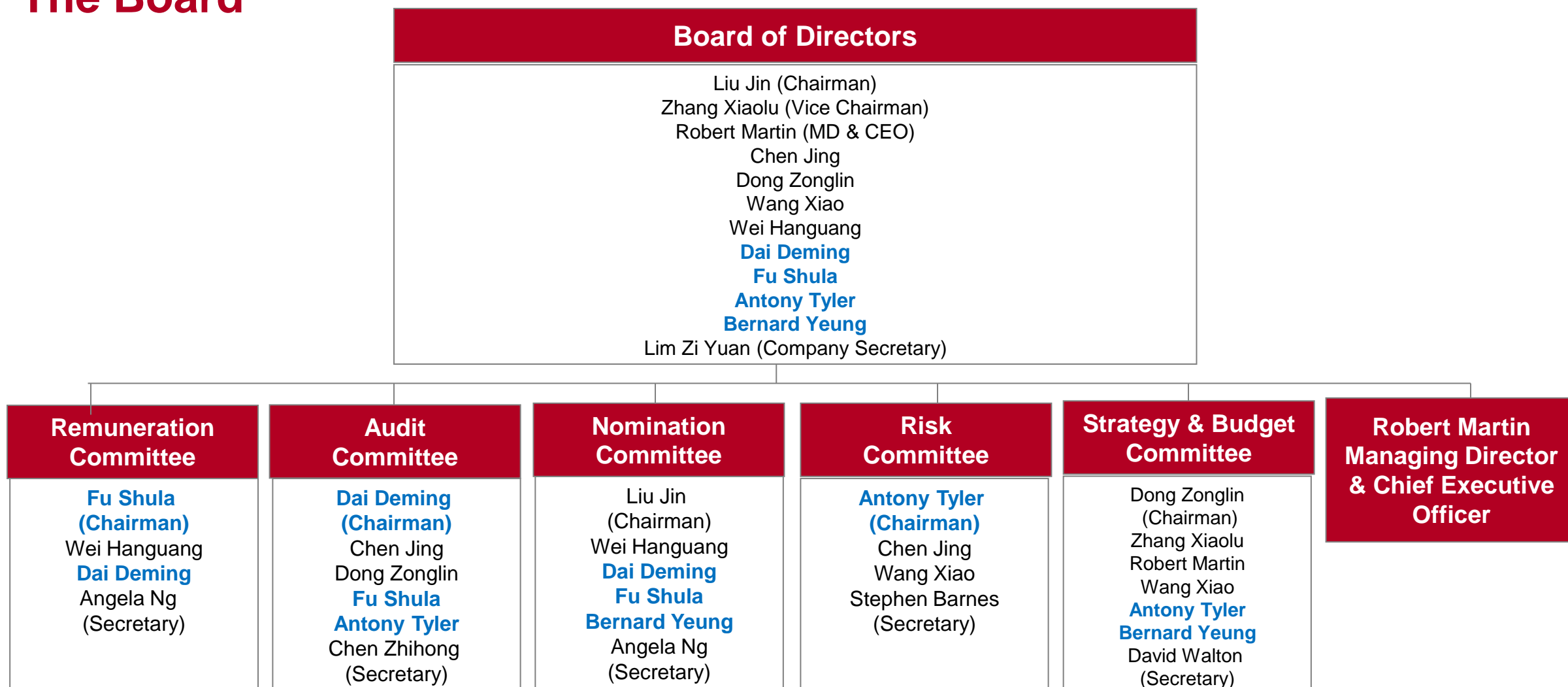


194 employees representing 20 nationalities

Governance - the Board & work committees

- Board
 - 3 female Board of Directors out of 11
 - 3 nationalities on the Board
- Structured Delegation of Authority by Board
 - 5 sub-committees: Remuneration, Audit, Nomination, Risk, Strategy & Budget
- 11 internal management committees
 - Focus on executing strategy
- Subsidiaries Oversight Committee
 - Oversees all subsidiaries matters
- Departments
 - Each has its functional policies and procedures

The Board



Celebrating our 7th year as a listed company on 1 June 2023

Independent non-executive directors



Mr. Dai Deming

- Chairman of Audit Committee; member of Remuneration and Nomination Committees

- Appointed in May 2016
- Currently an INED of:
 - Power Construction Corporation of China, Ltd
 - Poly Developments and Holdings
 - China Great Wall Securities Co., Ltd
- Obtained a Doctorate degree in Economics (major in Accounting) from Renmin University of China in Jun 1991



Mr. Fu Shula

- Chairman of Remuneration Committee; member of Audit and Nomination Committees

- Appointed as an independent Director in Feb 2011 and redesignated as an INED in Mar 2016
- Currently an INED of:
 - Besunyen Holdings Company Limited
- Graduated with a Master's degree in Aero Engine Design from Northwestern Polytechnical University in the PRC in Jul 1984



Mr. Antony Tyler

- Chairman of Risk Committee; member of Audit and Strategy & Budget Committees

- Appointed in May 2016
- Currently an INED of:
 - Bombardier Inc.
 - Trans Maldivian Airways
 - Qantas Airways Limited
- Director General and CEO of IATA from 1 July 2011 to Sep 2016
- Executive Director of Cathay Pacific from Dec 1996 to Mar 2011 and the CEO from Jul 2007 to Mar 2011
- Graduated with a degree in Jurisprudence from Oxford University in the UK in Jul 1977



Dr. Bernard Yeung

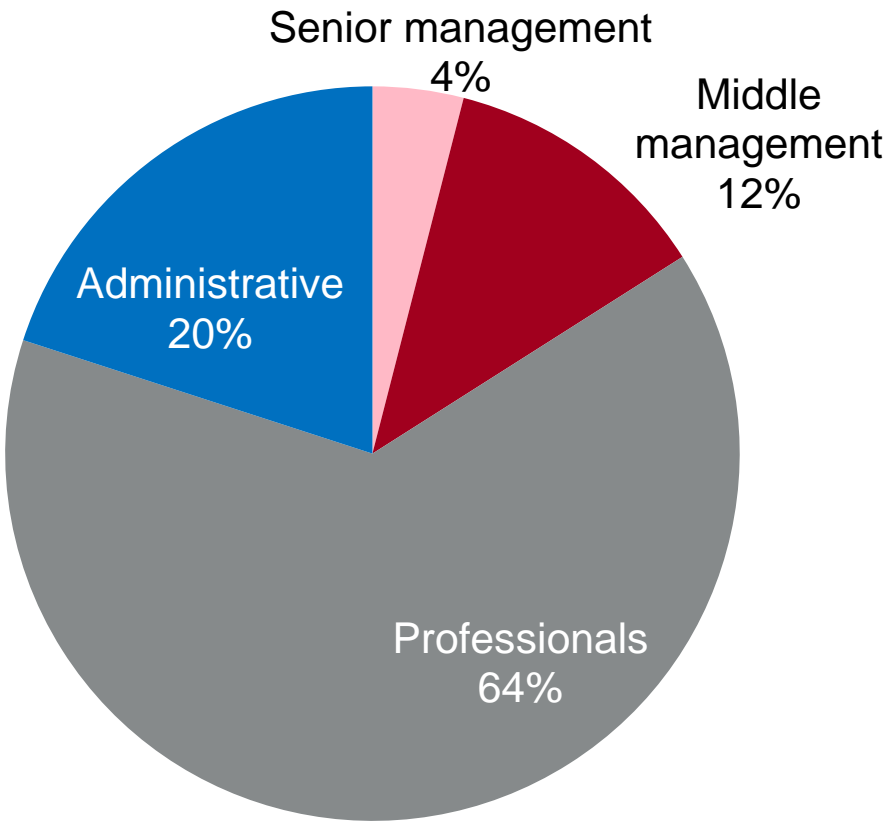
- Member of Nomination and Strategy & Budget Committees

- Appointed in Dec 2016
- Stephen Riady Distinguished Professor in Finance & Strategic Management at the National University of Singapore (NUS) Business School
- Was Dean of the NUS Business School from Jun 2008 to May 2019
- Awarded a MBA and a Doctor of Philosophy by The University of Chicago in Dec 1981 and 1984, respectively

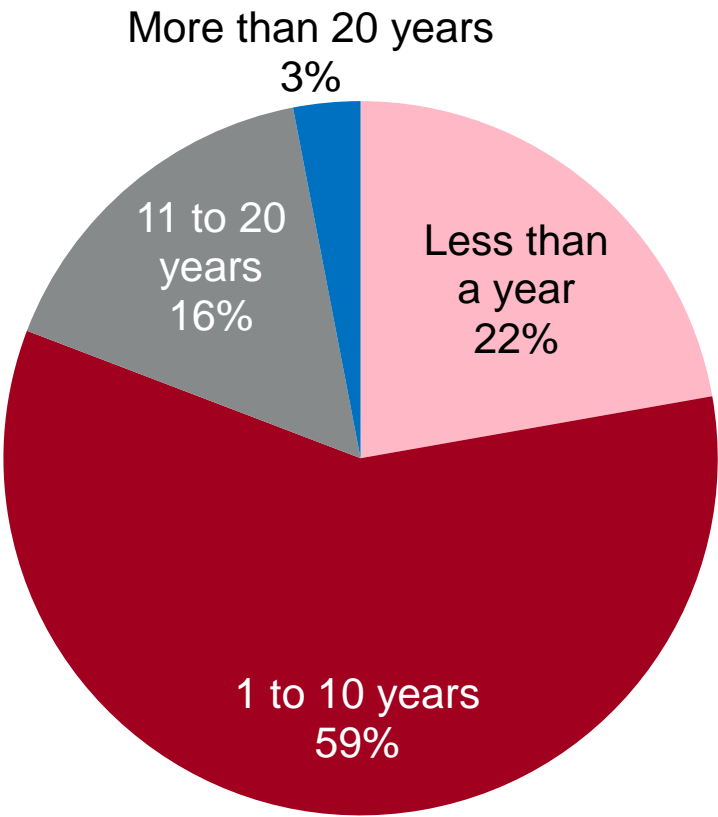
Independent directors from diverse backgrounds bring experience and different insights

Governance - our organisation

Structured organisation



Dedicated and experienced workforce



A growing Company

Talent acquisition & development

Our talent strategy

Developed in 2019 to build talent pipeline to strengthen organizational capabilities.

Attract

- Through competency-based assessments and with the right culture fit

Identify

- Identifying talent through differentiated indicators by recognizing performance and potential

Develop

- Developing roadmaps and career paths

Retain

- Continuous engagement, market competitive pay structures and deferred incentive schemes

Succession

- Of defined leadership and mission-critical roles within the Company

Well defined talent strategy

Our success stories

Leadership renewal

- 2021: 3 new appointments
- 2022: 6 new appointments
- 2023: 3 new appointments

Talent rotations

- 2021: 32 rotations
- 2022: 20 rotations
- 2023: 10 rotations

Committed to identifying and developing future leaders with broad experience

As at April 2023

Building a world class team



Building and maintaining a world class team

Conclusion

- Our talent strategy builds a strong talent pipeline to strengthen our business
- Proactively manage our talent pipeline to advance employees in their careers
- Aligned with shareholders through compensation plans
 - Short-term cash based incentive is based on achieving KPIs (including ROE and NPAT) on the corporate scorecard
 - 100% of long-term incentive based on NPAT, paid in restricted share units (RSUs)
 - These long-term RSUs are held by a trustee for up to four years

Alignment of compensation with shareholders

Building the balance sheet and managing a growing portfolio

Tom Chandler
Deputy Chief Operating Officer

Tom Chandler

Deputy Chief Operating
Officer

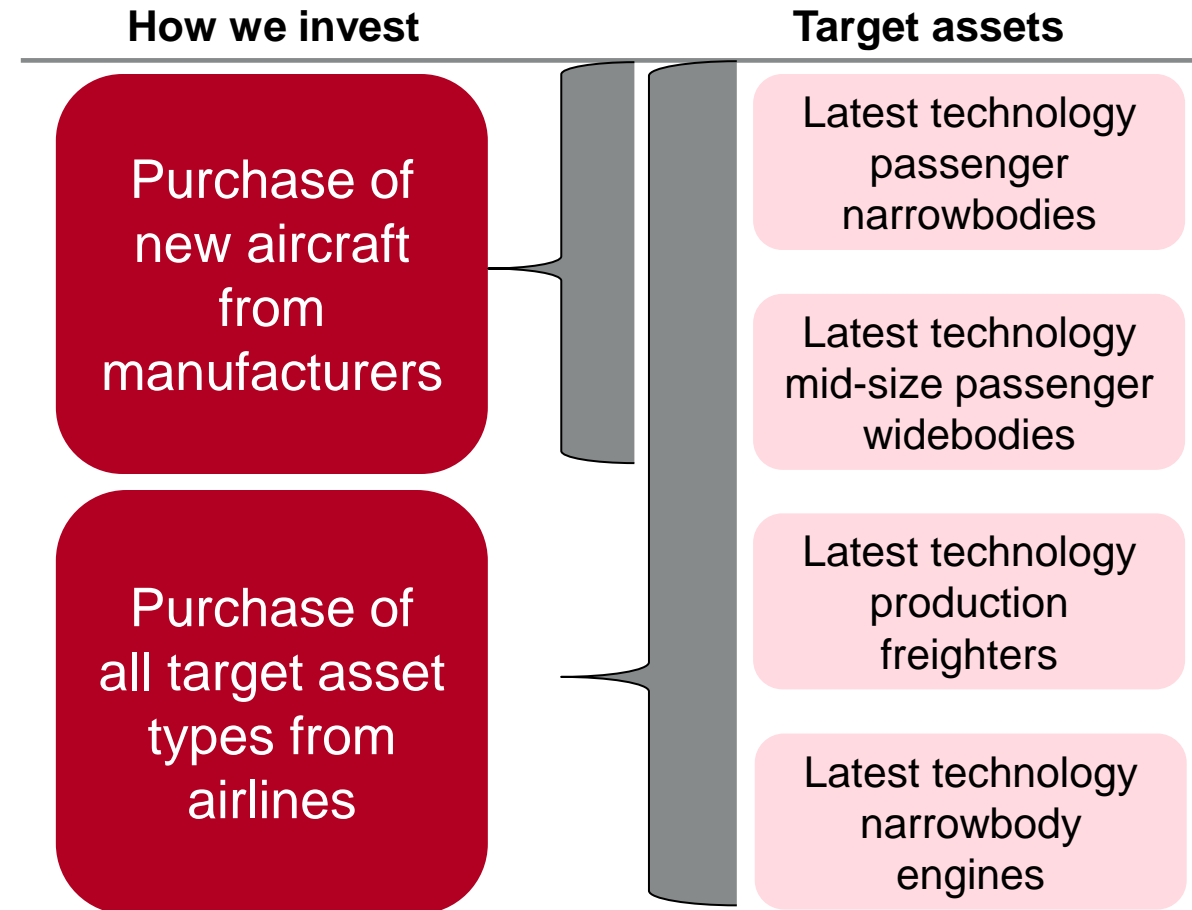


- 25 years of airline, legal and banking experience working with diverse international teams closing numerous high value aircraft purchase and leasing transactions in the process.
- Joined BOC Aviation in 2023 after 14 years at TUI Group responsible for aircraft fleet strategy, specification, procurement, finance & leasing and sales
- Leads Procurement, Technical, Legal & Transaction Management and Information Technology departments

Building the balance sheet

Business model drives investment strategy

- Our business model is built to produce long-term, sustainable earnings
 - Long-term OEM and airline 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
 - Proactive lease management from deal inception to divestment to safeguard asset values
 - Buying well, leasing well, and selling well and a low cost of debt drive consistent profitability
 - Identifying opportunities in market with ability to execute and fund deals rapidly



Investment strategy designed to produce long-term sustainable earnings

Our investment process

- Investment opportunities generated by revenue leaders and senior management
- Investment decisions are consistent with the long-term financial plan approved by the Board and monitored in the Strategy & Budget Committee
- Investment opportunities drives investment priorities and decisions
- Individual transactions are reviewed in the multi-functional transaction committees
- Every investment decision is based, in part, on the future divestment plan
- Market intel, experience, and strong relationships with stakeholders are key to the process

Board Level Subcommittee

Strategy & Budget Committee

Strategic Management Committee

Investment Committee

Transaction Management Committee

Revenue Committee

Placement Committee

Procurement Committee

Frontline Revenue Team

Our investment process draws heavily on input from multifunctional teams

Comprehensive suite of product offerings

Core product since inception

Operating Lease

Large OEM orders for new-technology aircraft and placement of these aircraft delivering from BOC Aviation orderbook on operating lease basis

Purchase and Leaseback

Purchase of select new or nearly-new aircraft from airline which are immediately leased back to the airline on operating lease basis

Additions to core Product offering

PDP + Lease (2008)

Structured funding of airline pre-delivery payments to manufacturers with a committed lease (operating or finance) effective at delivery

Opportunistic aircraft acquisition (2011)

Leveraging relationships and liquidity to purchase aircraft on short-notice and using in-house expertise to place aircraft with new or existing customer

New Innovations

Aircraft Finance Lease

Offers customers ability to finance high proportion of aircraft value, while also offering higher flexibility in fleet planning than operating lease

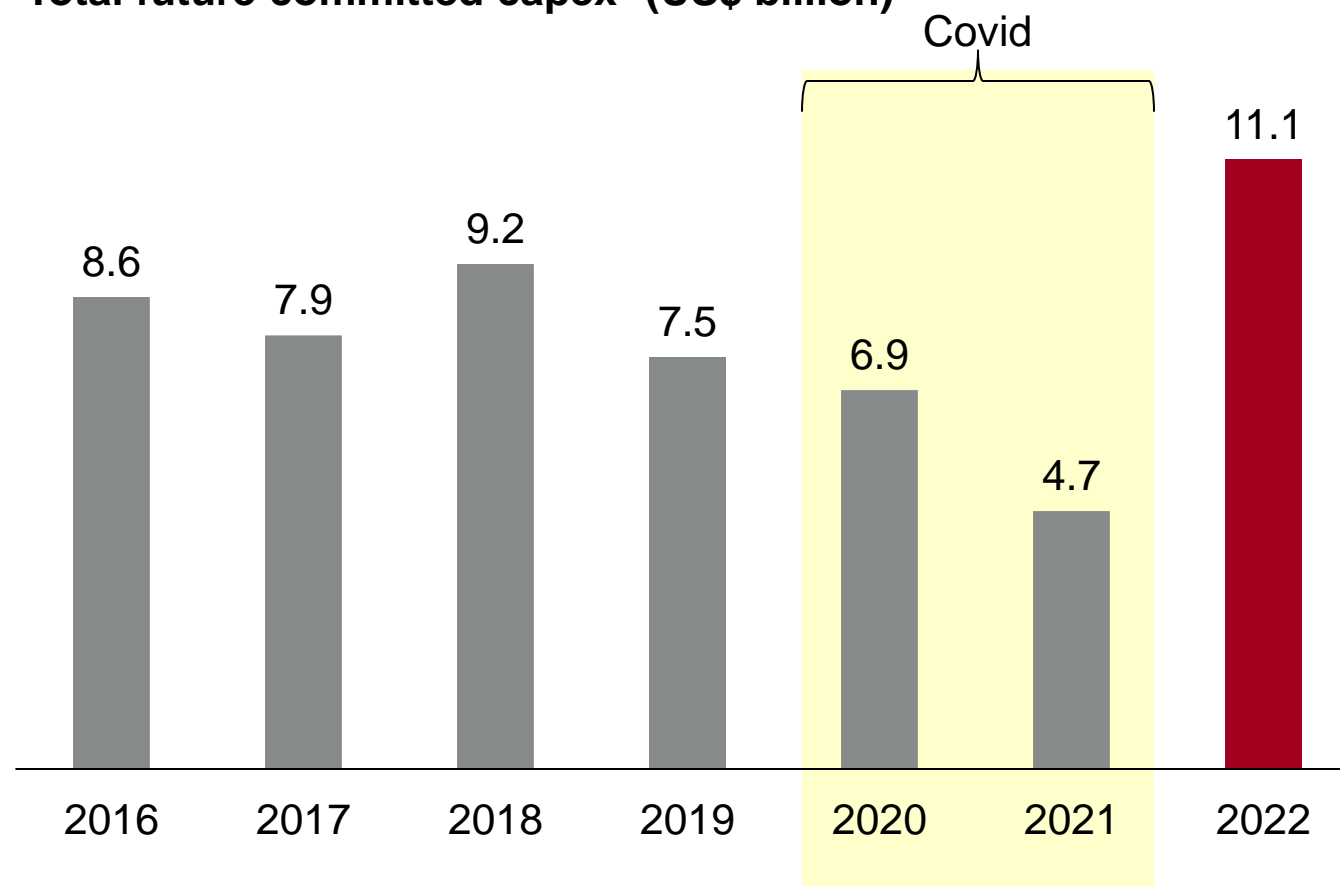
Engine Finance Lease

market dynamics and lifecycle of new aircraft platforms provides opportunity to support customers through finance lease of spare engines

Building a strong pipeline for the future

- Pipeline is now the strongest it has been since IPO in 2016
- In 2022, we added a total of 120 new technology narrowbody aircraft to the Airbus and Boeing orderbook
- We are building on existing orderbook through traditional purchase and leasebacks, opportunistic aircraft acquisitions and other opportunistic deals

Total future committed capex¹ (US\$ billion)



Started negotiations on new aircraft orders in 2021 in line with our counter cyclical strategy

Note:

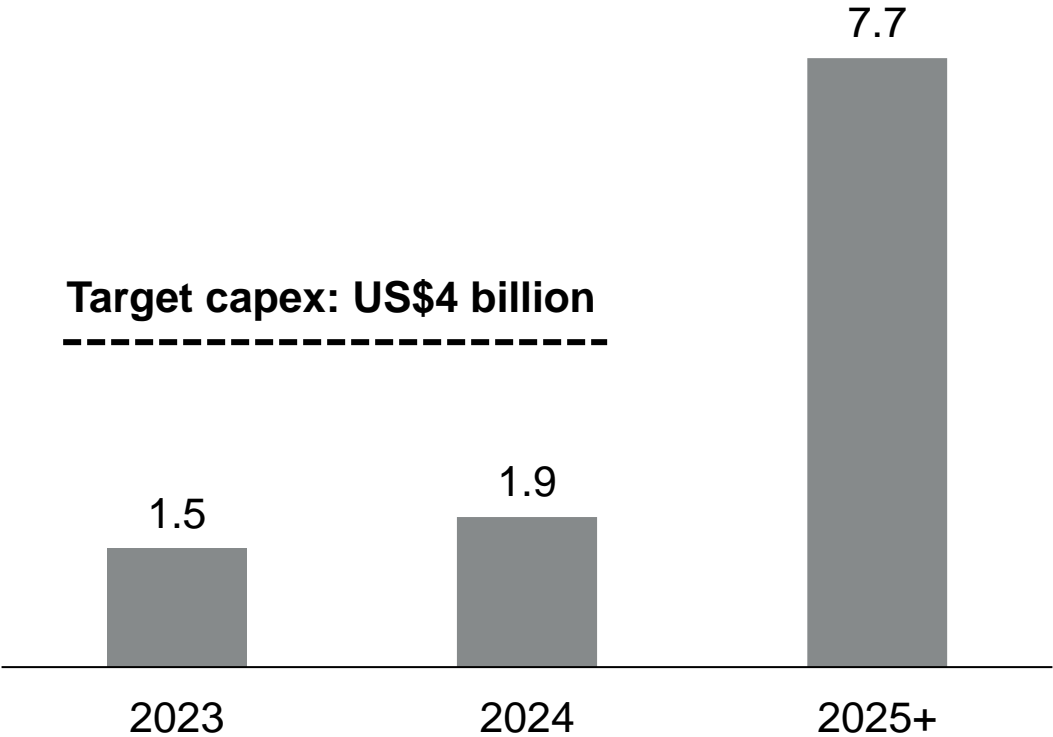
1. As at the end of each relevant year

Building a strong pipeline for the future

Number of aircraft on order¹

	Airbus A320neo family	114
	Boeing 737-8	85
	Boeing 787 family	8
Total		207

Total future committed capex by year² (US\$ billion)

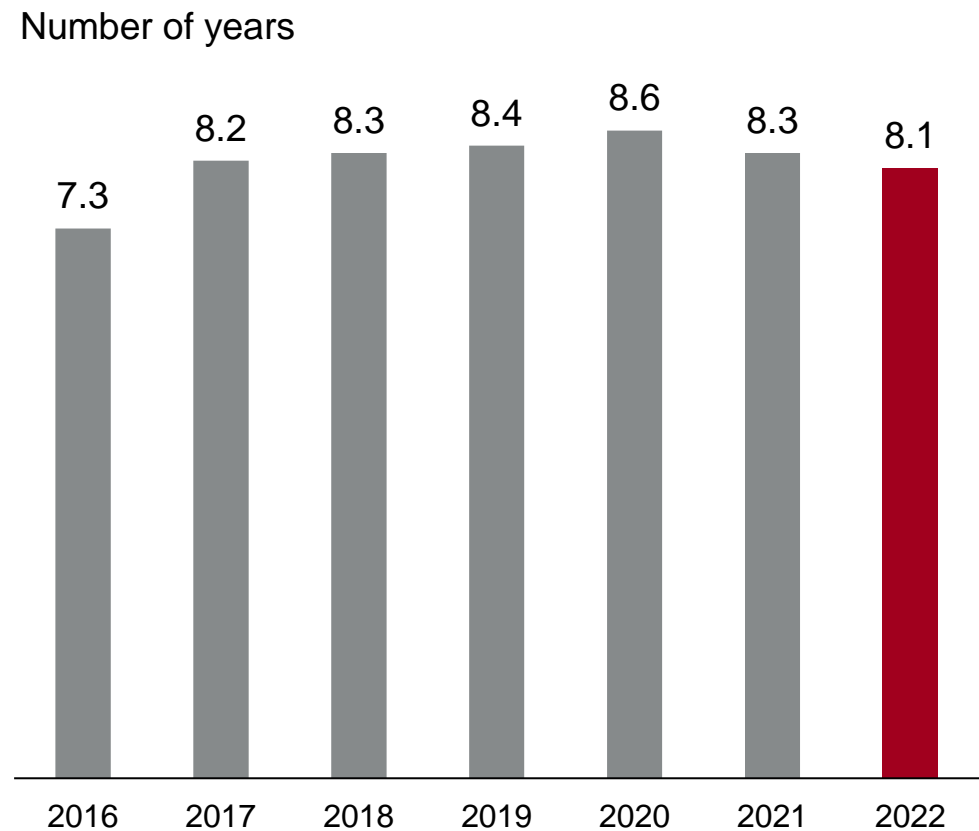


Continue to grow committed capex to US\$4 billion per year

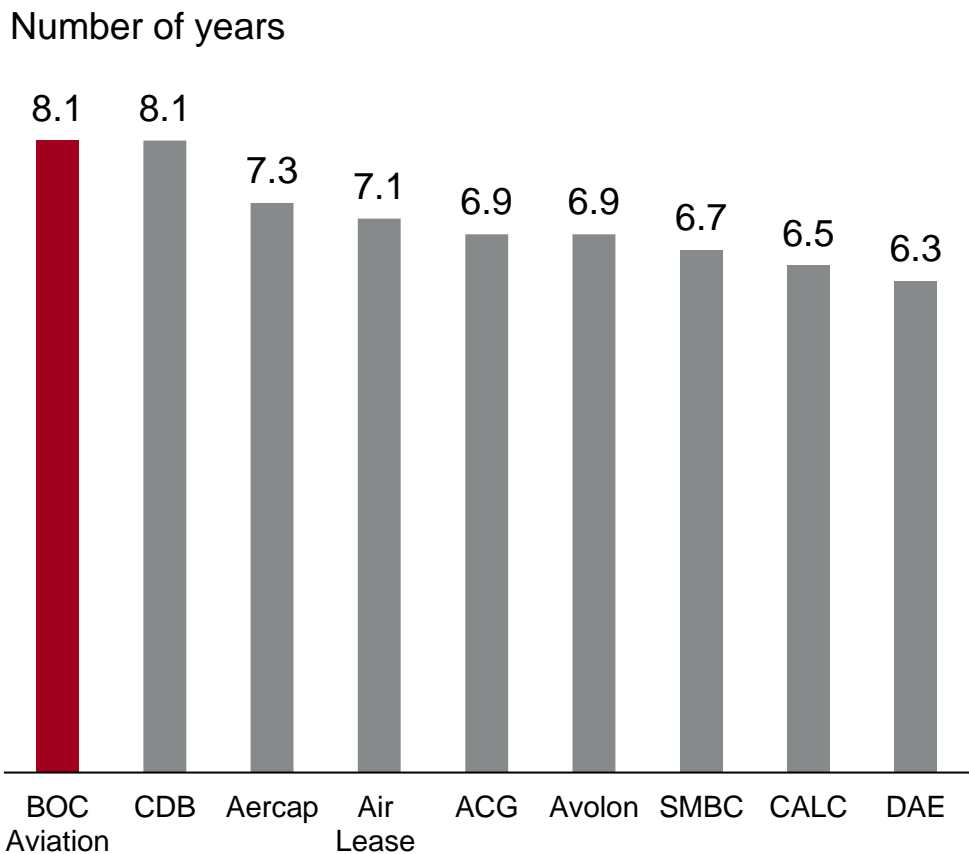
Notes:
 1. As at 31 March 2023
 2. As at 31 December 2022

Balance sheet growth will support strong portfolio metrics

Long average remaining lease term¹



Peer comparison²



Notes:
1. Weighted by net book value of owned fleet as at end of each relevant period
2. As at 31 December 2022, sourced from corporate websites and public filings

Case study: opportunistic aircraft acquisition

- Company maintains liquidity to be deployed for aircraft deliveries becoming available on short notice - available due to strong OEM and airline relationships, marketing capabilities and specification / transition expertise
- Transaction type allows BOC Aviation to acquire core aircraft types for near-term delivery at competitive pricing
- Aircraft placed with both new and existing airline customers with near term capacity requirements
- Opportunistic aircraft acquisitions have contributed aggregate c.\$0.5 billion of capex in 2H22 and 1H23

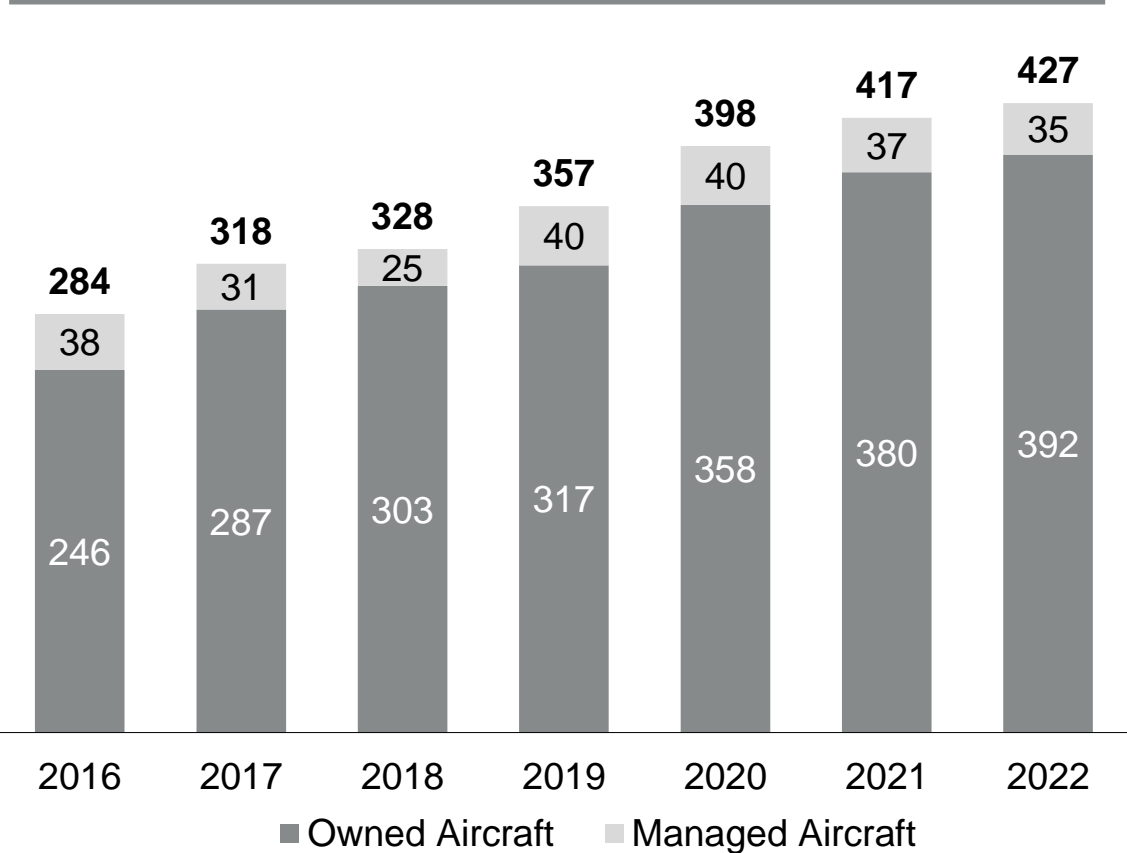
Aircraft type	No. of aircraft	Delivery year
Boeing 737-8	2	2022
Boeing 737-8	1	2022
Boeing 737-8	2	2023
Airbus A320NEO	7	2023



Managing a growing portfolio

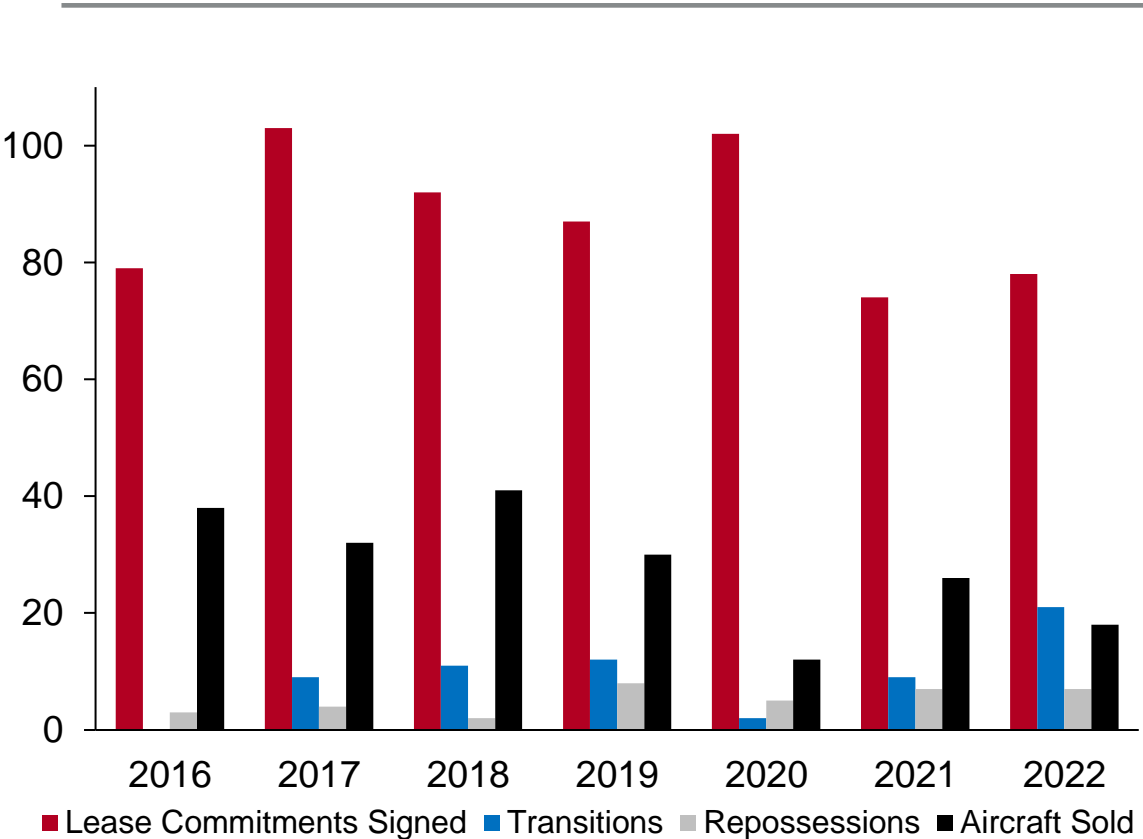
Fleet growth requires and drives higher activity

Number of aircraft



CAGR of 7% in owned and managed fleet since IPO

Activity by transaction type

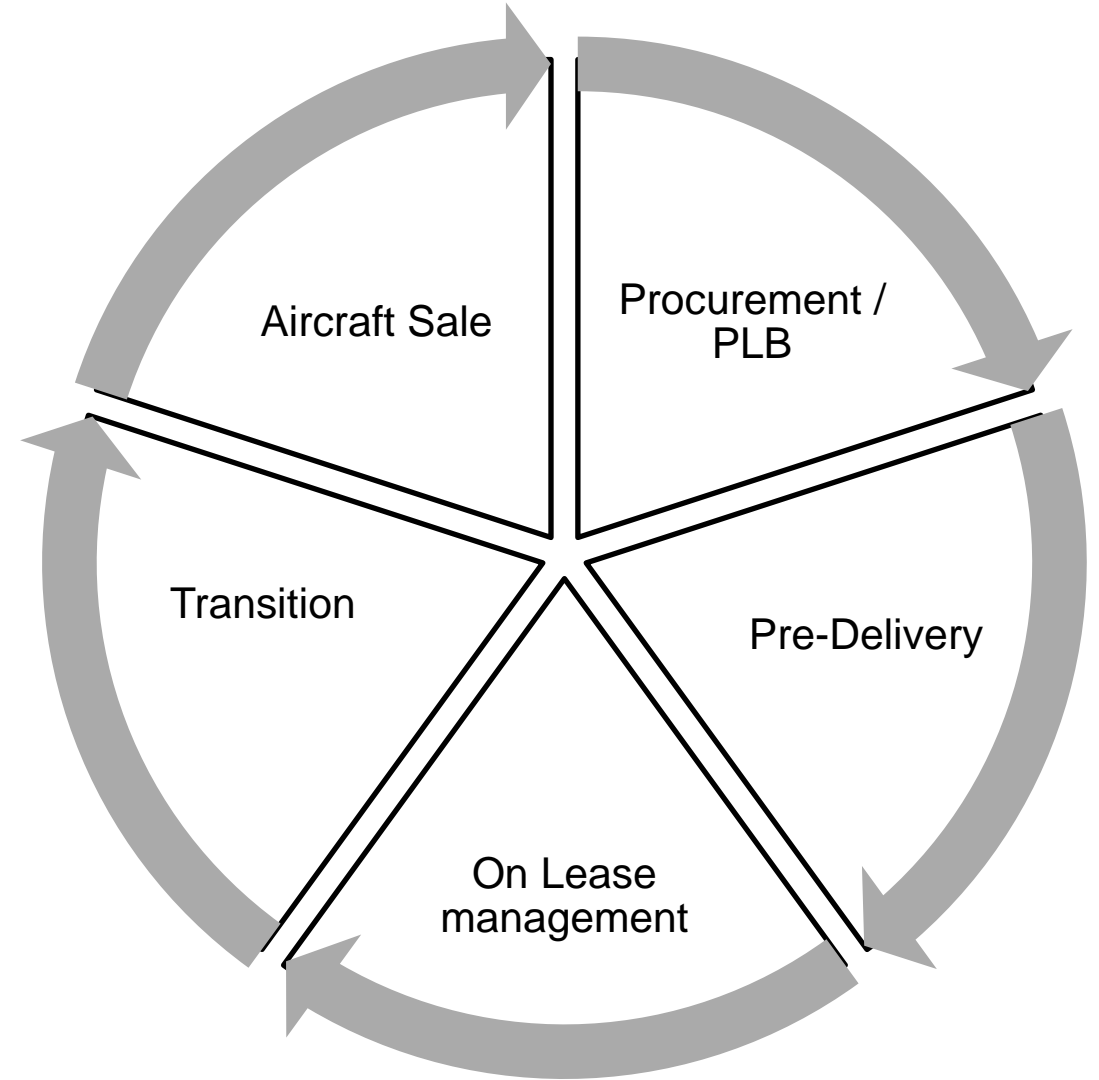


Transitions low proportion of total leases executed at 11%¹

Note:
1. As a proportion of total leases executed

Role of asset lifecycle management

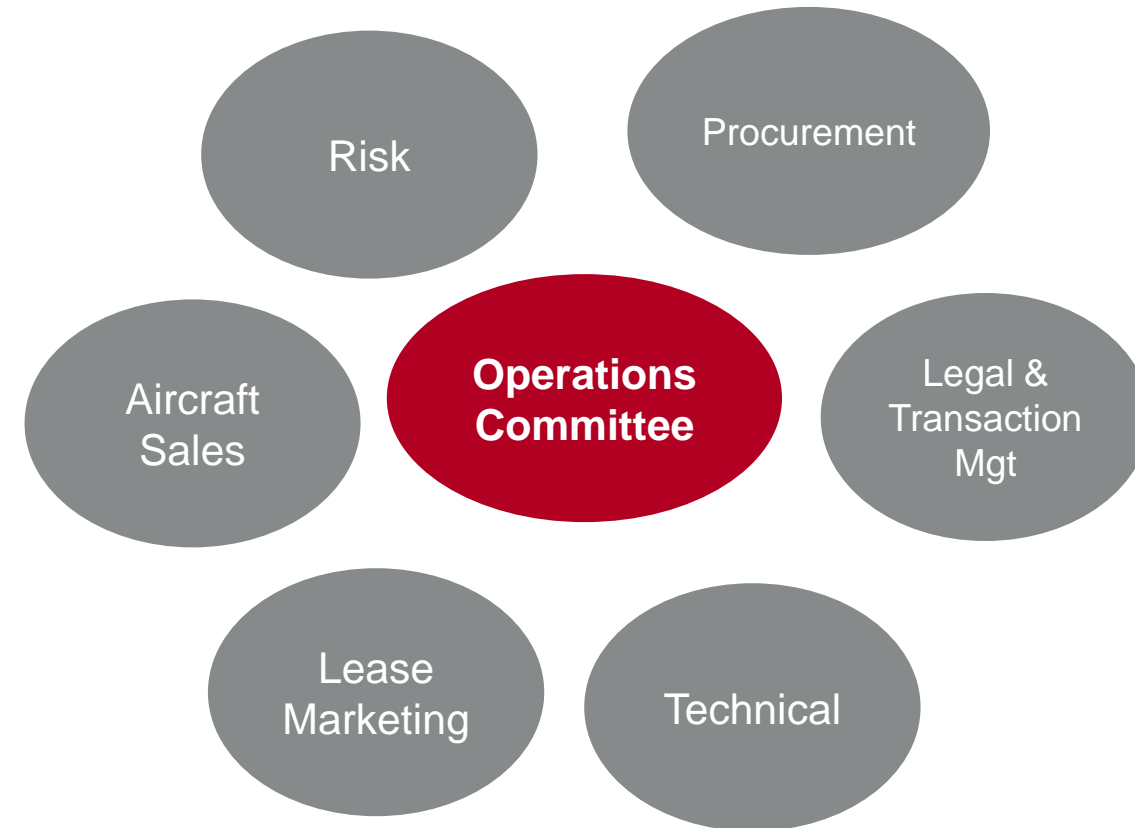
- Procurement
 - Direct OEM orders of in-demand aircraft
- Pre-Delivery
 - Write strong leases that are attractive to buyers
 - Due diligence on potential customers
- On-Lease management
 - Pro-active lease and customer management to drive long-term relationships
 - Asset management to protect the value of the investment
- Transition
 - Early preparation for redelivery and management of technical aspects of transition
 - Active engagement with airline and MRO partners
 - Technical, risk and legal support of remarketing
- Aircraft Sale
 - Portfolio management through selection of assets to sell
 - Technical, risk and legal support execution of sales strategy



Managing a growing portfolio

- Procurement – adding the right assets to the pipeline at the right price
 - Purchase and specification contracting
 - Supporting placement activity with airline customers
- LTM – ensuring appropriate contract terms are achieved
 - Monitor insurance and other contractual obligations
 - Develop enforcement strategy if necessary
- Technical Management – robust technical protection of asset value
 - Inspection program to monitor compliance with lease obligations
 - Transition to next lease or sale
- Lease Marketing - best re-leasing opportunities before lease expiration
 - Maintain senior-level customer relationships
 - Execute on lease placement
- Aircraft Sales – increased sales volumes to maintain portfolio metrics
 - Develop opportunities to realize on investment and sculpt the portfolio
 - Execute on sale
- Risk Management – monitoring portfolio metrics, identifying risks
 - KYC / AML
 - Collections

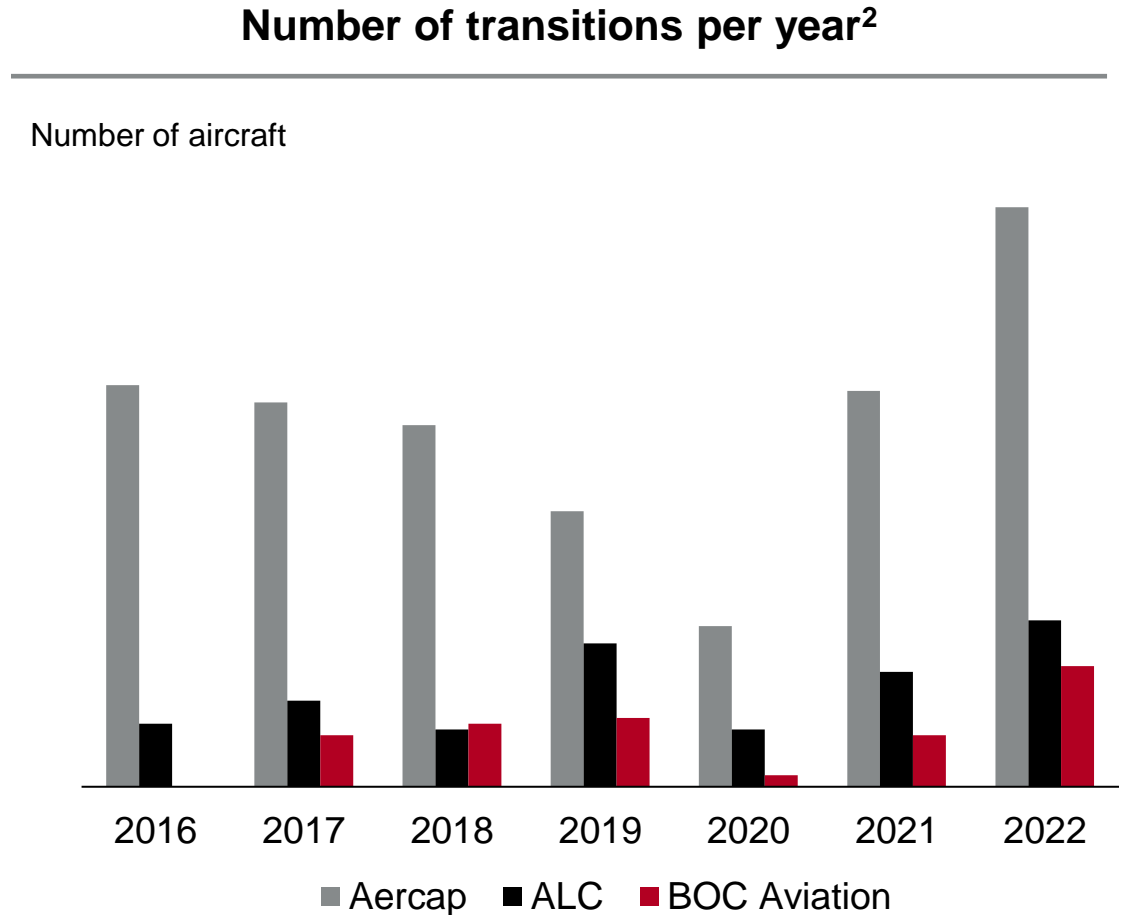
Key portfolio management functions



Active portfolio management through in-house, coordinated teams

129 aircraft transitions in 30 years – 50% in the last 6 years

- 2022 was a busy year for transitions, as airline demand returned following the downturn
- We focus on placement of used aircraft 12 - 24 months prior to lease expiry
- Weekly operations committee discussions guide transition process and maximise time on-revenue
- We are extending more leases in 2023, and expect fewer transitions in 2023 and 2024
- Owned aircraft utilisation improved to 99% at 31 March 2023, with two single aisle and two twin aisle aircraft off lease¹, of which all but one single aisle were committed for lease



Transitions as a proportion of total leases executed low at 11%³

Notes:

1. Excludes 17 owned and one managed aircraft that remain in the possession of certain Russian airlines despite the termination of leases with those Russian airlines
2. Source: Cirium as of 25 May 2023 Note only aircraft with 100+ seats or equivalent freighters are included
3. As a proportion of total leases executed

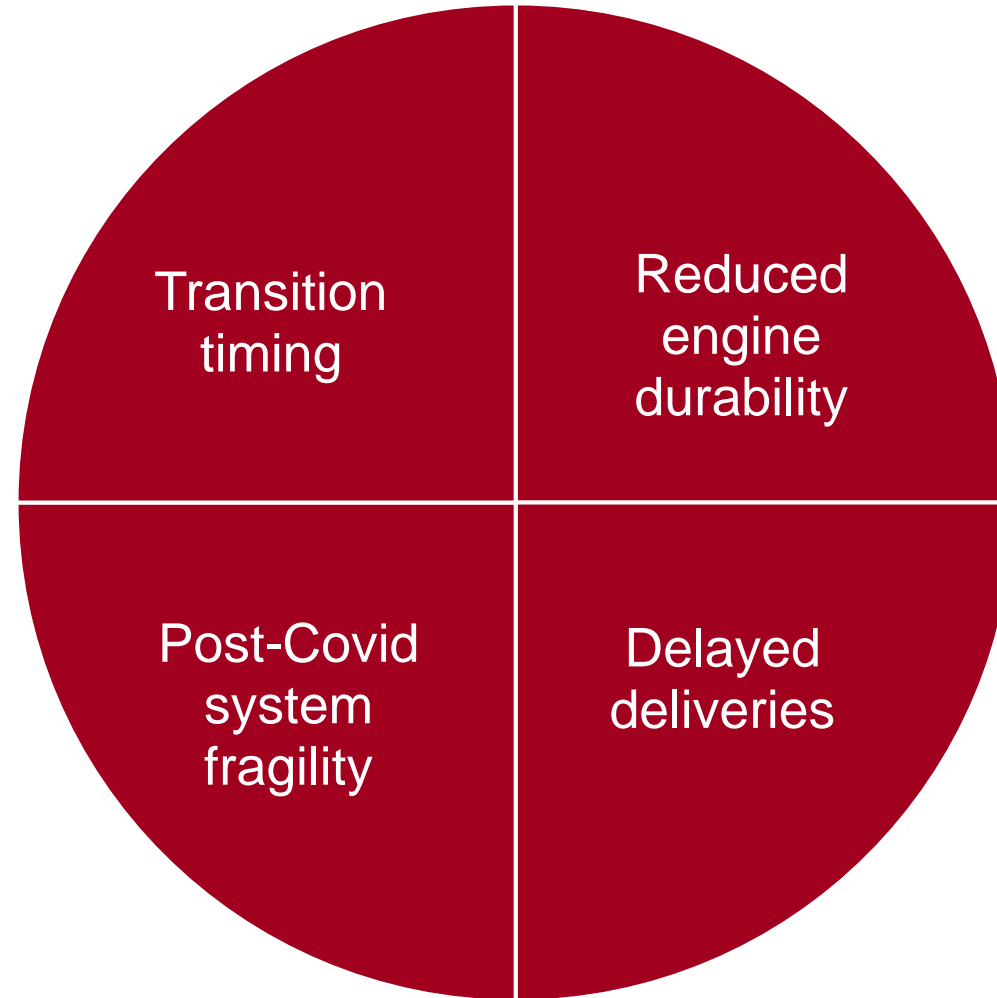
Key industry operational issues

Risk: parts shortages and high MRO demand can delay transitions

Opportunity: airlines also face the same pressure, increasing demand for lease extensions

Risk: robust traffic demand together with aviation system constraints puts operational pressure on airlines

Opportunity: create opportunity through airlines seeking more resilience through additional aircraft



Risk: engine durability issues driving operational challenges for airlines

Opportunity: greater demand for engine finance lease product

Risk: delayed OEM deliveries leading to delayed revenue growth

Opportunity: higher demand for lease placements helps firm up lease rates

Experienced team that anticipates future issues

Creation of dedicated engine department

- Engines are the key to maintaining the asset value
- >80% of the future maintenance value of a new technology narrowbody is in the engines
- New technology engines have higher maintenance costs and are more sensitive to operating environment
- Pro-active engine asset management is an increasingly important function
- New department covers all aspects of engines
 - Strategy
 - Procurement
 - Technical management

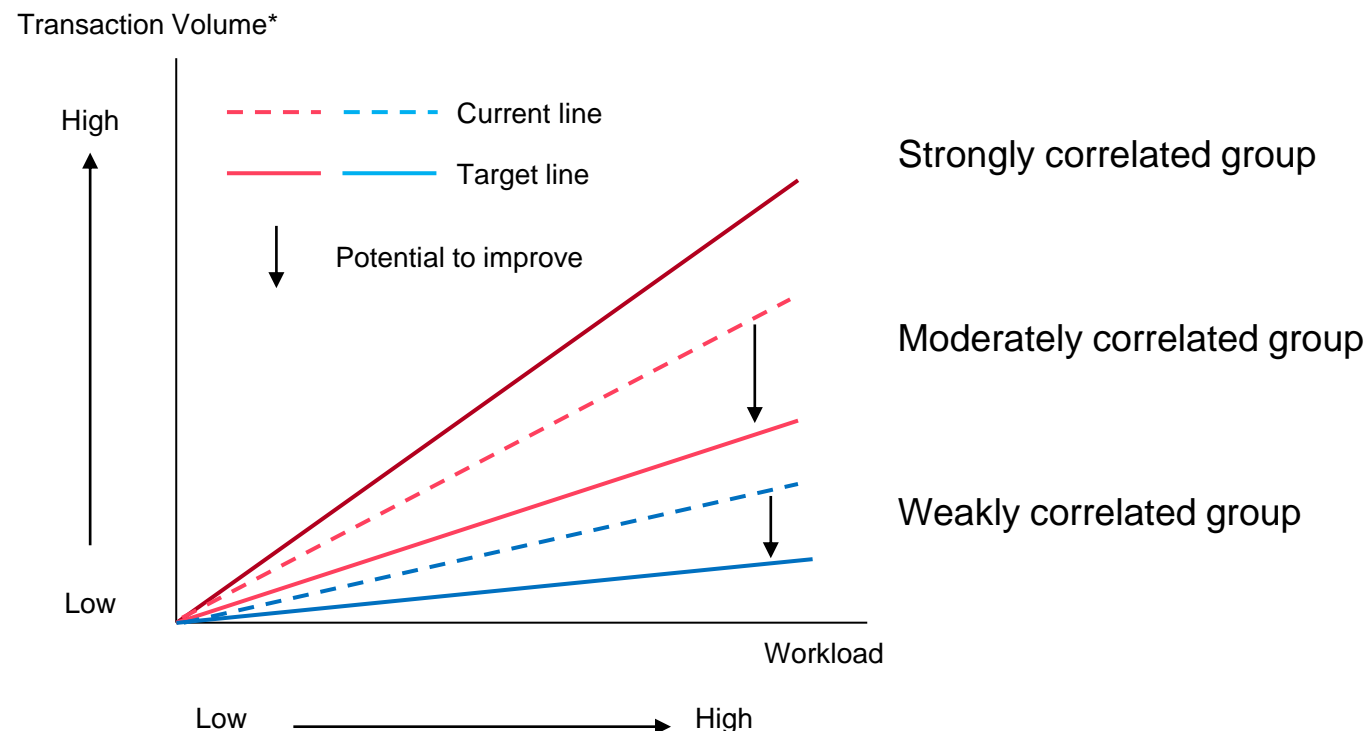


Engine Department maximizes the long-term value of the engines in the portfolio

Business process and digital transformation

- Imperative that we drive efficiency gains from digital transformation to manage a growing portfolio
- Lease management already leverages a state of the art system
- Further digital transformation is underway across the company
- Transforming key business processes as well as systems
- Focus on better, more immediate data sharing to enable faster and more accurate deal execution

Illustration: Transaction volume and workload



Laying the foundation for BOC Aviation to be more agile, adaptive and resilient

ERP transformation



New ERP system

Environment : the 'E' of ESG


Our approach to putting the “E” in ESG

- Acquire the latest technology and fuel-efficient aircraft and place them on long-term leases with customers
- Actively expand customer base to market these latest technology aircraft
- Provide capital to finance latest technology, fuel-efficient aircraft
- Actively sell older generation aircraft to improve fleet quality and lower emissions
- Commit to use energy more efficiently
- Engage with our Board and stakeholders on climate change risks
- Proactively communicate our ESG strategies and performance to stakeholders
- Actively liaise with leading industry partners to adopt best ESG practices

Continue to maintain a high level of liquidity to support our airline customers to transit to latest technology aircraft

We invest in the new technology most efficient and lowest CO₂ emitting aircraft types

Number of aircraft on order¹

	Airbus A320neo family	114
	Boeing 737-8	85
	Boeing 787 family	8
Total		207

- Our business model is focused on the most fuel-efficient, latest-technology aircraft and our owned fleet is one of the youngest and most fuel efficient in the aircraft operating leasing industry
 - 71% latest technology aircraft in the owned fleet
 - 4.4 years average age of owned aircraft fleet
- **Target by 2025:**
 - At least 75% of latest technology aircraft in the owned fleet
 - To maintain an orderbook of 100% latest technology aircraft

Note:
1. As at 31 March 2023

Our commitment to sustainability

- Our first targets introduced in 2020 to drive achievement by end 2022
- We significantly exceeded those original targets, including a 20% reduction in CO₂ emissions per headcount
- Moved headquarters to a Green Mark Platinum accredited building* that effectively demonstrates energy and water savings
- New Targets announced for end of 2025, more rigorous targets for direct emissions, paper consumption and electricity consumption

Environmental

To reduce CO₂ emissions per average headcount (tonnes) from 2019's level

Previous target

-5%

New targets by end of 2025

-20%

To reduce paper consumption per average headcount (tonnes) from 2019's level

-10%

-65%

To reduce electricity consumption per average headcount (kWh) from 2019's level

-5%

-55%

* The BCA Green Mark Platinum is awarded to exemplary green projects that effectively demonstrate at least 30% energy savings based on energy efficiency measures and incorporate environmentally sustainable building practices and innovative green features.

Carbon neutral for direct emissions

WWF Ningshan County High Efficient Cook Stove Project in China

- Involves the reconstruction or improvement of old cook stoves with the high efficiency cookstove in the villages neighboring the giant panda habitat Huangguanshan Nature Reserve
- Aims to protect local forest resources and giant panda habitat as well as to improve the indoor living and hygiene environment of local households



Kasigau Corridor REDD+ Project in Kenya



- The Kasigau Corridor REDD+ Project is the first project in the world to be issued REDD+ carbon offsets
- The project area is home to a diversity of over 50 species of large mammals, and important populations of International Union for Conservation of Nature Red List species



Conclusion

- Investment strategy driven by large OEM orders of new-technology narrowbody aircraft augmented by aircraft and engine acquisitions from airlines and opportunistic acquisition
- Comprehensive suite of products spanning operating lease, finance lease, and related PDP funding
- Extensive portfolio management capabilities in-house with active roles in lease management and transitioning aircraft from first to second leases
- Creation of dedicated powerplant team as engines become an increasingly important part of asset management to protect asset values
- Commitment to environmentally-sound practices and carbon neutrality in addition to supporting global fleet transition to latest technology and most fuel-efficient aircraft

Focused on long-term sustainable growth within our ESG policy

Managing liquidity and future funding plans

Chan Mui Sin
Head of Treasury

Chan Mui Sin

Head of Treasury



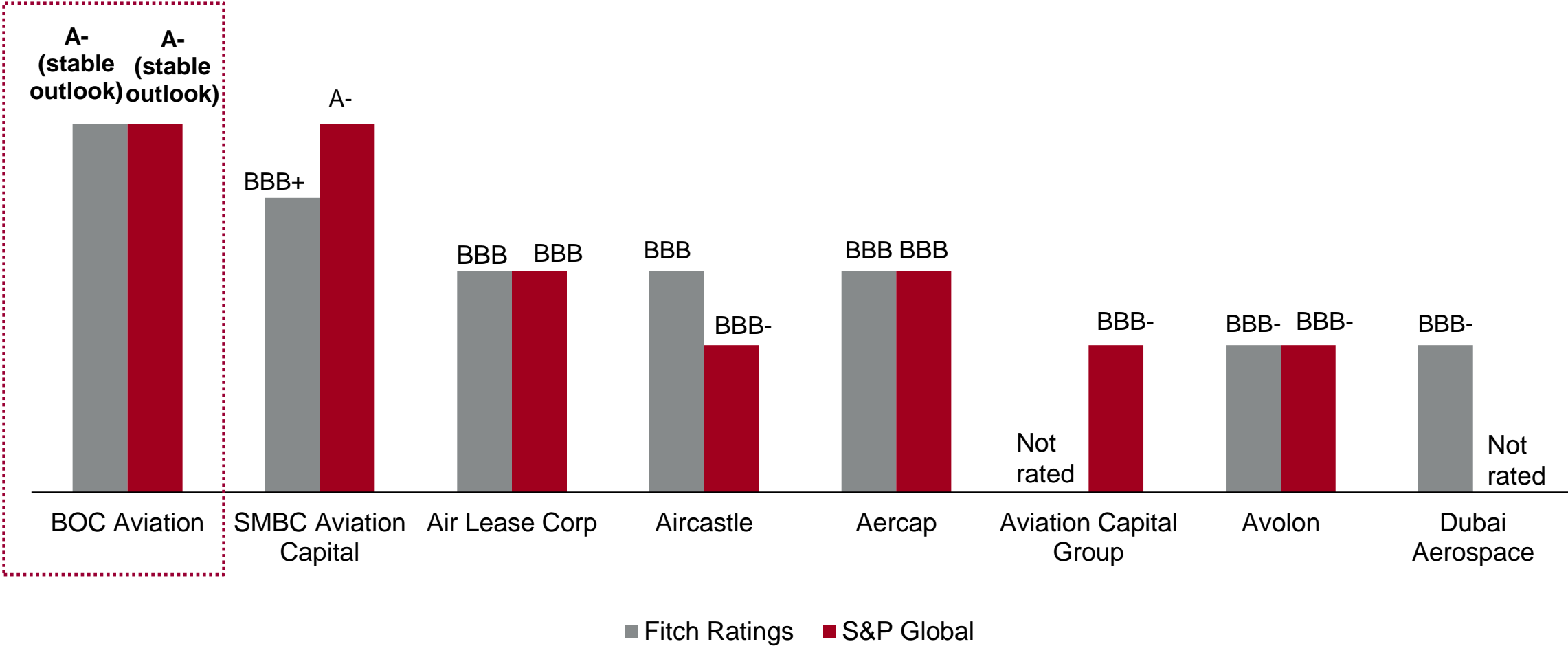
- More than 27 years of banking and leasing experience
- Joined BOC Aviation in 2005 and was responsible for aircraft sales
- Appointed Head of Treasury in 2022

Managing the liability side of the business

- Key strategies
 - Maintaining strong credit ratings
 - Securing long-term low cost financing from the debt and loan markets
 - Maintain liquidity to support debt repayment and future growth
 - Maintaining debt-to-equity ratio of less than 4:1
 - Managing interest rate risk
 - Ensuring broad access to investors and banks

Comprehensive approach to liability management

Maintaining strong credit ratings



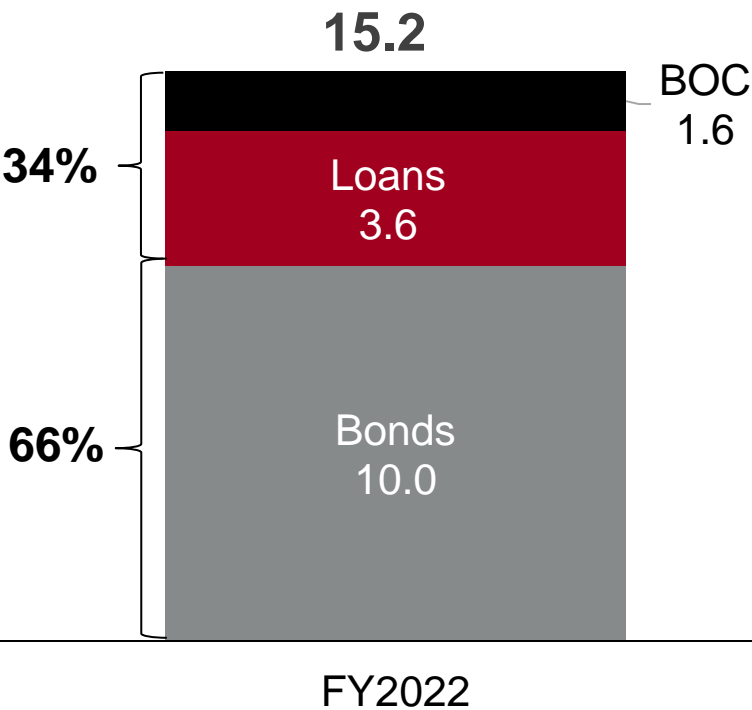
BOC Aviation has the highest credit ratings amongst aircraft operating lessors

Source: Bloomberg (17 May 2023)

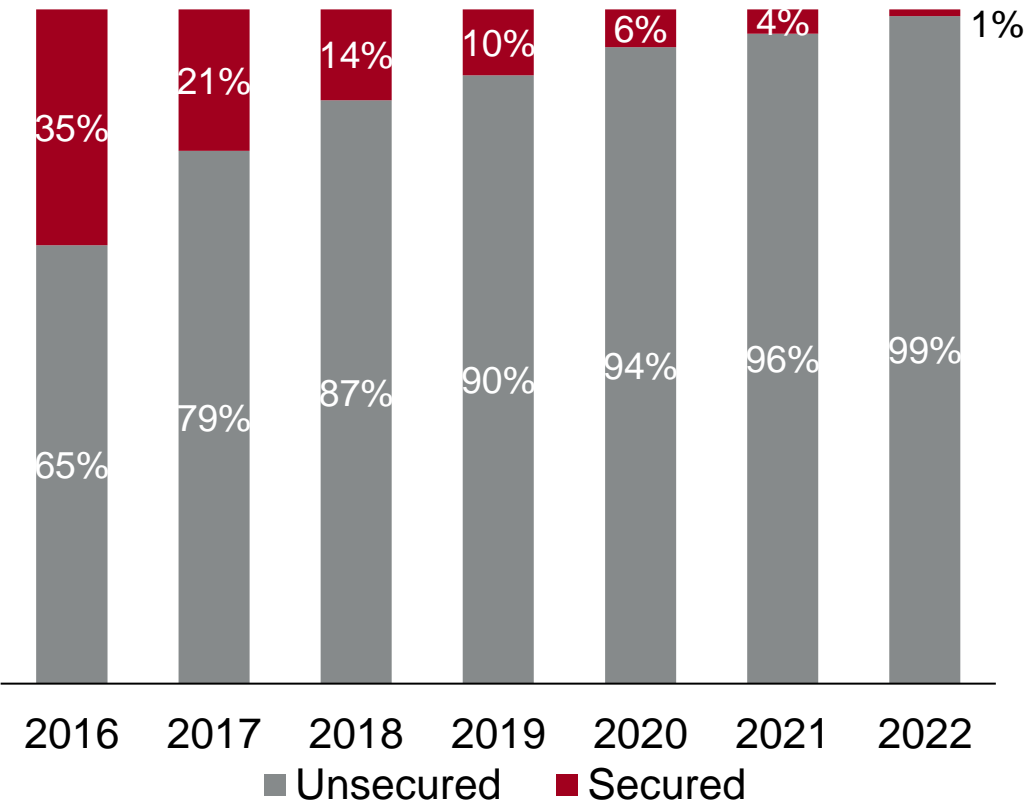
Our current funding structure

Sources of debt

US\$ billion



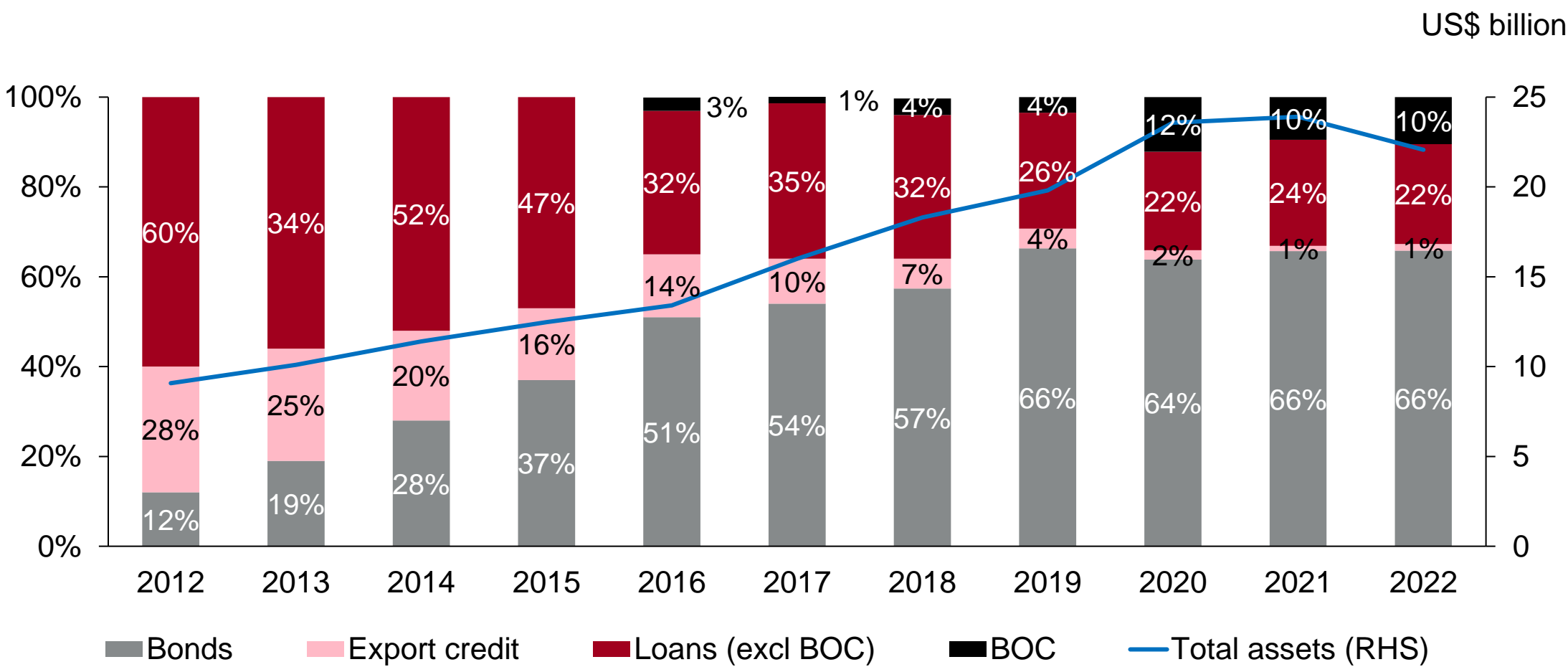
99% of debt is unsecured



Bonds account for two-thirds of our funding sources and 99% are on an unsecured basis

All data as at 31 December 2022
Numbers presented may not add up precisely to the totals due to rounding

Evolution of our sources of funds



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

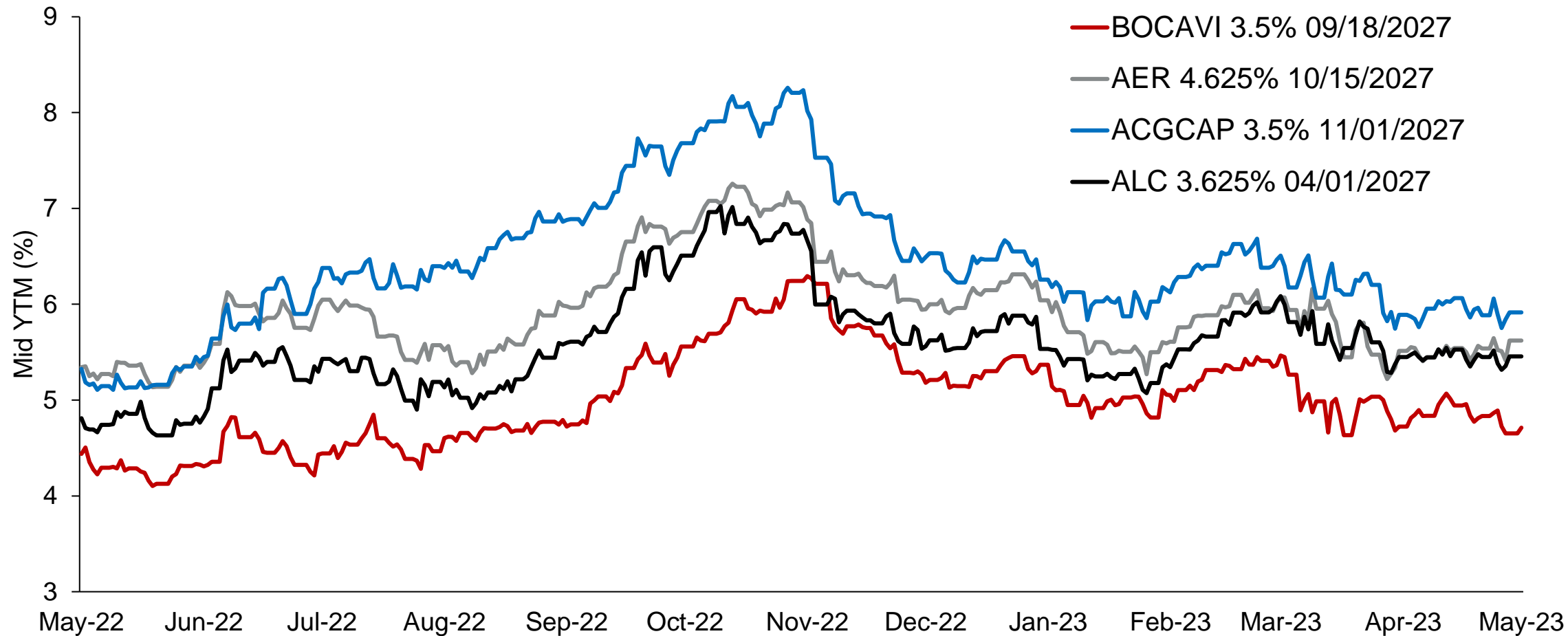
All data as at 31 December 2022

Recent lessor bond deals by yield

Issuer	Issue Date	Tenor (years)	Amt Issued (US\$ million)	Coupon (%)	Yield (%)	T-Spread at Issue (bps)
BOC Aviation Limited	23/5/2023	5	500	4.500	4.627	120
BOC Aviation USA Corp	3/5/2023	10	500	4.875	5.015	160
SMBC Aviation Capital Finance	3/5/2023	5	650	5.450	5.489	200
Air Lease Corp	13/1/2023	5	700	5.300	5.560	190
Air Lease Corp Sukuk Ltd	15/3/2023	5	600	5.850	-	185
Aviation Capital Group LLC	3/4/2023	5	600	6.250	6.438	275
Avolon Holdings Funding Ltd	4/5/2023	5	750	6.375	6.624	300
Macquarie Airfinance Holdings Ltd	18/4/2023	5	500	8.375	8.375	479

5Y yields vs peers

Investment grade bond yields for global lessors

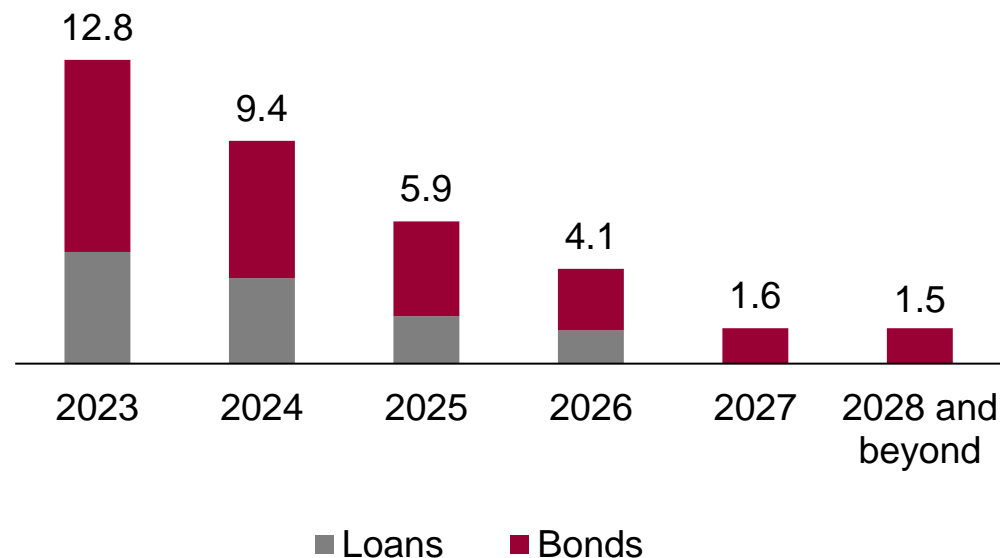


Source: Bloomberg as of 8 May 2023

The liability side of the balance sheet is a key strength

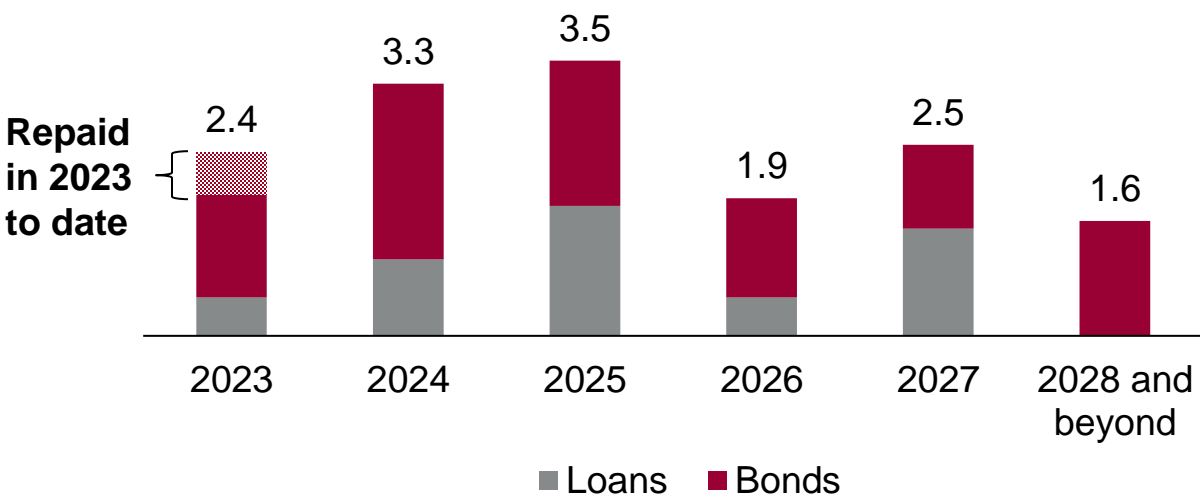
Outstanding debt amortises over a long term

US\$ billion



Debt maturity by year

US\$ billion



Near term debt maturities well covered by more than US\$5 billion of available liquidity

All data as at 31 December 2022

Bonds

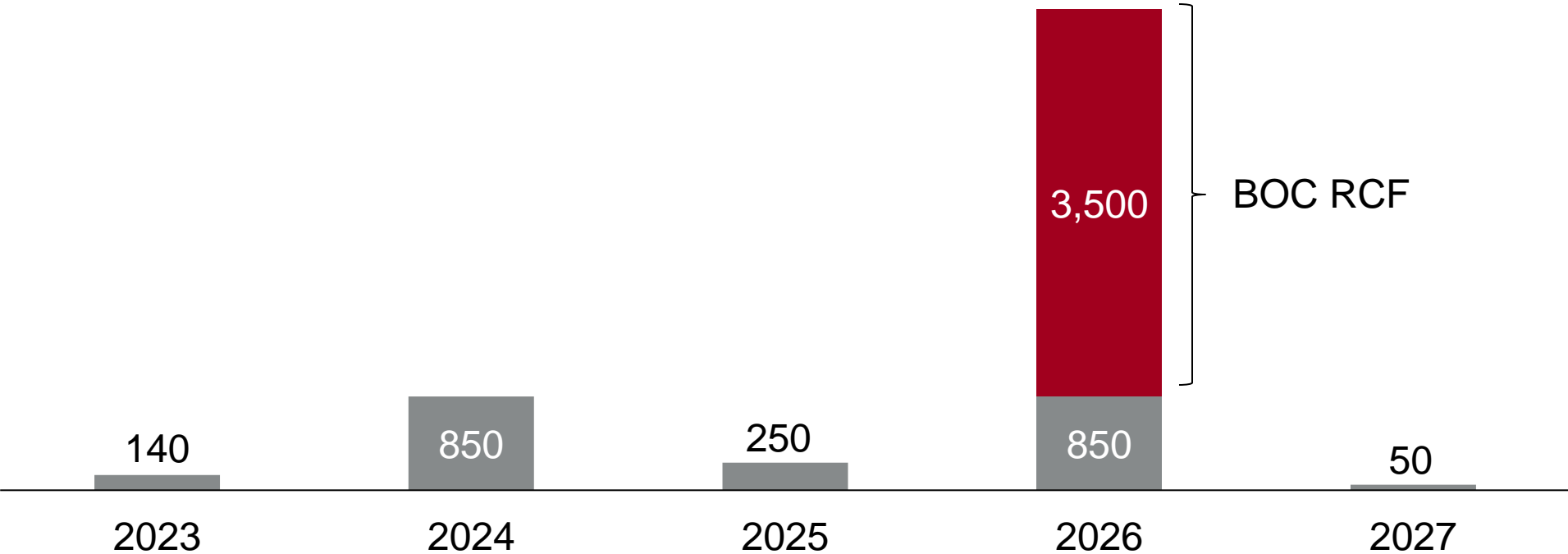
- US\$15 billion GMTN program, upsized from US\$10 billion in 2020
- US\$10 billion of bonds issued under the GMTN program outstanding as at 31 December 2022
 - 58% 144A/Reg S, 42% Reg S only
 - 95% denominated in USD
 - Non-USD issuances are immediately swapped to USD
- Private placement opportunistically tapped
- Extended bond yield curve with new 10Y US\$500 million benchmark in May 2023

Strategic focus on bond issuance

All data as at 31 December 2022 unless otherwise stated

RCF maturity by year

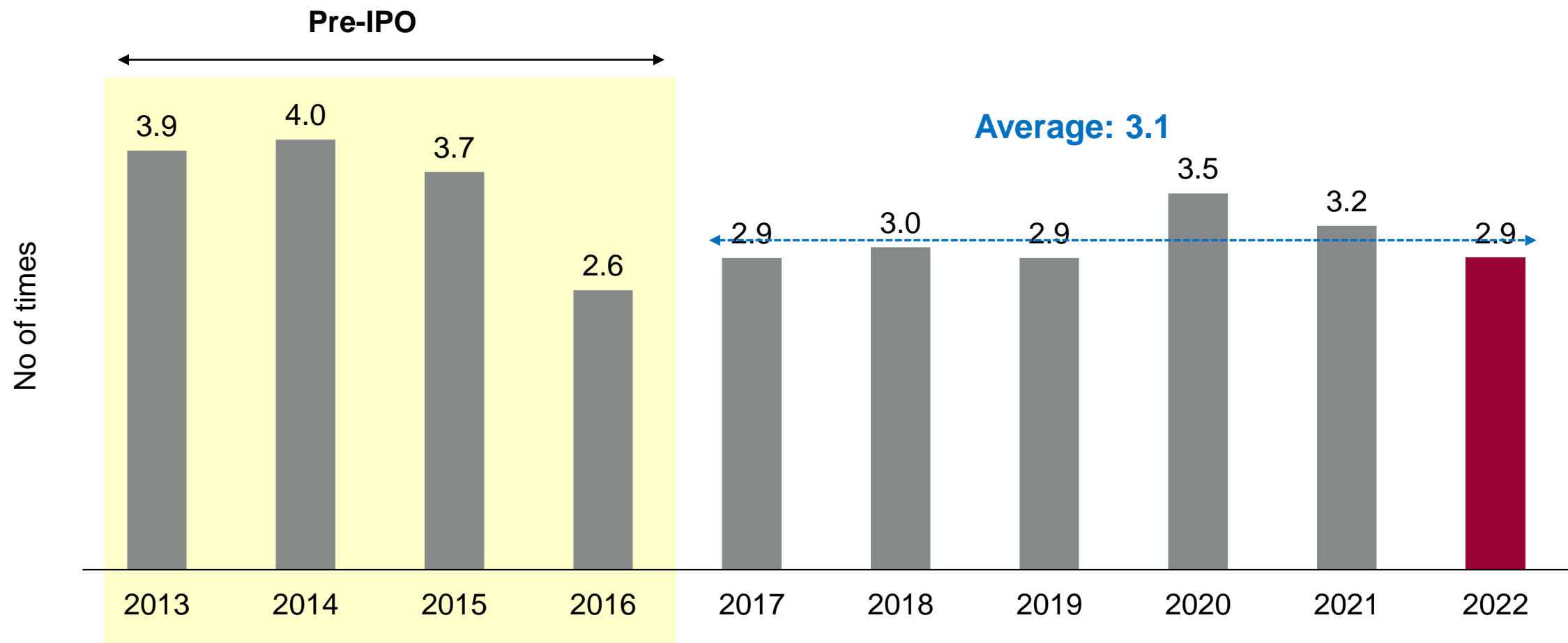
US\$ million



Very minimal near-term maturity of RCF facilities

All data as at 30 May 2023

Growth not constrained by leverage



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

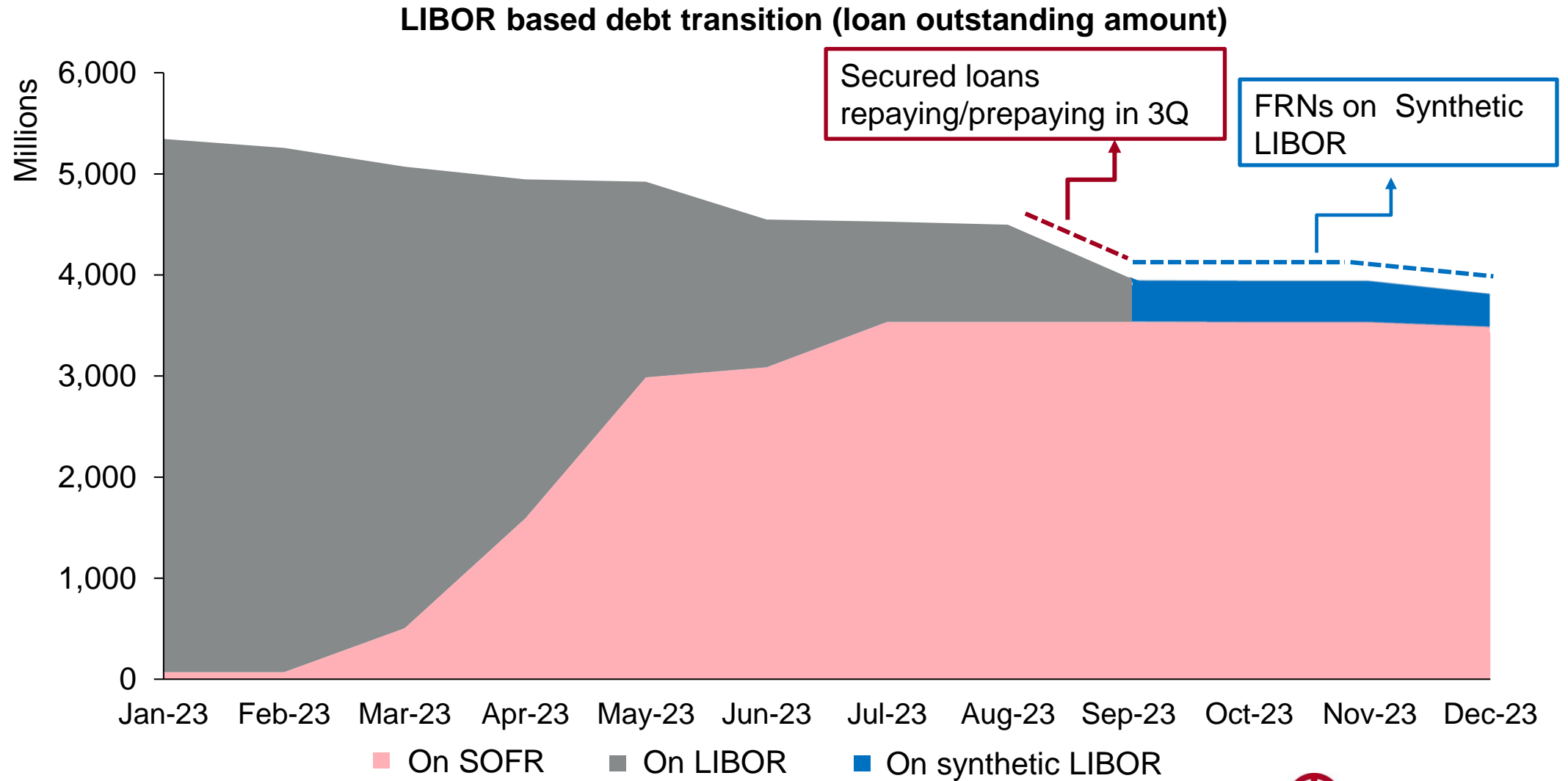
All data as at 31 December 2022

2023 YTD treasury activities

- Closed US\$1 billion of fixed rate bonds in May 2023
- Extended yield curve with a new benchmark 10Y bond in May 2023
- New 5Y bond tenor fills gap in 2028
- Increased fixed vs floating debt ratio through swaps and fixed rate debt raised
- Completed LIBOR transition documentation for 18 out of 23 debt facilities
- Closed new/renewal of:
 - Term loans amounting to US\$600 million
 - RCFs amounting to US\$350 million

Raised US\$2 billion of debt financing

LIBOR transition almost complete



Looking ahead: treasury plans

- Broaden and expand banks in the lending group
- Increase number of hedging counterparties
- Continue to extend debt maturity profile
- Complete transitioning of the remaining LIBOR facilities to SOFR
- Continue with investor outreach and engagement

Maintaining our cost of funding advantage versus competitors

Looking ahead: future funding plans

- **2H 2023**
 - Refinancing of US\$50 million in loans
 - Refinancing of US\$1.3 billion in bonds
 - Potential new club/syndicated loan facility
 - Additional financing supports capex growth
- **2024**
 - Refinancing of US\$0.7 billion in loans
 - Refinancing of US\$2.3 billion in bonds
 - Additional financing supports capex growth
- Bilateral RCFs / loans for BOC Aviation, BOC Aviation (USA), BOC Aviation (Ireland)

Managing risk on a 360° basis

Stephen Barnes
Chief Risk Officer

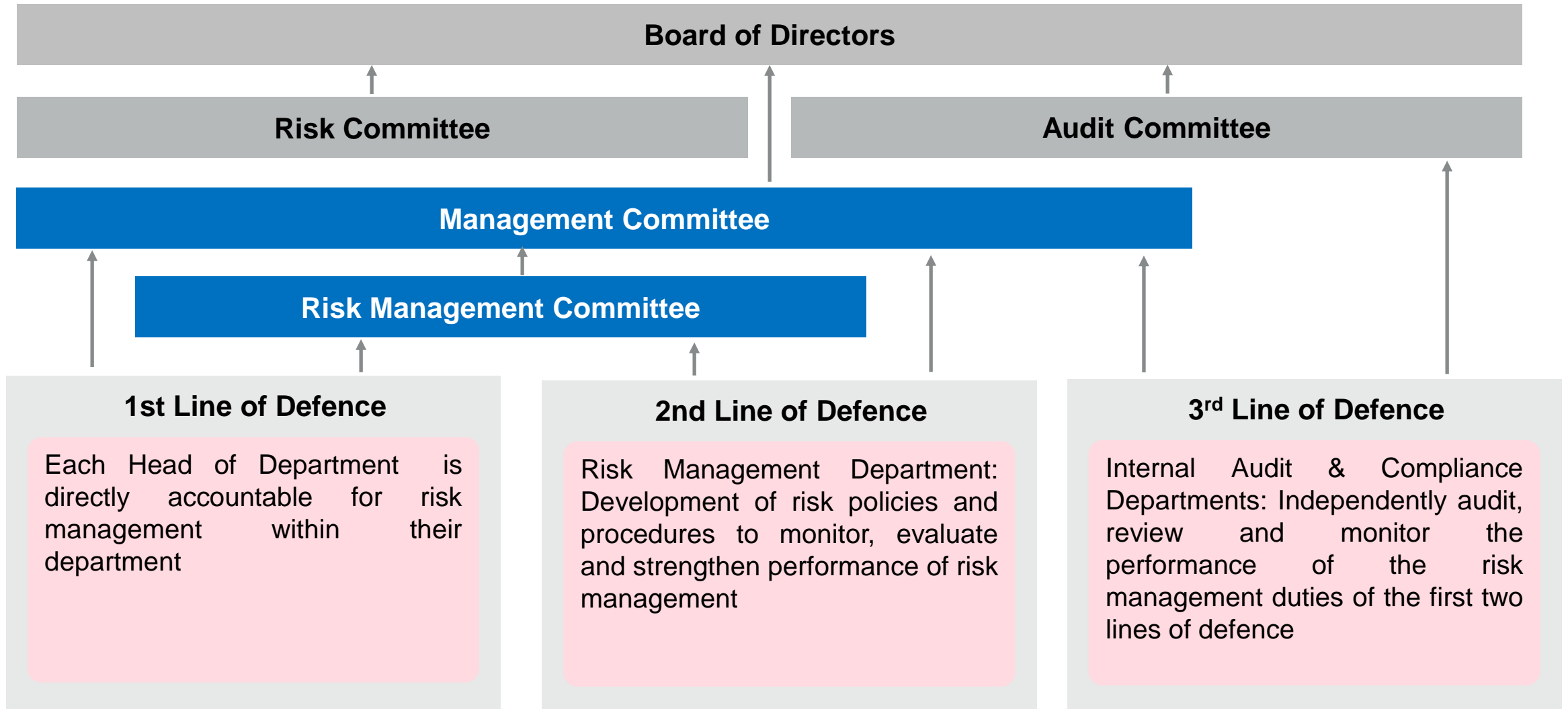
Stephen Barnes

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
- Leads all risk management matters globally, including asset, liability, credit and cashflow risk

Corporate governance: managing risk with multiple lines of defence



Policies and procedures 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

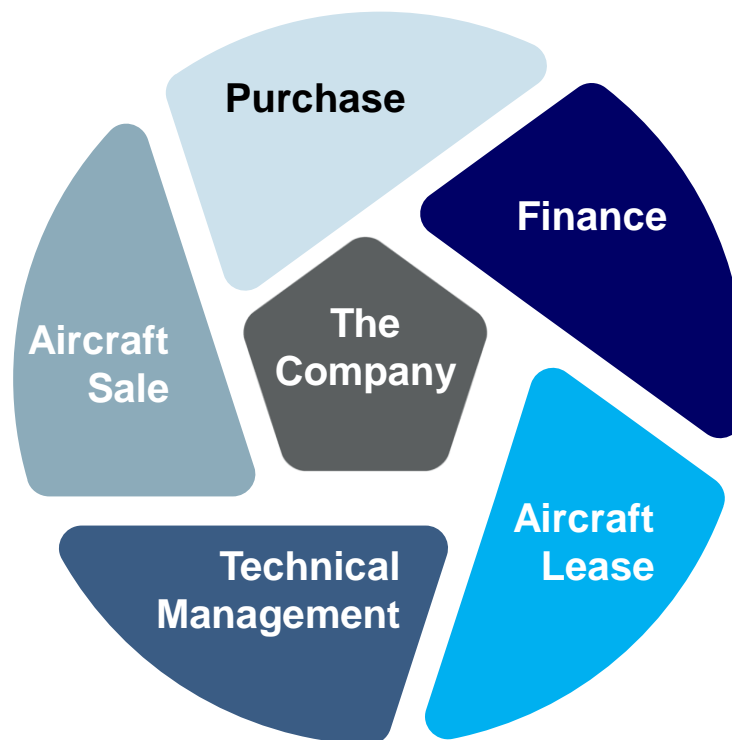
- Aircraft Manufacturers (Airbus, Boeing, Embraer)
- Engine Manufacturers (Pratt, CFM, GE)
- Suppliers (BFE vendors, parts suppliers)

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

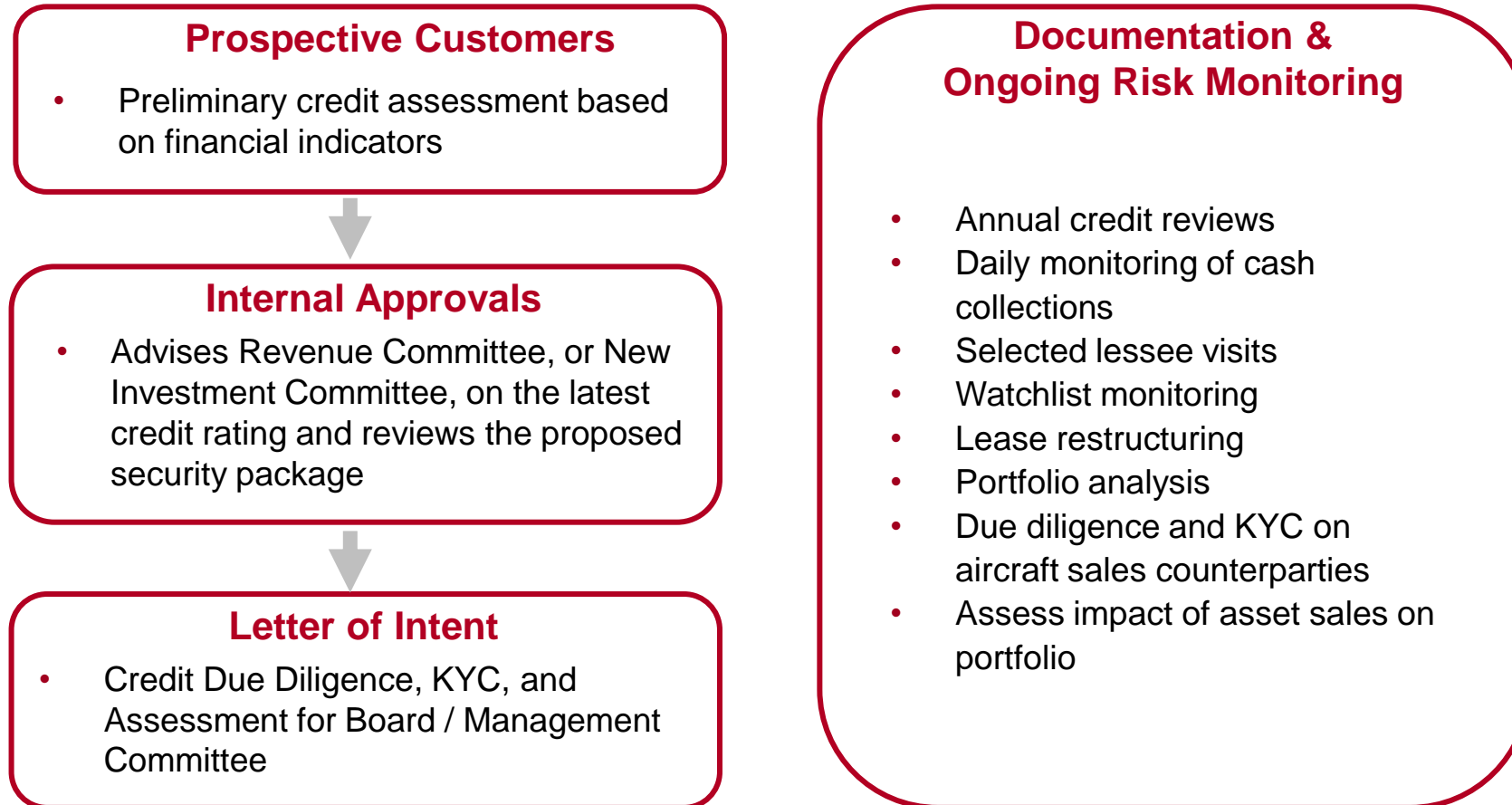
- Suppliers (Landlord, IT vendors, miscellaneous suppliers)
- Insurers (Personal, D&O, Contingent)

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:



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

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

Jurisdiction Risk

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

Portfolio Risk

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

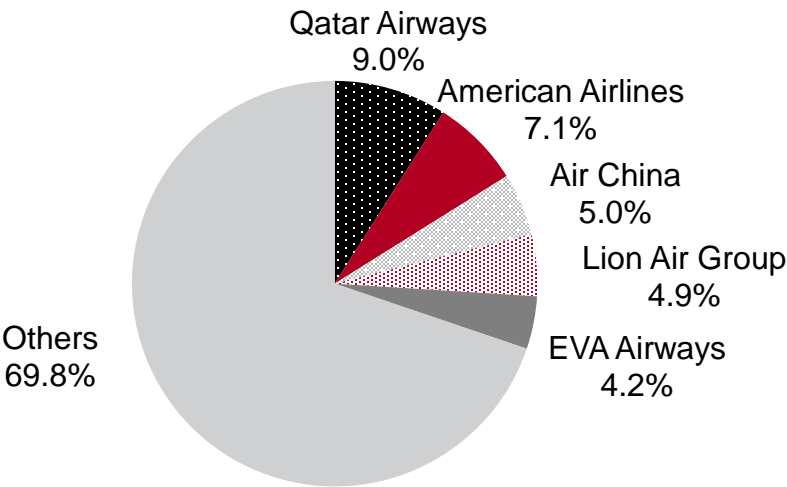
Ongoing monitoring of key risk parameters

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

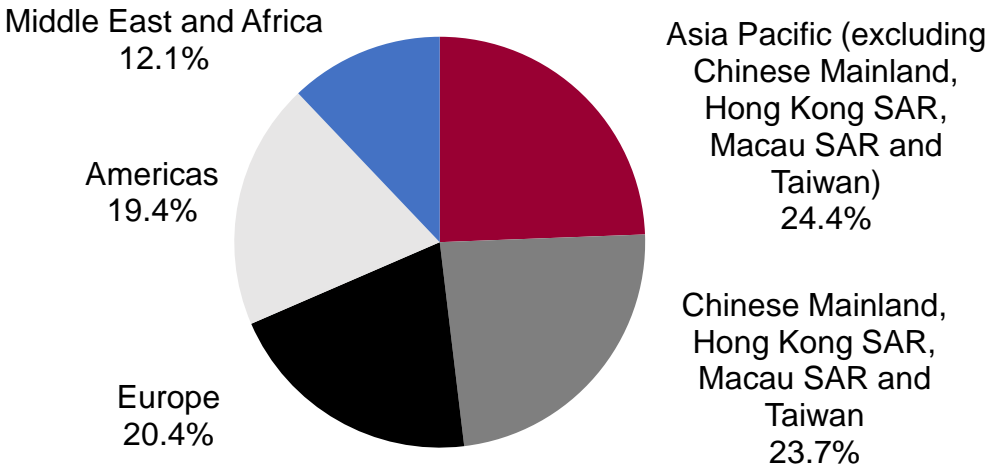
Policy limits help to drive business strategy

Globally diversified portfolio

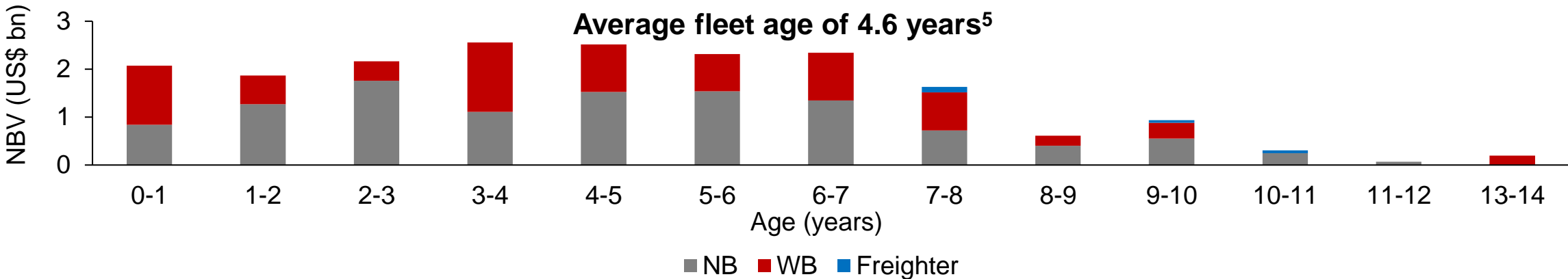
Lease portfolio diversified by customer^{1,2}



...and increasingly diversified by geography^{3,4}



Aircraft age profile



Notes:

1. Based on net book value (excluding off lease aircraft) and including aircraft subject to finance leases as at 31 December 2022
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on net book value of aircraft excluding aircraft subject to finance leases and including off lease aircraft as at 31 December 2022
4. Off lease aircraft are allocated to the region of the prospective operator if a lease commitment is in place or to the region of the prior operator if no lease commitment is in place
5. Weighted by net book value of owned fleet as at 31 March 2023

Collection process

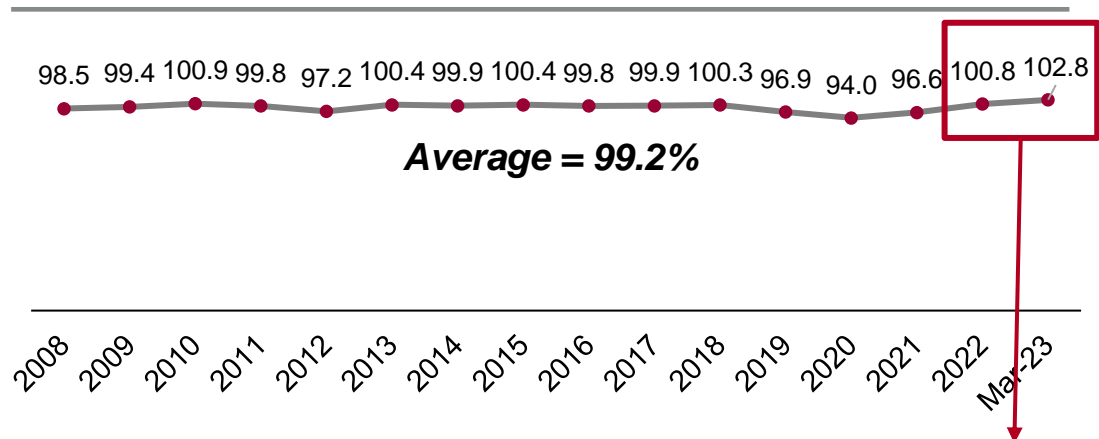
The collection process is a partnership between Financial Control, Risk Management and Senior Management :



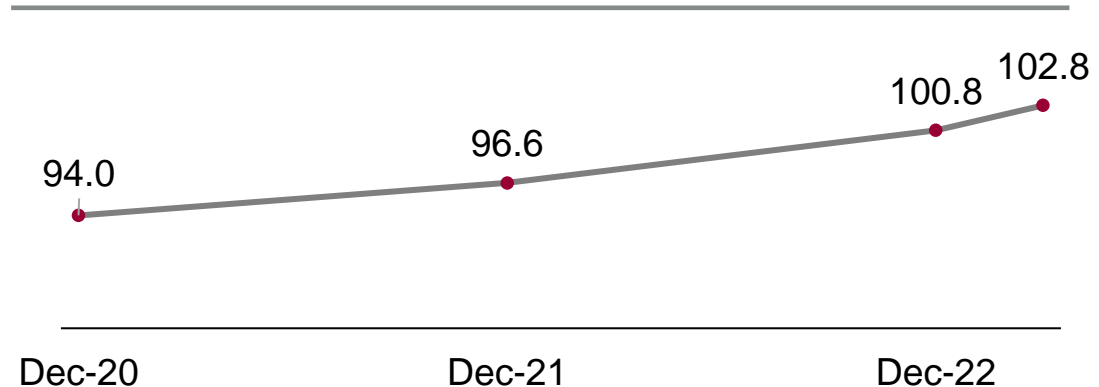
Active engagement with customers to maximise cashflows and manage risk

Rental collection performance

Annual collection rate (%)



Collection rate since pandemic (%)



- Long-term cash collection from airline customers remains high, at an average rate of 99.2% since 2008
- Collections were severely affected by the Covid-19 outbreak in early 2020, but have been recovering quickly to pre-pandemic level
- Collection rate as at 31 March 2023 is high at 103%

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 net of interest

A top-tier global aircraft operating lessor

Engine and airframe supply chain issues: causes and remedies

Frank Walschot
Chief Executive Officer, HAECO Group

Frank Walschot

Chief Executive Officer
and Director
HAECO Group



- More than 35 years of experience in the maintenance, repair, and overhaul industry
- Chief Executive Officer and Director of HAECO Group since December 2019; will transition to become an adviser to the HAECO Group with effect from 1 July 2023
- Before joining HAECO, Mr. Walschot held senior leadership roles in two major MRO companies in Switzerland and China

HAECO GROUP

May 2023



Group Overview

- HAECO and Swire
- Milestones
- Business Segments
 - Engine Services
- Global Presence
- Operational Experience



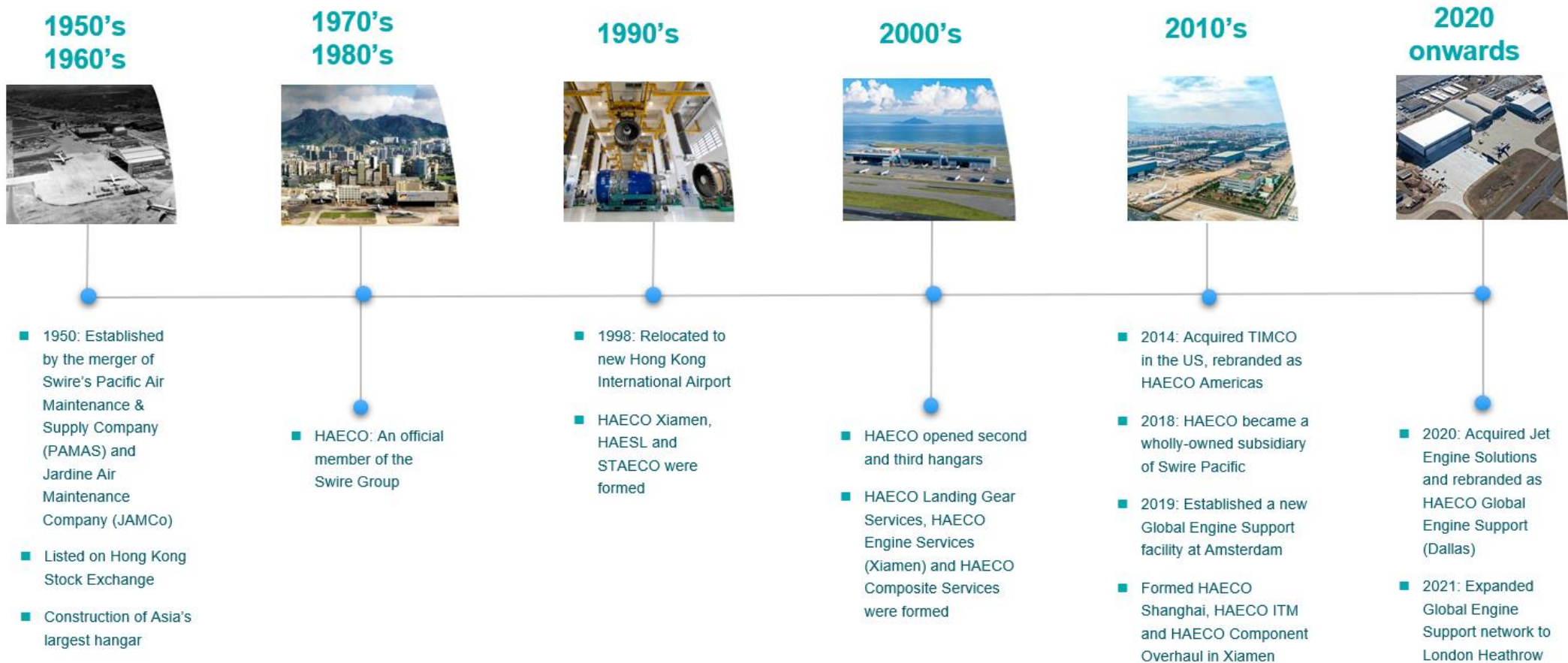
Market Capitalisation*	Revenue	Profit attributable to shareholders	Ratings
USD11.6bn	HKD91,693mil	HKD4,195mil	A3 (Moody's) A- (S&P) A- (Fitch)



Revenue	Attributable profits
HKD13,828mil	HKD185mil

* As of 31 December 2022
For the year ended 31 December 2022
Swire Pacific is publicly listed on the Hong Kong Stock Exchange

Milestones





Airframe

Offers base maintenance, cabin reconfiguration, structural modification, freighter conversion fulfillment, as well as line maintenance covering transit checks and certification, defect clearance, cabin management, ramp services and 24/7 AOG support across Asia and the United States.



Cabin

Provides turnkey cabin integration solutions for commercial aircraft and private jets, covering design engineering, certification and vendor management. The Group is an authorised aircraft seat and cabin interior products OEM.



Component

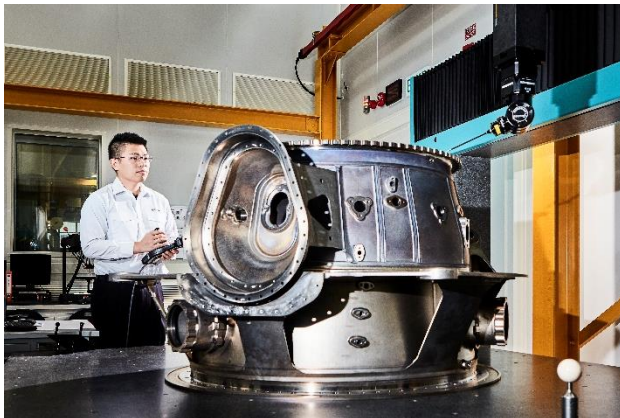
Provides component repair and overhaul LRUs as well as wheels and brakes, aerostructures, landing gears and APUs through the Group's operating companies in Hong Kong and the Chinese mainland. The Inventory Technical Management business is also based in Hong Kong.



Engine

Operates world-class repair, overhaul and testing facilities for Rolls-Royce Trent engines in Hong Kong, and a GE Aviation-authorized GE-90 facility at Xiamen in the Chinese mainland. The Group also provides 24/7 on-wing and off-wing engine support around the world.

Engine Overhaul



- Hong Kong Aero Engine Services Limited (HAESL, Hong Kong) specializes in the repair, overhaul, and testing of Rolls-Royce Trent 700 and XWB engines in addition to the legacy Trent 800 and RB211 platforms
- HAECO Engine Services (HES, Xiamen), specializes in the repair, overhaul, and testing of GE90 engines, and is building capability for the CF34-10A, powering the COMAC ARJ21
- Both companies are JVs with the respective OEM's, operate from State-of-the-art facilities and plan a combined throughput of over 400 engines in 2023
- Both operations have extensive in-house component repair capability, enabling industry leading shop visit turn-around-times
- The companies hold approvals from all major authorities including HKCAD, CAAC, FAA, and EASA

Global Engine Support

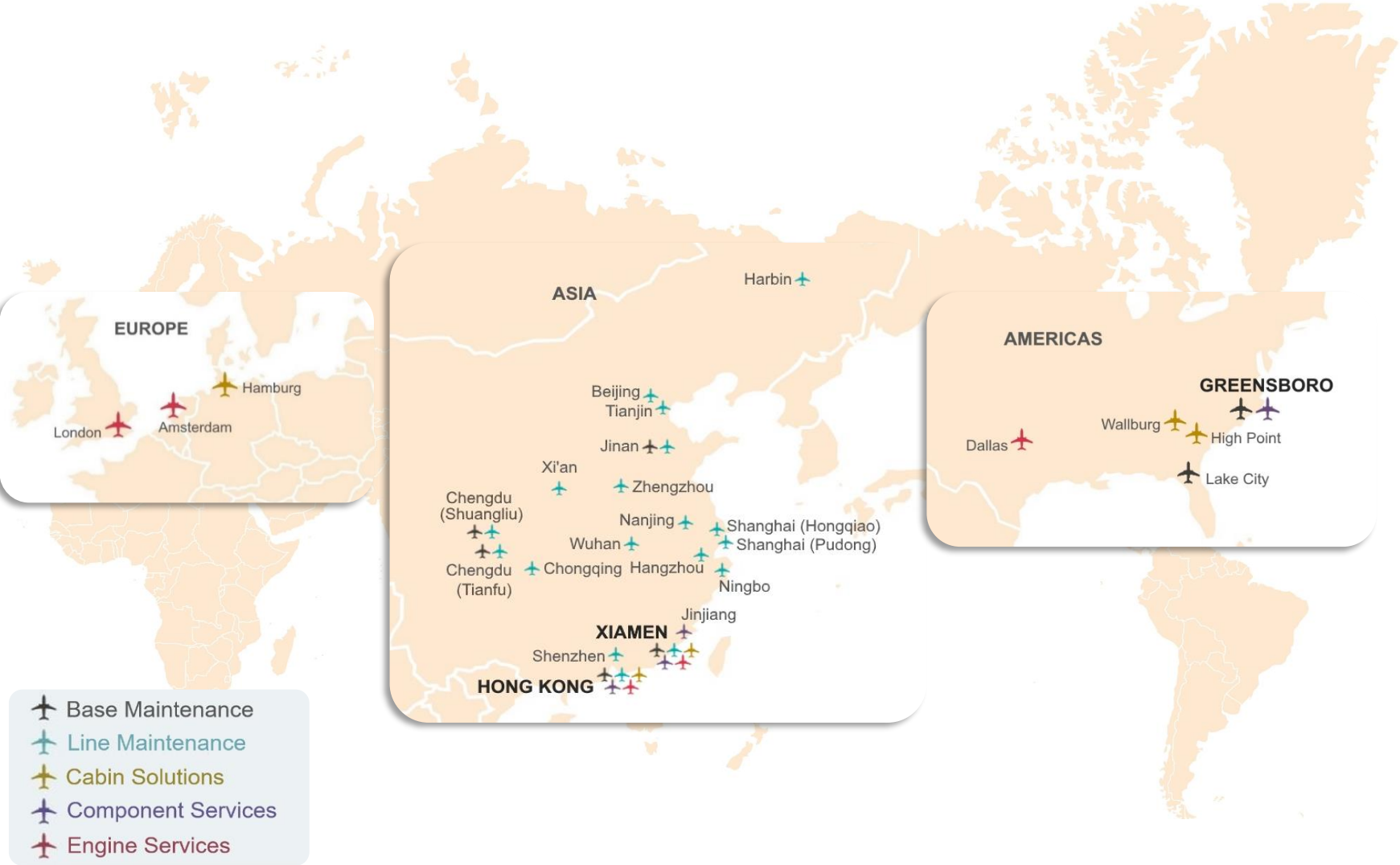


■ Near-Wing Stations

- Full video borescopes inspection
- NDT inspections
- Lease Return Services
- Quick Engine Change (QEC) transfers
- Hospital shop visits
- Engine preservations
- Repairs and replacements
- Locations: Hong Kong, Amsterdam, London, Dallas

■ Global On-Wing Support

- On-Wing repairs and replacements
- On-wing bore blending
- Dedicated Non-Destructive-Testing (NDT) team



Accomplishments by HAECO Group's 15,000-strong workforce in 2022

Airframe Services

Line Maintenance
85,760 flight movements

Base Maintenance
1,167 aircraft inputs

Freighter Conversion
33 aircraft inputs

Cabin Solutions

Seating
3,784 seats
manufactured

Component Services

Component
14,301 inputs

Aerostructure
417 inputs

Landing Gear
262 inputs

Engine Services

Engine
346 inputs

Best in class delivery and performance

Closing remarks

Steven Townend
Deputy Managing Director & Chief Financial Officer

Closing remarks

- Emerged stronger from the aviation industry's biggest stress test
- The only global aircraft lessor with 30 years of history
- US\$5.5 billion of cumulative earnings
- Globally diversified portfolio – strong focus on risk management
- Business enhancements and talent development to drive long-term sustainable growth
- Renewed ESG commitments
- Strong pipeline of committed aircraft orders and robust liquidity for aircraft acquisition

Aiming to be a US\$40 billion Company in 2030

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

**[https://www.bocaviation.com/en/Investors/
BOC-Aviation-Investor-Day](https://www.bocaviation.com/en/Investors/BOC-Aviation-Investor-Day)**

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30 *Years of
Excellence*

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Company Registration No. 199307789K